

## ADVANCE SYNTEX LIMITED

### COMMITTEES OF BOARD OF DIRECTORS

The requirements pertaining to the composition & constitution of the committees such as the Audit Committee, Stakeholders Relationship Committee and Nomination and Remuneration Committees have been complied with.

#### **1. Audit Committee**

Our Company has constituted an Audit Committee ("Audit Committee"), vide Board Resolution dated March 12, 2016 as per the applicable provisions of the Section 177 of the Companies Act, 2013 and also to comply with Regulation 18 of SEBI Listing Regulations, 2015 applicable upon listing of the Company's Equity shares on SME platform of BSE . The constitution of the Committee can change by passing resolution for the same. The recent constituted Audit Committee comprises following members:

<b>Name of the Director</b>	<b>Status in Committee</b>	<b>Nature of Directorship</b>
Mr. Forum Dinesh Lodaya	Chairman	Non Executive-Independent Director
Mr. Himesh Ochhavlal Shah	Member	Non Executive-Independent Director
Mr Bhavan Dharendra Vora	Member	Managing Director

The Company Secretary of our Company shall act as a Secretary to the Audit Committee. The Chairman of the Audit Committee shall attend the Annual General Meeting of our Company to answer shareholder queries. The scope and function of the Audit Committee and its terms of reference shall include the following:

**A. Tenure:** The Audit Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Audit Committee as approved by the Board.

**B. Meetings of the Committee:** The committee shall meet at least four times in a year and not more than 120 days shall elapse between any two meetings. The quorum for the meeting shall be either two members or one third of the members of the committee, whichever is higher but there shall be presence of minimum two Independent members at each meeting.

**C. Role and Powers:** The Role of Audit Committee together with its powers as Part C of Schedule II of SEBI Listing Regulation, 2015 and Companies Act, 2013 shall be asunder:

1. Oversight of the listed entity'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 listed entity;
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;
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval, with particular reference to:
  - matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
  - changes, if any, in accounting policies and practices and reasons for the same;
  - major accounting entries involving estimates based on the exercise of judgment by management;
  - significant adjustments made in the financial statements arising out of audit findings;

- compliance with listing and other legal requirements relating to financial statements;
  - disclosure of any related party transactions;
  - modified opinion(s) in the draft audit report;
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. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
  8. Approval or any subsequent modification of transactions of the listed entity with related parties;
  9. Scrutiny of inter-corporate loans and investments;
  10. Valuation of undertakings or assets of the listed entity, wherever it is necessary;
  11. Evaluation of internal financial controls and risk management systems;
  12. Reviewing, with the management, 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. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
  16. Discussing with the 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. 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;
  18. 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;
  19. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in section 177(4) of Companies Act 2013 or referred to it by the Board.
  20. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
  21. To review the functioning of the whistle blower mechanism;
  22. Approving the appointment of the Chief Financial Officer (i.e. the whole time finance director or any other person heading the finance function) after assessing the qualifications, experience and background, etc., of the candidate; and;
  23. Audit committee shall oversee the vigil mechanism.
  24. Audit Committee will facilitate KMP/auditor(s) of the Company to be heard in its meetings.
  25. Carrying out any other function as is mentioned in the terms of reference of the audit committee or containing into SEBI Listing Regulations 2015.

Further, the Audit Committee shall mandatorily review the following:

- a) Management discussion and analysis of financial condition and results of operations;
- b) Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c) Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d) Internal audit reports relating to internal control weaknesses; and
- e) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
- f) Statement of deviations:

- Quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
- Annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

## 2. Stakeholders Relationship Committee

Our Company has formed the Stakeholders Relationship Committee as per Regulation 20 of SEBI Listing Regulation, 2015 vide Resolution dated March 12, 2016. The constitution of the Committee can change by passing resolution for the same. The recent constituted Stakeholders Relationship Committee comprises the following:

Name of the Director	Status in Committee	Nature of Directorship
Mr.Himesh Ochhavlal Shah	Chairman	Non Executive-Independent Director
Mr. Rajesh Asalraj Jain	Member	Non Executive-Independent Director
Mr Bhavan Dharendra Vora	Member	Managing Director

The Company Secretary of our Company shall act as a Secretary to the Stakeholders Relationship Committee. The scope and function of the Stakeholders Relationship Committee and its terms of reference shall include the following:

- A. Tenure:** The Stakeholders Relationship Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board, to carry out the functions of the Stakeholders Relationship Committee as approved by the Board.
- B. Meetings:** The Stakeholders Relationship Committee shall meet at least four times a year with maximum interval of four months between two meetings and shall report to the Board on a quarterly basis regarding the status of redressal of complaints received from the shareholders of the Company. The quorum shall be two members present.
- C. Terms of Reference:** Redressal of shareholders' and investors' complaints, including and in respect of:
  - Allotment, transfer of shares including transmission, splitting of shares, changing joint holding into single holding and vice versa, issue of duplicate shares in lieu of those torn, destroyed, lost or defaced or where the space at back for recording transfers have been fully utilized.
  - Issue of duplicate certificates and new certificates on split/consolidation/renewal, etc.;
  - Review the process and mechanism of redressal of Shareholders' /Investor's grievance and suggest measures of improving the system of redressal of Shareholders' /Investors' grievances.
  - Non-receipt of share certificate(s), non-receipt of declared dividends, non-receipt of interest/dividend warrants, non-receipt of annual report and any other grievance/complaints with Company or any officer of the Company arising out in discharge of his duties.
  - Oversee the performance of the Registrar & Share Transfer Agent and also review and take note of complaints directly received and resolved them.
  - Oversee the implementation and compliance of the Code of Conduct adopted by the Company for prevention of Insider Trading for Listed Companies as specified in the Securities & Exchange Board of India (Prohibition of insider Trading) Regulations, 2015 as amended from time to time.
  - Any other power specifically assigned by the Board of Directors of the Company from time to time by way of resolution passed by it in a duly conducted Meeting, and
  - Carrying out any other function contained in the equity listing agreements as and when amended from time to time.

### 3. Nomination and Remuneration Committee

Our Company has formed the Nomination and Remuneration Committee as per Regulation 19 of SEBI Listing Regulation, 2015 vide Resolution dated March 12, 2016. The constitution of the Committee can change by passing resolution for the same. The recent constituted Nomination and Remuneration Committee comprise the following:

Name of the Director	Status in Committee	Nature of Directorship
Mr.Himesh Ochhavlal Shah	Chairman	Non Executive-Independent Director
Mr. Nandishkumar Vinodray Gandhi	Member	Non Executive
Mr. Rajesh Asaraj Jain	Member	Non Executive-Independent Director

The Company Secretary of our Company shall act as a Secretary to the Nomination and Remuneration Committee. The scope and function of the Committee and its terms of reference shall include the following:

**A. Tenure:** The Nomination and Remuneration Committee shall continue to be in function as a committee of the Board until otherwise resolved by the Board.

**B. Meetings:** The committee shall meet as and when the need arises for review of Managerial Remuneration. The quorum for the meeting shall be one third of the total strength of the committee or two members, whichever is higher. The Chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries; however, it shall be up to the chairperson to decide who shall answer the queries.

#### C. Role of Terms of Reference:

- Identify persons who are qualified to become directors and may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- Formulate the criteria for determining the qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for directors, KMPs and other employees;
- Formulation of criteria for evaluation of performance of independent directors and the board of directors;
- Devising a policy on diversity of board of directors;
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;
- Determine our Company's policy on specific remuneration package for the Managing Director / Executive Director including pension rights;
- Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors;
- Define and implement the Performance Linked Incentive Scheme (including ESOP of the Company) and evaluate the performance and determine the amount of incentive of the Executive Directors for that purpose.
- Decide the amount of Commission payable to the Whole time Directors;
- Review and suggest revision of the total remuneration package of the Executive Directors keeping in view the performance of the Company, standards prevailing in the industry, statutory guidelines etc; and
- To formulate and administer the Employee Stock Option Scheme.