

CORPORATE GOVERNANCE REPORT

(Forming part of the Director Report for the year ended 31st March, 2012)

a) Company's Philosophy on corporate governance

ACCL believes that good Corporate Governance is essential to achieve long-term corporate goals and enhance stakeholders' value. Thus ACCL philosophy on corporate governance is based on integrity, emphasis on quality services and transparency in its dealing with all stakeholders.

ACCL being a value driven organisation, has always worked towards building trust with shareholders, employees, customers and suppliers based on principles of good governance namely, integrity, transparency, accountability and commitment to values

Ashika Credit Capital Limited continues to focus its strength, strategies and resources to become a truly global financial service provider.

Given below are the Company's corporate governance policies and practices for 2011-2012. As will be seen, ACCL corporate governance practices and disclosures go beyond complying with the statutory and regulatory requirements.

b) Board of Directors

In order to maintain independence of the board, the company has a balanced combination of Executive, Non Executive and Independent Directors, which is essential to separate the two main Board functions namely governance and management.

Composition

The Article Number 124 of Article of Association provide for a minimum of 3 and a maximum of 12 directors.

As on 31st March, 2012, the board of Ashika Credit Capital Limited consisted of 7 (seven) directors among which one (1) is **Executive Director** and Six (6) are **Non Executive Director**. The composition of the board of directors is as under: -

Name	Designation	Category	Shareholding in company (no. of share)	Number of directorship held in other companies*	Number of Membership / chairmanship in various Board Committees **
Mr. Pawan Jain	Chairman cum Managing Director, CEO	Promoter, Executive Director	17,19,320 in capacity as <i>karta</i> of Pawan Jain (HUF)	14	3 (Chairman of three committee)
Mr. Daulat Jain	Director	Promoter, Non-Executive Director	7,69,375 in capacity as <i>karta</i> of Daulat Jain (HUF)	14	9 (Chairman of three committee)
Mr. Kashi Prasad Khandelwal	Director	Non-Executive, Independent Director	-	3	6 (Chairman of two committee)
Mr. Ashok Kr. Agarwal	Director	Non-Executive, Independent Director	-	7	5 (Chairman of one committee)
Mr. Sagar Jain	Director	Non-Executive, Independent Director	-	6	5 (Chairman of three committee)
Mr. R.S. Agarwal	Director	Non-Executive, Independent Director	-	1	4
Mr. Keshav Kumar Saraf	Director	Non-Executive, Independent Director	-	3	4

* Including Ashika Credit Capital Limited.

** Includes Audit Committee, Remuneration Committee, Share Transfer Committee, Shareholder/Investor Grievance Committee, IPO and FPO Committee, Independent Committee and other.

Board Meeting and Attendance:

During the year 2011-2012, the board of directors met four times on the following dates: 20th April, 2011, 15th July, 2011, 29th October, 2011 and 30th January, 2012. The gaps between any two meetings has been less than or equal to four months. The dates of the meeting were decided well in advance.

Composition of the board and attendance record of directors for 2011-2012:

Name of Director	Meeting attended	Whether attended AGM held on 30 th June, 2011
Mr. Pawan Jain	4	Yes
Mr. Daulat Jain	4	No
Mr. Kashi Prasad Khandelwal	4	Yes
Mr. Ashok Agarwal	3	No
Mr. Sagar Jain	4	Yes
Mr. R.S.Agarwal	4	No
Mr. Keshav Kumar Saraf	3	No

Board Agenda and minutes

The company holds at least four board meetings in a year, one in each quarter with the time gap between the two board meetings not exceeding four calendar months to review the financial results and other item of the agenda. Apart from the four scheduled board meetings, additional board meetings are also convened to address specific requirements of the company. Every Director on the board is free to suggest any item for inclusion in the agenda for the board's consideration. All the departments in the Company communicate with the Company Secretary well in advance about matters requiring approval of the board/committees meeting(s).

Agenda papers are generally circulated to the board members well in advance before the meeting of the board. The Company secretary while preparing the agenda and minutes of the board meeting required to ensure adherence to the applicable provisions of the law including the Companies Act, 1956. The draft minutes of the proceedings of each board meeting duly initialed by the board in its next meeting. The board also takes note of the minutes of the committee meeting duly approved by their respective chairman.

Review of Legal compliance report

The board quarterly reviewed the compliance report prepared and placed by practicing Company secretary and in-house Company secretary in respect of the laws applicable to the Company.

c) Code of conduct for Directors and Senior Management

The company has already adopted a code of conduct, which was made applicable to all its directors, and all senior management personnel of the company. Board members and senior management personnel have affirmed compliance with the company's code of conduct during the period. A statement to this effect that all directors and senior management personnel have complied with the company's code of conduct during the period and the same duly certified by CEO of the company is annexed herein below. The code has been posted on the website of the company.

TO WHOMSOEVER IT MAY CONCERN

I, Mr. Pawan Jain, the Managing Director and CEO of the company, do hereby declare that all the board members and senior management personnel of the company have affirmed their compliance on an annual basis with the code of conduct as laid down by the company pursuant to the requirements of clause 49 of the Listing Agreements with the Stock Exchange.

Kolkata
11th April, 2012

Pawan Jain
(Chief Executive Officer)

d) Audit Committee

The terms of Reference of the Audit committee are in accordance with those specified in clause 49 of the Listing Agreement. It inter alia includes the overview of the company's financial reporting processes, review of the quarterly, half yearly and annual financial statements, the adequacy of internal control systems, performance of statutory auditor, internal audit functions, the financial and risk management policies, appointment of Chief Financial Officer among others.

Following information is mandatorily reviewed by the committee: -

- Management discussion and analysis of financial condition and results of operation
- Statement of significant related party transactions (as defined by the audit committee), submitted by management.
- Management letters/letters of internal control weaknesses issued by the statutory auditors
- Internal audit report relating to internal control weaknesses; and
- The appointment, removal and terms of remuneration of the chief internal auditors shall be subject to review by the audit committee.

Composition, Meetings and Attendance thereat

The audit committee of the board comprises of five directors. The committee has met four times during the year and attendance of the members at these meetings was as follow:

Name of Director	Status	Meeting attended			
		20 th April, 2011	15 th July, 2011	29 th October, 2011	30 th January, 2012

Mr. Sagar Jain	Chairman, Non-Executive and Independent	Yes	Yes	Yes	Yes
Mr. Daulat Jain	Non-Executive	Yes	Yes	Yes	Yes
Mr. K .P Khandelwal	Non-Executive and Independent	Yes	Yes	Yes	Yes
Mr. K. K. Saraf	Non-Executive and Independent	Yes	Yes	No	Yes
Mr. R. S. Agarwal	Non-Executive and Independent	Yes	Yes	Yes	Yes

Ms Nidhi Palan was appointed as Chief Financial Officer of the company with effect from 1st October, 2011.

e) Shareholder/ Investor Grievance Committee

The Company has formed a Investor’/Shareholders’ Grievance Committee under the chairmanship of Mr. Ashok Agarwal, an independent director. Mr. Daulat Jain and Mr. Kashi Prasad Khandelwal are the other members of the committee. The meetings of the committee are held to review and resolve all the cases which comes out in the normal course of business. The committee met as and when required during the year. The monthly review of activities of share transfer agent is undertaken regularly by the company secretary.

Compliance Officer

Ms. Anju Mundhra – Company Secretary is Compliance Officer of the Company.

Role and Objectives

The role and objectives of the committee are as under:

- Oversee the shareholder related issue like non-receipt of declared dividends, annual reports among others.
- Resolve case related to investors’ grievances.

The shareholder complaints received and resolved during the year 1st April 2011 to 31st March 2012 are as under:

Sr. No.	Type of complaint	Pending as on 31 st March,,2011	Total Complaint Received	Complaint Redressal	Redressal under process	Pending as on 31 st March,2012
1.	Letter received from SEBI Letter received from	Nil	Nil	Nil	Nil	Nil

2.	stock Exchange	Nil	Nil	Nil	Nil	Nil
3.	letter received from Shareholder Registrar and Transfer Agent	Nil	Nil	Nil	Nil	Nil
4.		Nil	Nil	Nil	Nil	Nil

f) Share Transfer Committee

The Share Transfer Committee of the company is formulated under the chairmanship of Mr. Daulat Jain, Non Executive Director, Mr. R.S.Agarwal and Mr. K.K.Saraf as members, the Non -Executive Independent Directors of the Company. The committee met as and when required during the year. The secretary of the company is acting as secretary of the committee.

Role & Objectives:

- Approve the transfer of physical share certificates of the Company as and when required in accordance with the provisions of the Companies Act, 1956.
- Issue the duplicate share certificates to the shareholders as and when required.
- Keep record of the physical share certificates kept with RTA.
- Take note of the dematerialisation of shares of the Company.
- Issue the share certificates on rematerialisation.
- Sign the share certificates.
- Report regularly to the Board of Directors on the committee's deliberation and actions.

The Board of Directors has authorised the secretary to approve the transfer/transmission/rematerialisation of shares which are properly processed and related formalities are done by the Registrar and Share Transfer Agent.

g) Remuneration Committee

The Remuneration Committee of the company comprises of five Non-Executive Independent Directors.

<u>Sr. No.</u>	<u>Name of the Director</u>
1.	Mr K.P.Khandelwal, Chairman
2.	Mr. Sagar Jain, Member
3.	Mr. Ashok Kr Agarwal, Member
4.	Mr R.S.Agarwal, Member
5.	Mr K.K.Saraf, Member

The remuneration policy of the company is directed towards rewarding performance, based on review of achievements on a periodical basis. Company has a policy of remunerating managerial personnel by way of monthly salary which are duly approved by the remuneration committee. No remuneration except sitting fees for attending the board meeting is paid to other directors

The remuneration committee meets as and when need arises. The Managing Director is being paid remuneration as per the agreement with the company duly approved by board and shareholder. The remuneration structure of the Managing Director comprises of salary inclusive of perquisites and benefits. There are no stock option benefits to any of the directors. The Managing Director is not being paid sitting fees for attending meeting of board or Committee thereof. The other Directors are being paid sitting fees of Rs 5000/- for attending each board meeting. No sitting fee is paid to directors for attending committee meetings.

Details of remuneration paid to all the directors and managerial personnel for the financial year 2011-2012 are as follow;

Name of Directors	Designation	Salary (per annum)	Sitting Fees for attending Board Meeting
Mr Pawan Jain	Chairman Cum Managing Director and CEO	15,00,000	-----
Mr Daulat Jain	Non- Executive Director	----	20,000
Mr K.P.Khandelwal	Non- Executive Independent Director	-----	20,000
Mr Ashok Kr Agarwal	Non- Executive Independent Director	-----	15,000
Mr R.S.Agarwal	Non- Executive Independent Director	-----	20,000
Mr Sagar Jain	Non- Executive Independent Director	-----	20,000
Mr K.K.Saraf	Non- Executive Independent Director	-----	15,000

h) General Body Meetings

The general meetings of the Company were held as per details given below:

Year	Date	Venue	Time	Number of Special Resolutions passed
2010-2011	30 th June, 2011	" TRINITY ", 226/1 A.J.C. Bose Road, 7 th Floor Kolkata-700020	4.00 P.M.	Nil
2010-2011 (EGM)	7 th September, 2010	" TRINITY ", 226/1 A.J.C. Bose Road, 7 th Floor Kolkata-700020	4.30 P.M.	Two

2009-2010	17 th July, 2010	" TRINITY ", 226/1 A.J.C. Bose Road, 7 th Floor Kolkata-700020	1.00 P.M.	Nil
2008-2009	15 th September, 2009	" TRINITY ", 226/1 A.J.C. Bose Road, 7 th Floor Kolkata-700020	4.00 P.M.	Nil

Note: The Company shall comply with the requirements of using postal ballot as and when required.

i) Disclosures:

- A statement in summary form of transactions with related party in ordinary course of business is placed annually before the audit committee. The pricing of all the transactions with related party transactions were on arm length basis.
- There are no materially significant transactions made by the Company with its promoters, directors or the management, or relatives among others which are at potential conflict with the interest of the company at large.
- While preparation of financial statements for the year under review, no accounting treatment which was different from that prescribed in the Accounting Standard was followed. The Financial Statements for the year ended 31st March, 2012 is prepared as per revised Schedule VI of the Companies Act 1956 notified by Ministry of Corporate Affairs. It has significant impact on presentation and disclosures made in the Financial Statements.
- Transactions with regard to related party as per requirement of Accounting Standard (AS) - 18 "Related Party Disclosure", are disclosed in Note 27 to the Audited Financial Statements of the company for the year ended 31st March, 2012 in the Annual Report.
- No penalties or strictures have been imposed on the company by Stock Exchange or SEBI or any statutory authority on any matter related to capital market for non- compliance by the company during the last three years.
- The Company does not have any Whistle Blower Policy. However, any employee would not be denied access to the Audit and Finance Committee.
- Chief Executive Officer (CEO) and Chief Financial Officer (CFO) certification, on financial statements has been issued pursuant to the provisions of clause 49 of Listing Agreement and is annexed to the Corporate Governance and forms part of Annual Reports.
- The company got the approval to trade its securities on the nationwide platform of BSE Ltd under "Permitted Securities category" with effect from 11th November, 2011.

j) Means of Communication

Annual Report in respect of each financial year are sent to the shareholders and each report contains the annual accounts of the Company in respect of the financial year with the Director's and Auditor's

Reports. Also included in each annual report is the notice convening the Annual General Meeting, the financial year's Corporate Governance Report and Cash Flow Statement together with the corresponding Reports of the Auditors.

The Financial Results are being published in The Business Standards one of the leading national (English) newspaper – All India Edition and in Arthik Lipi, vernacular newspaper (Bengali).

The Financial Results of the company were officially released or would be released in accordance with the following schedule:

Sr. No.	Nature of Communication	Dates of Publication	Forwarded/to be forwarded to Stock Exchanges on	
			BSE	CSE
1	Quarterly Unaudited Financial Statements (First Quarter 11-12)	16 th July, 2011	N.A.	15 th July ,2011
2	Quarterly Unaudited Financial Statements (Second Quarter 11-12)	31 st October,2011	N.A.	29 th October 2011
3	Quarterly Unaudited Financial Statements along with Limited Review (Third Quarter 11-12)	31 st January,2012	30 th January,2012	30 th January,2012
4	Publication of Annual Audited Results for The year ended 31 st March 2012. In accordance with Clause 41 of the Listing Agreement with the Stock Exchanges.	27 th May, 2012	26 th May, 2012	26 th May,2012

The Management Discussion and Analysis in respect of the Financial Year is a part of the Director's Report.

k) Mandatory Requirement

The company has complied with the mandatory requirements as stipulated in clause 49 of the listing agreements with the exchanges.

l) Compliance with Non Mandatory Requirements of Clause 49

Adoption of non-mandatory requirements is actively considered by the company.

m) Compliance Certificate of the Auditor

The Company has obtained a certificate from the Statutory Auditor regarding compliance of conditions of Corporate Governance as stipulated in clause in Clause 49 of the Listing Agreement. The Certificate is annexed.

n) Going Concern

The directors are satisfied that the company has adequate resources to continue its business for the foreseeable future and consequently consider it appropriate to adopt the going concern basis in preparing financial statements.

O) Additional Shareholder Information

1. **Registered & Corporate Office** : "Trinity", 226/1, A.J.C. Bose Road
7th floor, Kolkata - 700 020.
2. **Date of Incorporation** : 8th March, 1994
3. **Registration No./ CIN** : L67120WB1994PLC062159
4. **Email id for Investor Grievances** : investorservices@ashikagroup.com
5. **Date, Time and venue of 19th AGM** : Friday, the 27th July, 2012 at "Trinity",
226/1, A.J.C. Bose Road, 7th floor, Kolkata-
700020 at 10.00A.M. The notice of the AGM is
being sent to the members along with its annual
report
6. **Date of Book Closure** : 21st July, 2012 to 27th July, 2012 (both inclusive)
7. **Dividend Payout** : Nil
8. **Financial Year** : 1st April, 2011 - 31st March,, 2012
9. **Listing Payment** : The Annual Listing fees have been
paid and there is no outstanding
payment towards the stock
exchanges, as on date.
10. **Listed & Traded on Stock Exchange** : The Company's equity shares are
listed with The Calcutta Stock
Exchange Association Limited and
traded at nation-wide platform of
BSE Ltd under "Permitted Securities
Category" with effect from 11th
November,2011
11. **Scrip ID** : ASHIKACR
12. **Scrip Code** : 11591 and 10011591 (CSE),
590122 (BSE)
13. **Registrar and Share Transfer Agent** : Maheshwari Datamatics Private Ltd.
(Share Transfer & Communication
regarding share certificates, dividends and
change of Address)
6, Mangoe Lane, 2nd Floor,
Kolkata - 700001
Telephone: 91-33-22482248,
91-33-22435029/ 5809
Fax no: 91-33-2248 4787

Email:mdpldc@yahoo.com,
mdpl@cal.vsnl.net.in

14. Stock Market Data :

Month	High		Low	
	BSE	CSE	BSE	CSE
April, 2011	-	-	-	-
May, 2011	-	-	-	-
June, 2011	-	-	-	-
July, 2011	-	-	-	-
August, 2011	-	-	-	-
September, 2011	-	-	-	-
October, 2011	-	-	-	-
November, 2011	59.40	-	49.00	-
December, 2011	59.60	-	49.20	-
January, 2012	57.55	-	50.95	-
February, 2012	52.20	-	44.00	-
March, 2012	50.55	-	37.05	-

15. Dematerialisation of Shares and Liquidity : The Company's shares are available for trading in the depository systems of both NSDL and CDSL.

16. Outstanding GDR/Warrants : None

17. Distribution of Shareholding as at 31st March, 2012

Slab of shareholding	Number of Shareholders	%	Number of Shares	%
1-5000	444	63.8849	48837	0.6982
5001-10000	100	14.3885	93051	1.3303
10001-20000	51	7.3382	87485	1.2506
20001-30000	18	2.5899	48368	.6915
30001-40000	10	1.4388	37569	.5371
40001-50000	10	1.4388	48996	.7005
50001-100000	23	3.3094	171422	2.4507
100001 and above	39	5.6115	6459098	92.3411
Total	695	100	6994826	100

18. Shareholding Pattern as on 31st March, 2012

Shareholding Pattern	Number of Shares	% of Shareholding
Indian Promoters and their Associates	3791695	54.2071
Mutual Funds and UTI	-	-
Banks, Financial Institutions, Insurance Companies (Central and State Government Institutions/ Non-Government Institutions)	-	-
Other Corporate Bodies	1935119	27.6650
Resident Individuals (Public)	917010	13.1098
Any Other	351002	5.0181
Grand Total	6994826	100

19. Addresses for Investor correspondence

Company Address:	Registrar and Transfer Agent:
<p>Secretarial Department</p> <p>Ms. Anju Mundhra Company Secretary & Compliance Officer "Trinity", 5th floor, 226/1, A.J.C. Bose Road, Kolkata - 700 020. Tel No. (033) 40102500 Fax No. (033) 2289-1555 Email : anjulohia@ashikagroup.com</p>	<p>Maheshwari Datamatics Private Limited</p> <p>(Registrar and Share Transfer Agent) Mangoe Lane, 2nd Floor, Kolkata - 700001 Tel no: 91-33-2243 5029/5809, 2248 2248 Fax no: 91-33-2248 4787 Email: mdpldc@yahoo.com,mdpl@cal.vsnl.net.in</p>

For, Ashika Credit Capital Limited

S/d

Place: Kolkata
Date: 26th May, 2012

(Pawan Jain)
Chairman Cum Managing Director

CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION:

We, Pawan Jain, Chief Executive Officer, (Chairman Cum Managing Director) and Nidhi Palan, Chief Financial Officer, to the best of our knowledge and belief certify that:

1. We have reviewed the Balance sheet as at 31st March, 2012 and Profit and Loss Account for the year ended 31st March 2012, and all its schedules and notes on accounts as well as the Cash Flow statements and the Director's report;
2. Based on our knowledge and information, these statements do not contain any untrue statement of material fact or omits to state a material fact or does not contain any statement that might be misleading;
3. Based on our knowledge and information the financial statements and other financial information included in this report present in all material respects a true and fair view of the company affairs, the financial condition, results of operations and cash flows of the company as of, and for, the periods presented in this report, and are in compliance with the existing Accounting Standards and/or applicable laws and regulations;
4. To the best of our knowledge and belief no transactions entered into by the company during the aforesaid period are fraudulent, illegal or violative of the company's code of conduct;
5. We are responsible for establishing and maintaining disclosure, controls and procedures and internal controls over financial reporting for the company and we have;
 - i. Evaluated the effectiveness of the company's disclosure, controls and procedures over financial reporting and
 - ii. Disclose in this report any change in the company's internal control over financial reporting that occurred during the company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting;
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's Auditor and the Audit Committee of the company's Board of Director's;
 - i. All deficiencies in the design or operation of internal controls, which could adversely affect the company's ability to record, process, summarise and report financial data and have identified for the company's Auditors, any material weakness in internal control over financial reporting including any corrective actions with regard to deficiencies;
 - ii. Significant Changes in internal controls during the period covered by this report, if any;
 - iii. All significant changes in Accounting Policies during the year, if any, and the same have been disclosed in the notes to the financial statements;
 - iv. Instances of significant fraud of which we are aware that involves management or other employees who have a significant role in the company's internal control system;
7. We affirm that we have not denied any personnel, access to the audit committee of the company (in respect of matters involving alleged misconduct).

Date : 26th May 2012

PAWAN JAIN
Chief Executive Officer
Managing Director

NIDHI PALAN
Chief Financial Officer

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

To

The Members

Ashika Credit Capital Ltd

We have examined the compliance of the conditions of corporate governance by Ashika Credit Capital Limited, of 226/1, A. J. C. Bose Road, 7th Floor, Kolkata - 700 020 for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement entered into by the company with the stock exchange.

The compliance of the conditions of corporate governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the company for ensuring compliance with the conditions of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representation made by the directors and the management, we certify that the company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

We state that such compliance is neither an assurance as to the future viability of the Company nor of efficiency or effectiveness with which the management has conducted the affairs of the Company.

For P. K. SAH & ASSOCIATES

Chartered Accountants

(Firm Regn. No 322271E)

Place: Kolkata

Date: 26th May, 2012

(P. K. SAH, FCA)

Partner

Mem. No. 56216