

Information Memorandum
Parag Fans & Cooling Systems Limited
(CIN: L51102MP1991PLC006760)

Registered Office: 1/2 & 1B/3A Industrial Area No. 1, A B Road, Dewas, Madhya Pradesh – 455001

BOARD OF DIRECTORS- COMPOSITION AND CATEGORY OF DIRECTORS AS ON 31ST MARCH, 2016:

(i) Composition of Board of Directors:

Board of Directors of company (“the Board”) comprises of Six directors. Mr. Sandeep Badjatia, Chairman, is executive Managing Director of the Company. Mr. Umesh Nambiar and Mr. Deepak Pagnis are executive Whole Time Directors, Mr. V.S. Bharaktiya, Mr. Mukesh Kumar Jhawar and Mrs. Anmol Badjatia are non executive directors. Except the Managing Director, all the directors are liable to retire by rotation. There is no institutional or nominee or government director on the Board.

The Company is having six directors in the Board and having composition of the 2 independent directors in the Board of Directors of the Company. Details of the Directors of the Company as at 31st March, 2016 are as under:

Sr. No.	Name of Directors	Executive/ Non Executive / Independent	No. of outside directorship held		No. of outside Committee positions held	
			Public	Private	Member	Chairman
1.	Mr. Sandeep Badjatia	Executive	1	3	-	-
2.	Mr. Umesh Nambiar	Executive	-	-	-	-
3.	Mr. Deepak Pagnis	Executive	1	-	-	-
4.	Mr. V. S. Bharaktiya	Independent	3	2	-	-
5.	Mr. Mukesh Kumar Jhawar	Independent	4	2	-	-
6.	Mrs. Anmol Badjatia	Non Executive	1	3	-	-

The Chairman of the Board is a Executive Director.

1. AUDIT COMMITTEE:

Securities Exchange Board of India (SEBI) has revised the listing agreement as “The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015” in order to align with the provisions of the Companies Act, 2013 and to make corporate governance framework more effective.

Further the regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is applicable to all the listed company from December 01, 2015. So, in order to align with the revised clause it is desirable to make revision in the Terms of References of Audit committees of the company in order to align with the amended provisions of listing agreements.

(A) Brief description of terms of reference:

Power:

The Audit Committee shall have powers, which should include the following:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role:

The role of the Audit Committee shall include the following:

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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:
 - a. 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.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report
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1. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
 2. 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 utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
 3. Review and monitor the auditor's independence and performance, and effectiveness of audit process
 4. Approval or any subsequent modification of transactions of the company with related parties
 5. Scrutiny of inter-corporate loans and investments;
 6. Valuation of undertakings or assets of the company, wherever it is necessary;
 7. Evaluation of internal financial controls and risk management systems
 8. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems

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9. 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
10. Discussion with internal auditors of any significant findings and follow up there on
11. 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
12. 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
13. 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
14. To review the functioning of the Whistle Blower mechanism
15. Approval of appointment of CFO (i.e., the whole-time 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
16. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of Information:

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the Audit Committee), 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 shall be subject to review by the Audit Committee.

Composition of the Audit Committee as on 31st March 2016

S.No	Name	Designation	Position in Committee
1.	Mr. Mukesh Kumar Jhawar	Director	Chairman
2.	Mr. Vijay Singh Bharaktiya	Director	Member
3.	Mr. Umesh Nambiar	Director	Member

2. SHARE HOLDER'S GRIEVANCE COMMITTEE:

The shareholder/investor grievances committee was constituted.

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(A) Brief description of terms of reference:

The Company has a “Shareholders Grievance & Transfer Committee” at the Board level to look into the Redressing of shareholders and investors complaints like:

- (i) Transfer of Shares, Transmissions of shares.
- (ii) Non-receipt of Annual Report, etc.

(B) Composition of Committee:

Composition of the Committee as on 31st March 2016

S.No	Name	Designation	Position in Committee
1.	Mr. Deepak Pagnis	Director	Chairman
2.	Mr. Vijay Singh Bharaktiya	Director	Member
3.	Mr. Mukesh Kumar Jhawar	Director	Member

The Company has given powers to the committee to implement transfer and transmission of Shares and to resolve the relating problems and also to resolve the complaints within a period of 14 days from the date of its receipts.

3. NOMINATION AND REMUNERATION COMMITTEE:

Securities Exchange Board of India (SEBI) has revised the listing agreement as “The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015” in order to align with the provisions of the Companies Act, 2013 and to make corporate governance framework more effective.

Further the regulation 27 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is applicable to all the listed company from December 01, 2015. So, in order to align with the revised clause it is desirable to make revision in the Terms of References of Audit committees of the company in order to align with the amended provisions of listing agreements.

(A) Brief description of terms of reference:

The terms of reference of the Committee are to review and recommend remuneration payable to the executive directors. The Committee also ensures that the compensation policy of the Company provides for performance-oriented incentives to management.

(B) Composition of Committee and number of meetings held:

Composition of the Committee as on 31st March 2016

S.No	Name	Designation	Position in Committee
1.	Mr. Mukesh Kumar Jhawar	Director	Chairman
2.	Mr. Vijay Singh Bharaktiya	Director	Member
3.	Mrs. Anmol Badjatia	Director	Member