



*The first name in enclosure systems*

# Annual Report 2008-09

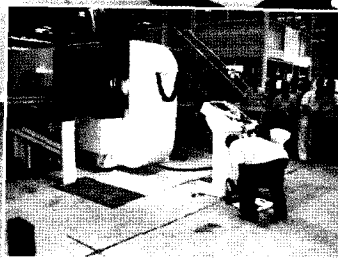
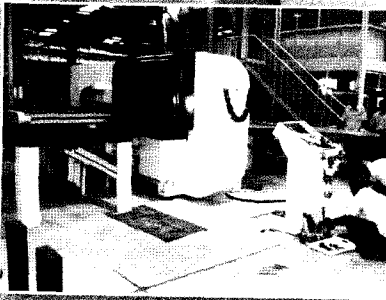
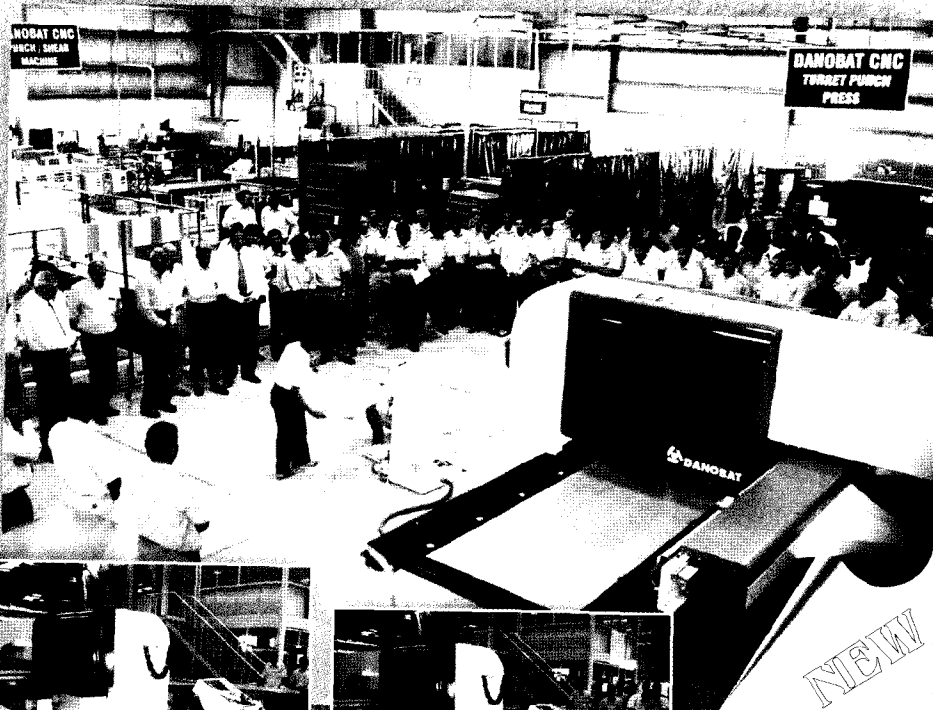


... .. continuing to Innovate

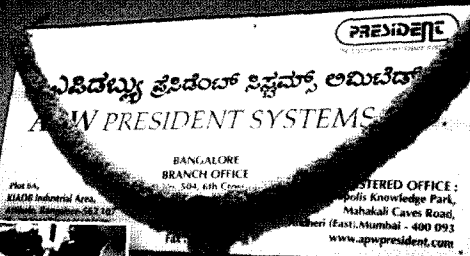
[www.reportjunction.com](http://www.reportjunction.com)

# PRESIDENT

The first name in enclosure systems



Our eighth CNC Turret Punch



Bhumipujan of the new facility at Bangalore



## INFORMATION TO SHAREHOLDERS

### Board Of Directors

Lakshman Bhatia, Chairman  
Elijah A. Elias, (Vice Chairman and Managing Director)  
Sudhir Seth  
Ashok D. Kunte  
Marc Rutty  
Shailesh Hemani  
Raj Bajaj  
Madhav Joshi  
Ms. Shefali Shah

### Company Secretary

K. K. Bhavsar

### Registered Office

**R-2, TECHNOPOLIS KNOWLEDGE PARK**  
Mahakali Caves Road, Andheri East  
Mumbai 400 093

### Works

#### PUNE

Plot S-73, 74, MIDC,  
Bhosari, Pune 411 026

#### BANGALORE

Plot 5, 5A, 5C/1, 6A,  
KIADB Industrial Area,  
Attibele, Bangalore 562 107

#### PUDUCHERRY

RS No. 17/3, Shed C, Gothi Industrial Complex,  
Vadhaudavur Road, Kurambapet,  
Puducherry 605 009

### Main Bankers

Syndicate Bank, Industrial Finance Branch  
Manipal Centre, 204-205, North Block  
Bangalore 560 042

### Auditors

Messrs. Price Waterhouse  
Chartered Accountants  
252, Veer Savarkar Marg, Shivaji Park  
Dadar, Mumbai 400 028

### Listing Details

Company's Equity Shares are listed at:

Pune Stock Exchange Ltd. (Scrip Code 160225)  
Bangalore Stock Exchange (Scrip Code VEROPNDSYS)

At Bombay Stock Exchange, Company's Shares are  
permitted to be traded with effect from Jan 7, 2005  
(Scrip Code 590033)

### Registrar & Transfer Agent

Mondkar Computers Pvt. Ltd.  
21, Shakil Nivas, Mahakali Caves Road  
Andheri (E), Mumbai 400 093  
Tel.: (022) 2836 6620, 2826 2920

**ISIN No . INE 155 D 01018**

## 25TH ANNUAL GENERAL MEETING

**DATE: THURSDAY, AUGUST 13, 2009**

**TIME: 3.30 P.M.**

**VENUE:** Bay Leaf 2, Hotel Saffron Spice,  
Plot No. 34, Central Road, MIDC  
Andheri East, Mumbai 400 099.

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**FINANCIAL STATISTICS**

(Rupees in Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003
	Stand Alone	Stand Alone					
<b>Income :</b>							
Net Sales	13,604.49	12,903.88	9,580.62	7,713.86	5,493.31	3,746.85	2,890.00
Royalty and Commission	124.20	180.74	244.09	125.19	130.48	85.30	66.89
Service Charges	11.19	5.38	4.61				
Other Income	192.12	101.84	97.09	68.78	79.54	44.37	84.51
<b>Total Income</b>	<b>13,932.00</b>	<b>13,191.84</b>	<b>9,926.41</b>	<b>7,907.83</b>	<b>5,703.33</b>	<b>3,876.52</b>	<b>3,041.40</b>
<b>Profit before Taxation</b>	<b>1,353.31</b>	<b>1,478.43</b>	<b>1,125.50</b>	<b>1,043.91</b>	<b>605.91</b>	<b>416.23</b>	<b>214.97</b>
<b>Profit After Taxation</b>	<b>921.23</b>	<b>913.04</b>	<b>723.82</b>	<b>628.31</b>	<b>359.88</b>	<b>317.08</b>	<b>136.65</b>
<b>Dividend Payout</b>	<b>181.44</b>	<b>181.44</b>	<b>120.96</b>	<b>90.72</b>	<b>75.10</b>	<b>74.18</b>	<b>49.35</b>
<b>Corporate Tax on Dividend</b>	<b>30.84</b>	<b>30.84</b>	<b>20.56</b>	<b>12.72</b>	<b>10.53</b>	<b>9.50</b>	<b>6.32</b>
<b>Retained earnings</b>	<b>708.95</b>	<b>700.76</b>	<b>582.30</b>	<b>524.87</b>	<b>274.25</b>	<b>233.40</b>	<b>80.98</b>
<b>Dividend (%)</b>	<b>30.00</b>	<b>30.00</b>	<b>20.00</b>	<b>15.00</b>	<b>15.00</b>	<b>15.00</b>	<b>10.00</b>
<b>Earning per Share</b>	<b>15.23</b>	<b>15.10</b>	<b>11.97</b>	<b>10.78</b>	<b>7.22</b>	<b>6.41</b>	<b>2.77</b>

(Rupees in Lacs)

Particulars	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003
	Stand Alone	Stand Alone					
<b>Shareholders' Funds :</b>							
Share Capital	604.80	604.80	604.80	604.80	502.34	498.49	493.54
Reserves & Surplus	4,081.08	3,372.13	2,671.36	2,107.41	1,276.24	993.25	748.70
<b>Total Shareholder's Funds</b>	<b>4,685.88</b>	<b>3,976.93</b>	<b>3,276.16</b>	<b>2,712.21</b>	<b>1,778.58</b>	<b>1,491.74</b>	<b>1,242.24</b>
<b>Loan Funds :</b>							
Secured Loans	790.34	869.64	844.87	675.58	739.25	352.13	166.31
Unsecured Loans	133.20	222.00	317.19	431.53	501.49	415.09	335.72
Funds Employed	923.54	1,091.64	1,162.06	1,107.11	1,240.74	767.22	502.03
Deferred Tax Liability (Net)	356.65	363.49	267.60	222.23	225.36	154.33	171.85
<b>Total</b>	<b>5,966.07</b>	<b>5,432.06</b>	<b>4,705.82</b>	<b>4,041.55</b>	<b>3,244.68</b>	<b>2,413.29</b>	<b>1,916.12</b>
<b>Application of Funds :</b>							
<b>Fixed Assets</b>							
Gross Block	5,611.32	4,697.13	4,006.48	3,069.96	2,790.85	1,938.52	1,593.55
Less : Depreciation	1,585.91	1,346.84	1,185.81	980.34	812.00	677.02	566.49
<b>Net Block</b>	<b>4,025.41</b>	<b>3,350.29</b>	<b>2,820.67</b>	<b>2,089.62</b>	<b>1,978.85</b>	<b>1,261.50</b>	<b>1,027.06</b>
Capital Advances	108.48	57.03	15.31	65.19	8.97	182.23	6.05
	4,133.89	3,407.32	2,835.98	2,154.81	1,987.82	1,443.73	1,033.11
<b>Investments</b>	<b>17.55</b>	<b>17.55</b>	<b>17.55</b>	<b>0.18</b>	<b>0.18</b>	<b>42.65</b>	<b>39.23</b>
Current Assets, Loans and Advances	4,136.31	4,375.27	3,677.04	3,360.46	2,783.34	1,844.30	1,361.86
Less: Current Liabilities and Provisions	2,321.68	2,368.08	1,824.75	1,473.90	1,526.66	917.39	518.08
<b>Net Current Assets</b>	<b>1,814.63</b>	<b>2,007.19</b>	<b>1,852.29</b>	<b>1,886.56</b>	<b>1,256.68</b>	<b>926.91</b>	<b>843.78</b>
<b>Total</b>	<b>5,966.07</b>	<b>5,432.06</b>	<b>4,705.82</b>	<b>4,041.55</b>	<b>3,244.68</b>	<b>2,413.29</b>	<b>1,916.12</b>

**Statement of Accounting Ratios of the Company**

Particulars	31.03.2009	31.03.2008	31.03.2007	31.03.2006	31.03.2005	31.03.2004	31.03.2003
Return on Net Worth (%)	19.66	22.96	22.09	23.17	20.23	21.26	11.00
Cash Earning per share	21.30	21.22	16.59	13.69	11.72	9.12	6.33
Net Asset Value per share	77.48	65.76	54.17	44.84	35.68	30.14	25.17

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Industry Overview and Competition**

The Company is one of the manufacturer offering enclosures, accessories and a range of solutions from world-class technology partnerships. Since the Company's business spread is across different segments of the user industry, a downturn in one segment is cushioned by off-take in other segments. The Company has also been expanding its customer base in the Middle East region.

The Company's business is focused on the Telecom, IT/ITES and General Electronics sectors. During the last year, we have also initiated business processes and introduced specific solutions for the SMBs (small-and medium-businesses).

During 2008-09, production of telecom equipment was expected to increase from Rs. 412,700 million (2007-08) to Rs. 518,000 million. [Press Information Bureau, Year-End Review, 2008 ] However, much slower growth is anticipated across the telecom sector this year.

The slowdown has led to postponement of purchase decisions and deferred projects. However, looking forward, these short term measures are likely to lead to a build-up or surge in demand for quick deployments in the third quarter, or earlier if the financial indicators of the economy start rebounding and customer confidence increases in parallel. On the positive side, the slowdown has increased focus on cost savings and increased business pressure to maintain performance and meet increasingly aggressive service-level agreements. These are also the factors driving many green strategies.

As for the Company's expansion projects (such as the new Plating Facility at Bangalore), it is foreseen that overall growth of the economy would pick up by October 2009. As such, it is the Company's view that this is the right time for investing in enhancing capacities.

### **Opportunities and Threats**

The Company will continue to maintain its leadership position in the Indian enclosure and infrastructure management industry segments going forward. The Company has expanded its capacity last year and is further investing to meet the demands of significant growth in business. The demonstrated global competitiveness and international quality of products, and its superior logistic capabilities, provide the Company with new opportunities in domestic as well as international markets. The Company will keep examining and pursuing these new opportunities for growth.

The Company faces normal market competition from Indian as well as international companies. The sound business strategies and competitive costs have enabled the Company to retain its leading market position. The Company endeavors to enhance its competitive advantage through a process of continuous improvements in products and processes, cost reduction, enhancing product utility value and by implementing appropriate coherent business strategies. The disciplined financial framework provides stability and a platform for growth of the Company.

### **Segment wise Performance**

#### **Cabinet Division**

The Cabinet Division has achieved marginal increased in turnover, Sales in FY 2008-09 is Rs. 1303 M as compared to Rs. 1234 M in previous year. During last four months the sales were affected due to slow down in economy on account of SUBPRIME crisis in USA and its global impact.

#### **Technology Product Division (TPD)**

The domestic sales of Technology Products were Rs.63 M as against Rs. 56 M during the previous year, while commission earned on direct sales were Rs. 13 M against 18 M during the previous year. The drop in TPD commission business was on account of the change in the business model. The major accounts of global corporations that are serviced directly by Avocent worldwide were taken over by Avocent India. Simultaneously, several channel partners were added and the remaining accounts shared with them. With these measures though the market reach and coverage has increased significantly, our share of commission Income is now shared among several channel partners.

### **Outlook**

In line with the worldwide recessionary trends, there has been a notable slowdown in the IT/ITES and General Electronics sectors. The Telecom sector in India, though impacted by the slowdown, nevertheless continues to offer good growth potential.

Indian SMBs are expected to be a major growth generating sector. Last year, SMBs are estimated to have invested US\$6.4 billion (Rs. 32,000 crores) [ Telecom Special, CIOL ] on enhancing their connectivity infrastructure (includes electronic infrastructure for IT and telecom). The Company foresees that this growth would slow down moderately due to the economic recession, but it would still add up to about Rs. 25,000 crores. Within this sector, demand for telecom and datacom will continue to grow, though at a slower pace, since the infrastructure projects served by SMBs are expected to require on-going inputs of products and services.

## **Quality Management and Design Development**

### **Quality Management Systems**

The Company has an integrated computer aided manufacturing set up. Laced throughout this is our Quality Management System (QMS), which is another customized software package created especially for The Company. Our QMS covers all aspects of the manufacturing cycle, from Incoming inspection, In-process inspection, to final quality assurance checks prior to dispatch. It also covers the calibration of all equipment used for manufacturing and inspection, as well as monitoring all customer complaints, transportation damage instances and corrective and preventive action. In the event of a complaint from a customer, or a failure report from the field, our QMS provides traceability through various stages of the manufacturing cycle.

### **Design Development**

The Company constantly carries out research for design and development of new products and accessories. The design styling, look and feel of our products is always current and in step with practices worldwide. The Company has computer-aided design facilities in-house and employs experienced design personnel as well.

As an ISO 9001:2000 certified organization, the Company takes the ratification of all its designs seriously. All new products and accessories are extensively tested in order to ensure that they exceed their rated specification by a comfortable safety margin.

### **Risk and Concerns**

**Competition:** There is a risk of rising competition due to cloning of our product range by smaller companies in the unorganized sector.

**Mitigants:** The Company has built a large and established distribution network that should be difficult to replicate by potential competitors. Company has also changed its approach from Product Orientation to Service Orientation in order to get edge over the competitors.

**Supply Profile:** The recent increase in the prices for Steel and other key inputs is an area of great concern to the Company.

**Mitigants:** The Company continues to develop and maintain a wide supplier network. It also makes continuous efforts to develop alternative sources for major components and strives to develop substitutes wherever possible for reducing the material cost content of the product.

### **Internal Control System and their Adequacy**

The Company has a proper and adequate system of internal controls commensurate with its nature and size of its business to ensure that its assets are safeguarded and protected against loss from unauthorized use or disposition, and that the transactions are authorized, recorded and reported correctly. Company undertook an independent IT Audit of its systems and security during last year and has implemented most of the recommendation of this IT Audit and is in process of implementation of few other recommendations, which are likely to be completed by 2009-10. These will further improve the quality and effectiveness of its controls and internal checks.

The internal control systems are supplemented by an extensive program of internal audits (carried out by outside agency reporting to MD directly), review by management and established policies, guidelines and procedures. The systems are designed to generate accurate financial statements and other data and for maintaining accountability of assets.

### **Discussion on Financial Performance with respect to Operational Performance**

The profit before tax for the year under review is Rs. 135M as compared to 148M in previous year. The increase in fixed expenses is due to all round increase in expenses on account of inflationary trend and an increase in utility cost such as fuel, etc. During first half of the year Management has taken steps to meet this challenge by developing alternate suppliers and by taking steps to reduce the material content. During the year Company has charged accelerated depreciation of Rs. 4.8M on certain assets which have working life shorter than their originally estimated life. Also there were additions to Fixed Assets amounting to Rs. 106M resulting in higher depreciation amount of Rs. 32.5M as compared to Rs. 27M in previous year. The EBIDTA for the year under review is 185M as compared to 187M in previous year.

### **Material Development in Human Resource / Industrial Relations Front**

At the factory locations, several activities are undertaken by the Personnel Department on industrial safety and production related aspects. The industrial relations at both units during the year under review were cordial.

There have been some changes in the senior management team during the year.

The Company had 379 employees on its roll as on 31<sup>st</sup> March 2009 at its production facilities and offices across the country.

### **Cautionary Statement**

The Management Discussion and Analysis Statements made above are on the basis of available data as well as certain assumptions as to Government policies, economic and political developments. The Company cannot guarantee the accuracy of the assumptions and expectation of future events. The Company's actual results, performance or achievements could thus differ materially from projected performance in future.

## DIRECTORS REPORT

The Members

### APW PRESIDENT SYSTEMS LIMITED

Your Directors take pleasure in presenting the Twenty-Fifth Annual Report together with audited accounts for the year ended 31<sup>st</sup> March 2009.

### FINANCIAL RESULTS

	Rs. in Lacs	
	31.03.2009	31.03.2008
Gross Sales	15,604.72	14,783.09
Net Sales	13,604.48	12,867.85
Earning before interest and Depreciation (EBIDT)	1,854.45	1,876.13
Less: Interest	127.00	123.49
Depreciation	374.13	274.21
Profit before Tax	1,353.31	1,478.43
Less: Provision for Tax	422.51	452.00
Less: FRINGE Benefit Tax	16.42	17.50
Add : Deferred Tax Liability	6.84	95.89
Profit After Tax	921.23	913.04
Add : Balance brought forward	2,263.51	1,660.74
Profit available for distribution	3,184.74	2,573.78
<b>APPROPRIATION</b>		
Proposed Dividend	181.44	181.44
Corporate Tax on Dividend	30.84	30.83
Transfer to General Reserve	100.00	98.00
<b>Total Balance carried forward</b>	<b>2,872.46</b>	<b>2,263.51</b>

### Dividend:

After considering the performance of your Company, your Directors are pleased to recommend a dividend of 30% being Rs.3 per Equity Share.

### Financial Results:

The Net Sales (nett of duties and taxes) during the year were Rs.13,604 Lacs as against Rs. 12,868 Lacs in the previous year, an increase of 6%. EBIDTA earnings before interest, depreciation and income tax was marginally reduced to Rs. 1854 Lacs as against Rs. 1876 Lacs in the previous year. Interest charges were marginally higher at Rs.127 Lacs (Rs.123 Lacs in 2007-08). Depreciation for the year was Rs.374 Lacs as against 274 lacs in previous year due to additions to Fixed Assets during the year, as well as charging accelerated depreciation on some of the Assets having working life shorter than originally estimated life. After provision for Tax and Deferred Tax liability, Profit for the year was Rs.921 Lacs as against Rs. 913 Lacs for the previous year.

### OPERATIONS:

#### Racks and Cabinets:

The Company is the only manufacturer offering enclosures, accessories and a range of solutions from world-class technology partnerships. Since the Company's business spread is across different segments of the user industry, a downturn in one segment is cushioned by off-take in other segments. The, slow-down has basically created postponement of purchase decisions and deferred projects. It has also increased the focus on cost savings and increased business pressure to maintain performance and meet increasingly aggressive service-level agreements. Company has procured highly automated machineries during the year in order to increase -capacity, improved quality and reduced its operating costs. Company expects to gain out of this as the economic situation improves globally, as also domestically.

#### Technology Services

The domestic sales of Technology Products were Rs.630 Lacs as against Rs.559 Lacs during the previous year, while Commissions earned on direct sales were Rs. 127 Lacs as against Rs.181 Lacs during the previous year. The drop in TPD business was on account of the change



in the business model which came into effect during the previous year. The major accounts of global corporations that are serviced directly by Avocent worldwide were taken over by Avocent India. Simultaneously, several channel partners were added and the remaining accounts shared with them. With these measures the market reach and coverage has increased significantly, but at the same time the Company's share of commission income is now shared among several channel partners.

**New Products development:**

As always, the Company has continued to introduce new products as well as accessories and services. Company has launched Cool Way, Smart Rack and BAFT during the year.

Cool Way provides optimally conditioned air to an enclosed cold aisle between rows of enclosures. This design innovation helps reduce the load on the AC power system, thereby enabling savings in power usage.

The Smart Rack is an innovative enclosure solution designed for small-and-medium segment customers and branch offices. The Smart Rack enables deployment of servers and network hardware neatly and efficiently in the office workspace, doing away with the need for dedicated computer rooms. A host of unique installer-friendly features ensure quick and easy systems deployment and the office-quality appearance blends seamlessly into almost any office environment.

Brush Access Floor Tile (BAFT) is designed with nylon bristle brush panels. By using these innovative tiles the incidence of cold air leakage is reduced considerably on data center floors, thereby conserving thermal energy and enabling savings in power consumption.

**Directors:**

As per Articles of Association Ms. Shefali Shah, Mr. Marc Rutty and Mr. Shailesh Hemani retire by rotation in the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**Auditors:**

The auditors M/s Price Waterhouse, Chartered Accountants, Mumbai, retire at the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept office, if re-appointed.

**Deposits:**

There were no deposits outstanding as on 31st March 2009.

**Subsidiary Companies:**

Company's subsidiary, APW Systems MEA FZC, Sharjah, has done well during the year, in spite of impact of slow down in third and fourth quarter of the year. It not only made a profit for the year but has almost wiped off the loss of the previous year. Company expects it to further improve its performance during year 2009-10. The report consolidating the subsidiary accounts also forms part of this annual report.

**Personnel:**

The Industrial relations have been generally cordial. Information as per section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of employees) Rules 1975 as amended, the names and other particulars of employees are set out in the Annexure to the Director's Report. However, as per provision of Section 219(1) (b)(iv) of the said act, the Annual Report and Accounts are being sent to all members of the Company, excluding aforesaid information. Any member interested in obtaining such particulars may write to Company Secretary at the Registered Office of the Company.

**Technical Know-how:**

The Company no longer has access to any technical know-how from its collaborator, who continue to be in receivership. However, the Company is fully capable of evolving its own designs as well as providing the support required for the operations of the Company. Your Management is scouting for new financial and / or technology partners with whom to form a strategic alliance, keeping in mind future business considerations.

**Directors' Responsibility Statement**

Pursuant to sub-section 2A of Section 217 of the Companies Act, 1956, the Directors hereby confirm:

- a) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- c) That they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) That they have prepared the annual accounts on a going concern basis.



**Conservation of Energy etc.:**

Your Company had carried out the Energy Audit at its Bangalore Plant. Company has implemented certain steps based on recommendation of Energy Audit, which has resulted in conservation of water and savings in power and fuel consumption.

Information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are given in Annexure 'A' forming part of this report.

**Corporate Governance :**

Your Company believes in good corporate governance and has initiated several proactive steps in this regard. A separate section on Corporate Governance forms part of the Annual Report. A certificate from the Company Secretary in practice regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement is given in Annexure 'B'.

**FOR AND ON BEHALF OF THE BOARD**

**E. A. ELIAS**  
**MANAGING DIRECTOR**

**MUMBAI, May 19, 2009**

**Annexure 'A'**

**A. Conservation of Energy**

1. The Company's Production activity is not energy intensive. However, all measures are being taken for optimizing energy usage.
2. Additional investments and proposals for reduction in consumption of energy.
3. Total energy consumption is 2,288,237 kwh. Consumption per unit is not possible to give as the products are not standardized.

**B. Technology Absorption**

Report made in Technology Absorption

**I Research & Development**

1.	Specific areas in which R & D carried by the Company	This is an on going process in the Company.
2.	Benefits derived as a result of the above R & D	Improving quality and product reliability keeping to the international market demands.
3.	Future plan of action	Development of new products, to improve product range and products application for other fields.
4.	Expenditure on R & D a)Capital b)Recurring c)Total	Development work on product is continuous and is debited to Profit &. Loss Account under respective heads therein.

**II. Technology, Absorption, Adoption & Innovation**

1.	Efforts made towards technology absorption, adoption & innovation	The Company has in-house R & D facilities, in which new products development and improvements in processes are carried out.
2.	Benefits derived due to above	All products are designed in-house. Prototypes are then developed and tested before introducing these products into the manufacturing range. The process of manufacturing established based on the product features.

**C. Foreign Exchange Earnings & Outgo**

a)	i) Activity relating to exports ii) Initiative taken to increase exports iii) Development of new exports market for products and services iv) Exports Plans	The Company expects to increase its exports substantially during the year. Company has set up subsidiary in the middle-east for exploring export in that territory
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**(Annexure A Contd.)**

Sr.No.	Particulars	31.03.2009 Rupees	31.03.2008 Rupees
i)	Foreign Exchange earned		
a)	Export (FOB)	130,571,630	92,380,925
b)	Commission	12,720,414	18,074,122
c)	Reimbursement of Expenses	601,854	—
ii)	Foreign Exchange outgo :		
a)	Import of Capital Goods	44,383,586	39,993,096
b)	Tools, Dies and Jigs	2,993,061	—
c)	Import of Raw Materials & Components	72,212,457	61,100,919
d)	Import of Traded Goods	35,461,912	36,047,969
e)	Dividend	7,282,080	4,854,720
f)	Commission Paid	7,684,056	3,812,172
g)	Foreign Travel	1,520,943	1,744,180
h)	Exhibition & Seminar	—	723,298
i)	Other Expenses	287,905	36,660
j)	Maintenance Spares	1,232,959	143,034

**Compliance Report on Corporate Governance for the year 2008-2009**

**1. Company's philosophy on code of governance**

The Company always strives to achieve optimum performance at all levels by adhering to best corporate governance practices and

- to strive towards enhancement of shareholder value through prudent business management, sound business decision and high standards of ethics with attendant transparency;
- to achieve excellence in Corporate Governance by complying with all the mandatory and non-mandatory guidelines in this respect and also regularly reviewing management systems for further improvement.

**2. Board of Directors**

a. Composition of the Board of Directors and other details as on March 31, 2009 are as under

Name of Director	Category of Directorship	No. of Board meetings attended	Attendance at the AGM	No. of Committee position held in other companies		Directorship of other companies incorporated in India	Number of shares held as on 31 <sup>st</sup> March 2009
				Chairman	Member		
Mr. E. A. Elias	MD	6	Yes	—	—	—	328480
Mr. Sudhir Seth	NED	5	Yes	—	—	5	494680
Mr. Ashok Kunte	NED	6	Yes	—	—	3	372981
Mr. Marc Ruttu <sup>1</sup>	NED	1	No	—	—	1	663360
Ms. Shefali Shah	NED	3	Yes	—	—	4	—
Mr. Shailesh Hemani	NED -I	6	No	—	—	—	500
Mr. Lakshman Bhatia	NED -I	5	Yes	—	—	—	600
Mr. Madhav Joshi	NED -I	6	No	—	—	1	—
Mr. Rajeshwar Bajaj	NED -I	5	No	—	2	2	9307

1. Held in the name of his Company M. Ruttu & Co. Pty. Ltd.; MD: Managing Director; NED: Non Executive Director; NED -1: Non-executive - Independent

The Directors have confirmed that they have no inter se relationship amongst them.

**B. Meetings of the Board**

The Board of Directors of the Company met six times during the year i.e., on May 30, 2008; July 30, 2008; October 31, 2008; November 8, 2008; December 1, 2008; and January 30, 2009 respectively.

The Agenda for the Board Meeting is circulated well in advance to the Directors. In addition to the information required under Annexure IA to Clause 49 of the Listing Agreement, the Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director, at the Board Meetings, keeps the Board apprised of the overall performance of the Company.