

**CERTIFICATE**

The Members of  
Advance Lifestyles Limited,  
Ahmedabad

We have examined the compliance of conditions of Corporate Governance by **Advance Lifestyles Limited**, for the year ended on **31<sup>st</sup> March, 2015**, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management, Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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 representations made by the management, we certify that the Company has complied with the conditions of the Corporate Governance as stipulated in the Listing Agreement.

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

Place: Ahmedabad

Date : 29-05-2015

For **Dhiren Shah & Co.**,  
Chartered Accountants  
Firm Registration No. 114633W  
Sd/-

**Dhiren Shah**  
Partner  
**Membership No. 35824**

## CORPORATE GOVERNANCE REPORT

### 1 **Company's philosophy on code of governance :**

Corporate Governance is about ensuring transparency, disclosure and reporting that conforms fully to the existing laws of the country and to promote ethical conduct of business throughout the organization. At this Company, governance standards are initiated by senior management which percolates down throughout the organization. The philosophy of the Company in relation to corporate governance is to ensure transparency in all its operations, make disclosures and enhance shareholder value without compromising on compliance with the laws and regulations.

Sound corporate governance is critical to enhance and retain trust of the stakeholders. The Board of Directors fully supports corporate governance practices in your Company with appropriate checks and balances at right places and at right intervals. The Company has complied with necessary requirements of Corporate Governance under Clause 49 of the listing agreement with the stock exchanges, the disclosure requirements are given below.

### 2 **Board of Directors :**

The Board being representative of shareholders have a fiduciary relationship and a corresponding duty to all its stakeholders to ensure that their rights are protected

#### a **Composition and Category of the Board:**

The Board of Directors of the Company as on 31<sup>st</sup> March, 2015 comprises of THREE directors. There is One Promoter Director, who is Chairman & Managing Director of the Company. The two other Directors include Shri S Srinivasan, the Independent Director and Shri S D Vyas as a Non -Executive Non-Independent Director. No Director is related to each other.

#### b **Details of memberships of the Directors in other Boards and in Board Committees as on 31<sup>st</sup> March, 2015 are as under**

None of the Directors on the Company's Board is a Director in more than 15 public companies and Member of more than 10 Committees and Chairman of more than 5 Committees (Committees being, Audit Committee and Stakeholders' Relationship Committee) across all the companies in which he is a Director. All the Directors have made necessary disclosures regarding position held by them in Committees of other Companies and also directorship on other Companies. The same is within the permissible limits as provided by the Companies Act, 1956/2013 and clause 49 of the Listing Agreement.

NAME OF DIRECTOR	CATEGORY	OTHER DIRECTORSHIPS	DETAILS OF OTHER COMMITTEES	
			CHAIRMAN	MEMBER
SHRI PHULCHAND AGARWAL	P-NE	1	1	2
SHRI SUNDEEP AGARWAL	E-NI	4	-	3
SHRI S SRINIVASAN	NE-I	1	2	1

Other directorship include directorship of private limited companies.

c **Number of Board Meetings held and the dates on which held :**

The Board met Six times during the year under review on 16<sup>th</sup> May, 2014(*adjourned*), 29<sup>th</sup> May, 2014, 11<sup>th</sup> August, 2014, 14<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014, 16<sup>th</sup> January, 2015 and 13<sup>th</sup> February, 2015. The maximum time-gap between any two consecutive meetings did not exceed 4 months.

d **Attendance of Directors:**

The attendance of each Director at the Board Meetings and last Annual General Meeting held during the year under review are as under:

Name of Director	Meetings		Attended Last AGM held on 30-09-2014
	Held	Attended	
SHRI PHULCHAND AGARWAL	7	6	No
SHRI S SRINIVASAN	7	4	No
SHRI SUNDEEP AGARWAL	7	5	Yes
SHRI SOM DUTT VYAS	7	2	NA

e **Circulation of Information and Board material:**

The information as required under Annexure IA to Clause 49 of the Listing Agreement is made available to the Board of Directors for discussion and consideration at Board Meetings. The agenda alongwith relevant papers for all the Meeting are circulated in advance to facilitate the Board members to take the informed decision. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. However, in case of urgent business need, the Board's approval is taken by circulating the resolution, which is ratified in the next Board Meeting. The Minutes of the proceedings of the Meetings of the Board of Directors are noted, approved and signed by the Chairman in the next Meeting of Board. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman

f **Disclosures regarding appointment/re-appointment of Directors:**

The brief resume of the directors proposed to be appointed/re-appointed are given in the explanatory statement annexed to the notice of convening the Annual General Meeting.

3 **Code of Conduct:**

Company's Board has laid down a Code of Business Conduct and Ethics (the "Code") for all the Board Members and Senior Management of the Company. All Board Members and Senior Management personnel have affirmed compliance of the Code.

The Managing Director has confirmed the compliance of the Code and as required under sub-clause I (D) of clause 49 of the listing agreement given a declaration as under:

**"In accordance with sub-clause I (D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct and Ethics applicable to them, for the year 2014-15."**

Place: Mumbai  
Date: 29<sup>th</sup> May, 2015

Phulchand Agarwal  
Managing Director

4 **Committees of the Board :**

**A Audit Committee:**

Audit Committee of the Board comprises of three members, out of which Mr. S Srinivasan (Chairman) is Independent Director and Shri Phulchand Agarwal, and Mr. Sundeeep Agarwal (from 11.02.2014 to 16.01.2015 ) & Shri S D Vyas ( from 16.01.2015) are Non Independent Directors.

Terms of reference of Audit Committee are being modified by the Board to comply with Section 177 of Companies Act 2013 and clause 49 of Listing Agreement.

The composition and terms of reference Audit Committee of the Company would be in compliance with provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement

**a Terms of reference:****The terms of reference of Audit Committee are as under:**

- 1 Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- 2 Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- 3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- 4 Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to;
  - i Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of sub-section 2(AA) of Companies Act, 1956 and clause (c) of sub section 3 of section 134 of the Companies Act, 2013
  - ii Changes, if any, in accounting policies and practices and reasons for the same
  - iii Major accounting entries involving estimates based on the exercise of judgment by the management
  - iv Significant adjustments made in the financial statements arising out of audit findings
  - v Compliance with listing and other legal requirements relating to financial statements
  - vi Disclosure of any related party transactions
  - vii Qualifications in the draft audit report
- 5 Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- 6 Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7 Review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- 8 Approval or any subsequent modification of transactions of the company with related parties;
- 9 Scrutiny of inter-corporate loans and investments;
- 10 Valuation of undertakings or assets of the company, wherever it is necessary;
- 11 Evaluation of internal financial controls and risk management systems;
- 12 Reviewing, with the management, the performance of statutory and internal auditors,

- adequacy of the internal control systems;
- 13 Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
  - 14 Discussion with internal auditors of any significant findings and follow up there on;
  - 15 Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
  - 16 Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
  - 17 To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  - 18 To review the functioning of the Whistle Blower mechanism;
  - 19 Approval of appointment of Senior Finance Executive, whenever, need arises (i.e., the CFO, Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
  - 20 Reviewing financial statements, in particular the investment made by Company's unlisted subsidiaries.
  - 21 Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**Review of Information by Audit Committee:**

- 1 Management discussion and analysis of financial condition and results of operations;
- 2 Statement of significant related party transaction submitted by management;
- 3 Management letters / letters of internal control weaknesses issued by the statutory auditors;
- 4 Internal audit reports relating to internal control weaknesses; and
- 5 The appointment, removal and terms of remuneration of the chief internal auditor

**b Number of Audit Committee meetings held and dates on which held:**

During the year under review Audit Committee meeting was held four times on 16<sup>th</sup> /29<sup>th</sup> May, 2014, 14<sup>th</sup> August, 2014, 14<sup>th</sup> November, 2014 and 13<sup>th</sup> February, 2015.

**c Attendance of each member at the Audit Committee meetings held during the year**

	No. of Meetings during the Year	
	Held	Attended
<b>SHRI PHULCHAND AGARWAL</b>	4	3
<b>SHRI S SRINIVASAN</b>	4	4
<b>SHRI SUNDEEP AGARWAL*</b>	4	2
<b>SHRI SOM DUTT VYAS**</b>	4	1

\*Ceased to be a member of BOD/Audit Committee w.e.f. 16<sup>th</sup> January-2015

\*\*Appointed as a Member of BOD/Audit Committee w.e.f. 16<sup>th</sup> January-2015

Representatives of Statutory Auditors and Internal Auditors, Chief Financial Officer (CFO), if any, are invited to the meeting of the Audit Committee.

The Chairman of the Committee was not present at the last Annual General Meeting held on 30<sup>th</sup> September, 2014.

**B Nomination and Remuneration Committee:**

Remuneration Committee of the Board comprises of three members, out of which Mr. S Srinivasan (Chairman) is Independent Director and Shri Phulchand Agarwal & Mr. S D Vyas (From 16.01.2015) and Mr. Sundeep Agarwal (Upto16.01.2015) are Non Independent Directors.

Remuneration Committee has been renamed as Nomination and Remuneration Committee and its terms of reference were modified by the Board to comply with Section 178 of Companies Act 2013 and clause of Listing Agreement

The composition and terms of reference of Nomination and Remuneration Committee of the Company are in compliance with provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement.

**a Terms of reference:**

- 1 Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- 2 Formulation of criteria for evaluation of Independent Directors and the Board;
- 3 Devising a policy on Board diversity;
- 4 Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- 5 To recommend / review remuneration of the Managing Director(s) and Whole-time Director(s)/Executive Director(s) based on their performance and defined assessment criteria.
- 6 To carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable

**b Number of meetings held and dates on which held: ONE**

**c Remuneration Policy:**

**Non-Executive Directors/ Executive Directors :**

Due to the existing financial Position, no Executive/Non Executive Director is claiming / being paid any remuneration. The Sitting fees of Rs.10,000 per meeting is paid to Independent Director only for attending meetings of the Board and Committees of the Board.

**d Details of Remuneration**

**i Executive Directors**

No remuneration paid to Managing Director during the financial year 2014-15.

**ii Non-Executive Directors**

The details of sitting fees paid to Independent Directors during the financial year 2014-15 is as under:

(Rs.in Lacs)

NAME OF DIRECTOR	Sitting Fees
Shri S Srinivasan	0.80

There were no other pecuniary relationships or transactions of Executive/Non-Executive Directors vis-a-vis the Company.

**iii Details of shares of the Company held by Directors as on 31<sup>st</sup> March, 2015 are as under:**

Name	No. of shares held
Mr. Phulchand Agarwal	12, 07,855
Mr. S Srinivasan	0
Mr. Sundeep Agarwal	0
Mr. Som Dutt Vyas	4910

The Company does not have any Employees' Stock Option Scheme and there is no separate provision for payment of Severance Fees.

**C Stakeholders' Relationship Committee :**

**Stakeholders' Relationship** Committee of the Board comprises of two members, viz. Shri Phulchand Agarwal & Mr. S D Vyas (from 16.01.2015) and Mr. Sundeep Agarwal (Upto16.01.2015) who are Non Independent Director.

Shareholder/Investor Grievance and Share Transfer Committee has been renamed as Stakeholders' Relationship Committee to comply with Section 178 of Companies Act 2013 and clause 49 of Listing Agreement.

The composition and terms of reference Stakeholders' Relationship Committee of the Company are in compliance with provisions of Companies Act, 2013 and Clause 49 of the Listing Agreement.

**a Terms of reference:**

- i Investor relations and redressal of shareholders grievances in general and relating to non-receipt of dividends, interest, non- receipt of balance sheet etc.
- ii Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.
- iii To approve request received for transfer, transmission, demat etc. of securities of the Company.

**b Number of meetings held and dates on which held:**

During the year under review Stakeholders' Relationship Committee meetings were held as and when required.

**D Investor Grievance Redressal:**

Details of complaints received and redressed during the year including at SEBI's Scores portal:

Number of complaints received and resolved during the year under review and their breakup are as under:

Nature of Complaint	Complaint Received	Complaint Resolved
	0	0
Total	0	0

**5 Subsidiary Companies: Monitoring Framework**

The Company has no subsidiary as at 31<sup>st</sup> March, 2015.

**6 General Body Meetings:**

**a The last three Annual General Meetings were held as under**

Financial Year	Date	Location of the Meeting	Time	No. of Special Resolutions passed
2013-14	30.09.2014	Ground Floor, Advance Business Park, Opp. Swaminarayan Temple, Shahibaug Road, Ahmedabad 380004.	11.00 am	5
2012-13	22.07.2013	Ground Floor, Advance Business Park, Opp. Swaminarayan Temple, Shahibaug Road, Ahmedabad 380004.	11.00 am	-
2011-12	28.09.2012	Registered Office	11.00 am	-

**7 Disclosures:**

- a There were no materially significant related party transactions that may have potential conflict with the interest of the Company at large. The details of related party transactions are disclosed in financial section of this Annual Report.
- b In the preparation of the financial statements, the Company has followed the Accounting Policies and Practices as prescribed in the Accounting Standards and has been consistently applied except for the changes, if any, mentioned in Notes forming part of Account.
- c The implementation of the risk assessment and minimization procedure containing the project/potential risk areas, its intensity, its effects, causes and measures taken by the Company are reviewed by the Audit Committee periodically.
- d Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report.
- e There has been no instance of any non-compliance by the Company on any matter related to capital markets and hence no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority.
- f The Auditors have furnished a Certificate to the Board for the year ended on 31<sup>st</sup> March, 2015 in compliance with Clause 49 of Listing Agreement.
- g A Practicing Company Secretary carried out a secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audit report confirms that the total issued/paid-up capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.
- h There are no materially significant related party transactions which have personal conflict with the interest of the Company at large.

**8 Means of Communication:**

**a Financial Results:**

The quarterly, half-yearly and annual results are published in English / Gujarati dailies / newspapers as required and are displayed on the website of the Company.

**b News Releases, Presentation etc.**

There were no Official news releases, press releases and presentation to be made.

**c Website:**

The Company's website [www.advance.net.in](http://www.advance.net.in) contains a separate dedicated section



namely “Investors Relationship” where shareholders information is available. The Annual Report of the Company is also available on the website of the Company in a downloadable form.

## 9 General Shareholders Information

### a Company Registration Details

The Company is registered in the State of Gujarat, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is **L45309GJ1988PLC011139**.

### b Day, date, time and venue of the 26th Annual General Meeting

Wednesday, 30<sup>th</sup> September, 2015 at 11.00 a.m. at 4<sup>th</sup> Floor, 254 B, Nirlon House, Dr Annie Besant Road, Worli, Mumbai 400 030

### c Registered Office:

F F 21-22, Advance Plaza Shahibaug Road, Ahmedabad 380 004

### d Financial Year:

The financial year of the Company is 1<sup>st</sup> April to 31<sup>st</sup> March and financial results will be declared as per the following schedule.

Particulars	Tentative Schedule
<b>Quarterly Unaudited Results</b>	
Quarter ending 30 <sup>th</sup> June, 2015	On or before 14 <sup>th</sup> August, 2015
Quarter ending 30 <sup>th</sup> September, 2015	On or before 14 <sup>th</sup> November, 2015
Quarter ending 31 <sup>st</sup> December, 2015	On or before 14 <sup>th</sup> February, 2015
<b>Annual Audited Results</b>	
Year ending 31 <sup>st</sup> March, 2015	<b>Within 60 days from 31<sup>st</sup> March, 2015</b>

### e Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, 23<sup>rd</sup> September, 2015 to 30<sup>th</sup> September, 2015 (both days inclusive) for the purpose of 26<sup>th</sup> Annual General Meeting.

### f Market Price Data:

The highest Price of the Share during 52 week from 01/04/2014 to 31/03/2015 was Rs.18.52 and lowest Rs.7.85

### g Listing on Stock Exchanges:

The Company's shares are listed on the following Stock Exchanges

Name of the Stock Exchange	Address	Code
<b>BSE Limited</b>	<b>Floor 25,P J Towers, Dalal Street, Mumbai-1</b>	<b>521048</b>
<b>Ahmedabad Stock Exchange</b>	<b>Kamdhenu Complex,Ambawadi, Ahmedabad -15</b>	<b>2000</b>

**Annual Listing Fees for the Year 2014-15 have been paid by the Co. to BSE**

**h Registrar & Transfer Agents:**

Name & Address : M/s Sharepro Services Pvt Limited  
417-420 Devnanadan Complex  
Opp Sanyas Ashram, Ahmedabad 380 009

**Share Transfer Procedure:**

As on 31<sup>st</sup> March, 2015, 81.00 % of the equity shares of the Company are in electronic form. Transfer of these shares is done through the depositories without intervention of the Company. For transfer of physical shares, the transfer document should be lodged with M/s Sharepro Services Pvt Limited at the address mentioned in this Annual Report. Stakeholders' Relationship Committee is empowered to approve transfer.

All the transactions related to share transfer, change of address, share certificate etc., should be addressed to R&T Agent of the Company at the address mentioned in this Annual Report.

Pursuant to Clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company obtained a certificate from a Practicing Company Secretary on half yearly basis, for compliance of share transfer formalities. Pursuant to SEBI (Depositories and Participants) Regulations, 1996, Certificates have also been obtained from a Practicing Company Secretary for timely dematerialization of the shares of the Company and for conducting secretarial audit on a quarterly basis for reconciliation of the share capital of the Company. The Company files copy of these certificates with the stock exchange as required.

**i Shareholding (as on 31<sup>st</sup> March, 2015):****(i) Distribution of Shareholding as on 31<sup>st</sup> March, 2015**

	As on 31-03-2015			As on 31-03-2014		
	Total			Total		
Category (Shares)	Holders	Shares	% to total shares	Holders	Shares	% to total shares
1-500	6615	409438	13.15	6610	408431	13.13
501-1000	124	88629	2.85	125	89733	2.88
1001-2000	31	44656	1.44	26	36153	1.16
2001-3000	15	37395	1.20	17	42329	1.36
3001-4000	2	7200	0.23	1	4000	0.13
4001-5000	9	42310	1.36	9	42360	1.36
5001-10000	8	64919	2.08	7	54530	1.75
10001-& above	8	2418328	77.69	9	2435339	78.23
TOTAL	6812	3112875	100.00	6804	3112875	100.00

(ii) **Shareholding Pattern as on 31<sup>st</sup> March, 2015:**

CATEGORY	NO OF SHARES	% HOLDING
<b>A.PROMOTER SHAREHOLDING</b>		
INDIVIDUALS	1715052	55.10
BODIES CORPORATE	619604	19.90
FOREIGN	NIL	NIL
<b>TOTAL PROMOTER HOLDING (A)</b>	<b>2334656</b>	<b>75.00</b>
<b>B. PUBLIC SHAREHOLDING</b>		
FINANCIAL INST. / BANKS	265	
INSURANCE COMPANIES	238	
BODIES CORPORATE	41261	
INDIVIDUALS:(INCLUDING NRI)	736455	
<b>TOTAL PUBLIC (B)</b>	<b>778219</b>	<b>25.00</b>
<b>GRAND TOTAL</b>	<b>3112875</b>	<b>100.00</b>

j **Dematerialization of Shares and Liquidity:**

The Company's shares are compulsorily traded in dematerialized form. The dematerialization facility is available from both the depositories namely National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Equity shares of the Company representing 81 % of the share capital are dematerialized as on 31<sup>st</sup> March, 2015.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is **INE900E01015**.

k **Outstanding GDRs / ADRs / Warrants or any convertible instrument, conversion and likely impact on equity:**

Nil

l **Site location:**

Advance Lifestyles Limited  
F F 21-22, Advancde Plaza,  
Outside Delhi Gate,  
Ahmedabad 380 004

m **Address of Correspondence:**

The Compliance Officer  
F F 21-22, Advancde Plaza,  
Outside Delhi Gate,  
Ahmedabad 380 004