

31st
Annual Report
2012-13



ADDI INDUSTRIES LIMITED

BOARD OF DIRECTORS	:	Shri C.L. Jain	-	Chairman & Managing Director
	:	Dr. B.K. Behera	-	Director
	:	Shri V.B. Aggarwal	-	Director
	:	Shri Hari Bansal	-	Director
	:	Shri S. R. Sharma	-	Director
COMPANY SECRETARY	:	Shri Raj Kumar Arora		
MANAGER FINANCE & COMPLIANCE OFFICER	:	Shri Atul Jain		
BANKERS	:	Punjab National Bank		
AUDITORS	:	M/s S.R. Dinodia & Co. Chartered Accountants K-39 Connaught Circus New Delhi-110 001		
REGISTERED OFFICE	:	23, Eastern Avenue Maharani Bagh, New Delhi - 110065		
WORKS & CORPORATE OFFICE	:	A-105, 106, Sector IV Noida – 201 301 (U.P.)		
WORKS	:	B-1,2,3, Hosiery Complex Phase–II, Noida (U.P.)		

Pursuant to circular no. 2/2011 dated 8th February, 2011 of the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Statement of Profit & Loss and other documents of the subsidiary companies are not required to be attached with the Balance Sheet of the Company. The annual accounts of the subsidiary company and the related detailed information will be made available upon request by the members of the Company and of its subsidiary company. These documents will be available for inspection by any member at the Registered Office of the Company and also at the Registered Offices of the Subsidiary Company concerned.

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NOTICE**TO ALL MEMBERS:**

NOTICE IS HEREBY GIVEN THAT the 31st Annual General Meeting of the Members of Addi Industries Ltd. will be held on **Monday, September 30, 2013, at 9.00 A.M. at Community Hall, Block-7, Trilok Puri Near Bal Vikas Vidyalaya Delhi-110091** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2013, Statement of Profit & Loss for the year ended on that date & the Reports of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. V. B. Aggarwal, who retires by rotation, and being eligible, offers him for re-appointment.
3. To appoint a Director in place of Mr. Hari Bansal, who retires by rotation, and being eligible, offers him for re-appointment.
4. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration. M/s. S.R. Dinodia & Co, the retiring Auditors are eligible for re-appointment.

For & on behalf of the Board

Regd. Office:

23, Eastern Avenue, Maharani Bagh
New Delhi-110 065

Dated: May 23, 2013

C.L. Jain
Chairman & Mg. Director

Notes:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE LODGED WITH THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
- b) The Register of Members and the Share Transfer Books of the Company will remain closed from Thursday, the 26th day of September, 2013 to Monday, 30th September, 2013 (both days inclusive).
- c) The Equity Shares of Rs. 10 each of the Company have been sub-divided/splitted-up into 2 new Equity Shares of Rs. 5 each fully paid-up. All those Shareholders, who are still holding the Shares in physical form and have not yet got their Share Certificates of Rs. 10 each exchanged for new Share Certificates of Rs. 5 each, are requested to send the same to the Regd. Office of the Company at 23, Eastern Avenue, Maharani Bagh, New Delhi-110 065 for exchange thereof.
- d) The Company's Equity Shares continue to remain listed on the Bombay Stock Exchange Ltd., and the listing fee has been duly paid.
- e) The Equity Shares of the Company are dematerialised and the trading has to be compulsorily in demat mode. Those Shareholders who have not yet got their equity shares dematerialised may approach the Depository Participant with whom they are maintaining account, for getting their Shares dematerialised.
- f) A Statement u/s 212 of the Companies Act, 1956, in respect of the Subsidiary Company, Aum Texfab Pvt. Ltd., is contained hereinafter with the Consolidated Financial Statements. The Company undertakes that the Annual Accounts of the Subsidiary Company and the related detailed information will be made available to the Holding and Subsidiary Company Investors seeking such information at any point of time. The Annual Accounts of the Subsidiary Company has been kept open for inspection by any investor at the Registered Office of the Company and the Registered Office of the Subsidiary Company i.e. Aum Texfab Private Limited on all working days between 10.00 A.M. to 12.00 'O' Clock.
- g) Pursuant to Clause 49 of the Listing Agreement(s) pertaining to Corporate Governance, the particulars of Directors proposed to be re-appointed vide item Nos. 2 & 3 of the Notice, are as follows:

S. No.	Particulars	Mr. Hari Bansal	Shri V.B. Aggarwal
1.	Date of Birth	14.09.1975	12.05.1937
2.	Date of Appointment	12.11.2002	28.06.2004
3.	Qualification	B.Chem. Engineering	B.Com(H), FICWA, ACS
4.	Expertise in specific functional area	Please refer Corporate Governance Report 2012-13.	Please refer Corporate Governance Report 2012-13.
5.	Directorship held in other Public Companies*	Nil	Nil
6.	Membership/Chairmanship of Committees**	Nil	Nil
7.	No. of Equity Shares held in the Company	9,96,118	Nil
8.	Relationship with other directors	Related to Shri C.L. Jain (Son-Father)	N.A.

*excluding Foreign, Private Limited Companies and Limited Liability Partnership Firm.

**Includes only Audit and Shareholders/Investor Grievance Committee other than Addi Industries Limited

DIRECTORS' REPORT

Dear Members

The Directors of your Company present their 31st Annual Report & the Audited Statements of Account of the Company for the financial year ended 31st March, 2013.

Financial Results

The performance of your Company for the financial year ended 31st March, 2013 is summarized below: (Rs./Lakhs)

	2012-2013	2011-2012
Turnover & other Income	263.89	1306.81
(incl. Exports)	Nil	(955.13)
Gross Profit before financial exp. & depreciation	58.26	(190.61)
Less: Financial Expenses	Nil	10.91
Depreciation	68.55	81.41
Exceptional Items	(182.53)	(15.54)
Net Profit/(Loss) before Tax	172.24	(267.39)
Less : Provision for Taxation	15.68	Nil
Income Tax adj. for earlier years	(12.15)	Nil
Less: Adj. for deferred tax	(39.83)	(8.13)
Mat credit entitlement	15.68	0
Net Profit /(Loss) after tax	224.21	(259.25)
Add: Amount b/f from last year	(247.59)	11.66
Balance transferred to Balance Sheet	(23.38)	(247.59)

Dividend

In view of accumulated losses, the Directors are not in a position to recommend any dividend for the financial year 2012-13.

Operations

The performance of your Company during the financial year under review has been impacted substantially, due to scale-down of operations, higher input costs, low export orders and subdued cotton & textile markets.

Future Business Prospects:

- During the year under review, the company surrendered its household rights on the plot of land at Ghaziabad, to UPSIDC. The unit was lying closed since 2004-05 due to, inter alia, pollution, economic non-viability, and other factors.
- In the wake of stiff International competition and abnormal upward surge in costs the Board of Directors have thought it expedient to go into the manufacture of woven garments for better business prospects. The Directors are in the process of scouting for and taking effective steps for the same, and are hopeful of achieving better working results, for augmenting the resources and profitability of the company, in the ensuing period.

Technology upgradation, modernisation-cum-diversification

The Company has incurred nominal capital expenditure of Nil on technology upgradation & modernization of machinery and equipment, wherever considered necessary, during the year under report, as against Rs. 1.55 lakhs incurred in the preceding year.

Future Prospects

During the first quarter of the financial year 2013-14, the Company has achieved a very low turnover of Rs.0.02 Lacs (upto May 20, 2013) as against Rs. 11.37 Lacs in the corresponding first quarter of the previous year. Strict monitoring is being done to cut down costs and overheads wherever feasible to make the product more price competitive.

Finances

Your Company continues to have the support of its Bankers, Punjab National Bank, for the working capital requirements commensurate with its business activities.

Deposits

The Company has neither invited nor accepted any deposits from the Public within the meaning of the Companies (Acceptance of Deposits), Rules, 1975 during the year under report.

Directors

Mr. Hari Bansal and Mr. V.B. Aggarwal., Director, retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment. Board of Directors recommends their re-appointment. During the year under review, the Central Government had accorded its consent for the reappointment of Mr. C.L. Jain as Chairman & Mg. Director for a period of 3 years effective from April 1, 2011.

Auditors

M/s. S.R. Dinodia & Company, Chartered Accountants, New Delhi, retire and being eligible, offer themselves for re-appointment as Auditors of the Company for the current financial year 2013-14, to hold office till the conclusion of the next Annual General Meeting. The Company has received the consent and the requisite Certificate u/s 224(1B) of the Companies Act, 1956, from them.

Subsidiary Company

During the year under review, M/s Aum Texfab Pvt. Ltd. continues to be a Subsidiary of the Company and the contribution of the said Subsidiary Company was insignificant. The consolidated financial statements of the Company and its above said subsidiary, form part of the Annual Report. In terms of the Circular no.2/ 2012 dated 8th February, 2012 issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not required to be attached with the Balance Sheet of the Company. The said documents/details shall be made available upon request to any member of the Company and will also be made available for inspection by any member of the Company at the registered office of the Company between 10.00 A.M. to 12 'O' Clock up to the date of the Annual General Meeting.

Corporate Governance

The Management Discussion & Analysis Report and the Report on Corporate Governance, along with the Certificate from the Auditors of the Company regarding compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, is given in the Annexure, forming part of this Report.

Directors' Responsibility Statement

As required u/s 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, the Directors hereby confirm for the financial year ended March 31, 2013 that:

- i) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) the accounting policies have been selected and applied consistently and judgments and estimates have been reasonably and prudently made when required 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 and loss of the Company for that period;
- iii) proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and preventing and detecting any fraud or other irregularities; and
- iv) the annual accounts for the financial year have been prepared on a going concern basis.

Particulars of Employees

There was no employee who was in receipt of remuneration for the financial year under report in the aggregate of not less than Rs. 60 Lacs per annum, if employed throughout the year or Rs. 5 lacs per month, if employed for part of the financial year, within the meaning of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

Energy Conservation, Technology Absorption and Foreign Exchange earnings & outgo

The relevant information & data required to be disclosed u/s 217 (1)(e) read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure and forms part of this Report.

Acknowledgements

Industrial relations continue to be cordial during the year under report. The Directors appreciate the effort and contribution made by the Workers, Staff Members and Executives at all levels for the improvement in the Company's performance. The Directors would also like to thank the Shareholders, Bankers, Customers, and Suppliers & Vendors for the continuous support given by them to the Company, and their confidence in its management.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : May 23, 2013

C.L. Jain
Chairman & Mg. Director

ANNEXURE TO & FORMING PART OF DIRECTORS' REPORT**Energy Conservation, Technology Absorption and Foreign Exchange earnings & outgo****Conservation of Energy**

The Company has been regularly monitoring the process of energy conservation through improved operational and maintenance activities. Various measures namely maximum use of natural day light, arresting leakages of air and steam and proper insulation for preventing loss of heat etc. have been implemented, to minimise losses. These measures have and are resulting in cost savings for the Company. Total energy consumption & consumption per unit during the year ended 31st March, 2013, is as per Form 'A' below :

FORM 'A'
A. Power and Fuel Consumption:

	Current Year 31.3.2013	Previous Year 31.3.2012
1. ELECTRICITY		
(a) Purchased		
Units	132312	500900
Total amount (Rs./Lacs)	10.82	27.80
Rate/unit (Rs.)	8.17	5.55
(b) Own Generation		
i) Through diesel generator Units	Nil	27300
Unit per ltr. of diesel oil	Nil	3.50
Cost/unit (Rs.)	Nil	11.66
ii) Through steam turbine/generator	N.A.	N.A.
2. COAL		
Qty. (Kgs.)	N.A.	N.A.
Value (Rs./Lacs)	N.A.	N.A.
3. FURNACE OIL/ LDO/HSD		
Qty. (Ltrs.)	Nil	43200
Value (Rs./Lacs)	Nil	17.63
Rate/Unit (Rs.)	Nil	38.13
4. OTHERS : INTERNAL GENERATION		

B. Consumption per unit of production:

Product	(Unit)	Electricity (Units)		Furnace Oil (KL)		Coal (KG.)	
		Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.	Curr.Yr.	Prev.Yr.
Ready made Garments	1,000 Pcs.	N.A.#	1,775	—	—	—	—

#No Production during the year under review.

Technology Absorption

The requisite particulars are given in Form B below:

FORM 'B'

Research and Development (R&D): R&D has always been a crucial factor, being carried out in manufacturing operations. The Company continues to give due attention and stress on R&D activities to achieve maximum benefit for process and product by adapting all round technological development. This is of utmost important in today's customer-driven market, where both quality and lower cost are dominant factors. Beside development of new designs, high value added specifications/ product and such like measures are imperative in the trade. The cumulative measures taken to update and use the latest technology for improvement in productivity are yielding positive results and are enabling the Company to concentrate upon high value added products. Expenditure on R&D is booked to respective heads as it is not separately identified.

Technology Absorption, Adoption and Innovation : The Company puts proper emphasis on absorption of design and manufacturing technology. Priority is given in using latest technology for improving productivity, product quality and reducing wastage in consumption of raw materials, consumables and fuels. No technology import is required, since the product manufacturing is specific and subjective operation.

Foreign Exchange Earnings and Outgo : Total Foreign exchange earned and used :

	31.3.2013	31.3.2012
Earnings	Nil	931.88
Outgoings	Nil	76.04

For and on behalf of the Board of Directors

Place : New Delhi

Dated: May 23, 2013

C.L. JAIN

Chairman & Mg. Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT**1. INDUSTRY STRUCTURE & DEVELOPMENTS**

It is a recognized fact that the knitwear sector in the textile industry plays an important role in the Indian Economy. This industry, however, is highly competitive and fragmented. During the year 2012-13 the exports of readymade garments have been reduced substantially and the export growth was severely affected due to several internal and external developments. Stiff Global Competition, Changing Technology & Fashion industry and above all the overall recession continue to have an adverse impact on business prospects and profitability.

2. OPPORTUNITIES & THREATS

The opportunities in the Textile Industry and the increasing growth in export of knitted garments augur well for this vital segment. There is a perceptible change in the outlook and shift for diversified and high value added products. Textile Companies are always experiencing pricing pressures, lately due to stiff international competition. Besides, lack of modern technology and archaic personnel laws are some of the other areas of significant threats. Addi Industries is seized of all such factors having adverse effect on its exports. It is always eager and endeavouring to constantly update its plant & equipment for producing the best quality products. A capital expenditure of Nil was incurred during the year on technology upgradation and modernization of machinery & equipment, wherever considered necessary. Sales in Company's domestic retail outlets are gradually improving. Keeping in view the market requirements, new and diversified product lines are continuously being added in the domestic market.

3. SEGMENT-WISE PERFORMANCE

The Company operates in one segment only i.e. manufacturing of garments. Hence, no segment-wise performance reporting is available.

4. OUTLOOK

Exports in the current year 2012-13 have gone down drastically. The Company has achieved negligible Income from operation of Rs.0.02 Lacs (upto 20.05.2013) in the first quarter of the Current Financial Year as compared to the turnover of Rs.11.37 Lacs in the corresponding first quarter of the previous year. International competition has and is exerting high pressure on selling prices of the export products. Exports also depend a lot on Govt. policies and developments in the international market.

5. RISKS & CONCERNS

The Company places its thrust on product excellence. Judicious risk management policies, strong systems, constant monitoring of various risk factors and a focus on greater market penetration continue to guide the business strategy of the Company. Strict monitoring is done to cut-down costs and overheads, whatever feasible, to make the product more prices competitive.

6. INTERNAL CONTROL SYSTEMS

The Company has instituted a system of internal control and checks, which are supplemented by an on-going programme of internal audits and Management Information System (MIS). An annual planning and budgeting system has been put into practice. The Audit Committee of the Board actively reviews internal control systems as well as financial disclosures normally on every quarterly period.

7. MATERIAL DEVELOPMENTS IN HR

Personal relations during the year under report have been cordial. To conform to international standards, the Company conducts different training programmes in-house. The Company has also identified and included specific programmes on Health, Safety & Environment in every employee/s performance targets. A self assessment system is in vogue amongst the staff, and a code of conduct amongst the senior management personnel, which is reviewed by the top management from time to time.

CAUTIONARY STATEMENT

The Statements in the Report of the Board of Directors and the Management Discussion & Analysis Report describing the Company's projections, estimates, expectations or predictions may be forward looking statements within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied since the company's operations are influenced by many external and internal factors beyond the control of the company.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : May 23, 2013

C.L. JAIN
Chairman & Mg. Director

REPORT ON CORPORATE GOVERNANCE

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

1. Corporate Philosophy

The Company is committed to good Corporate Governance. It makes best efforts for and monitors, full compliance with the requirements of Corporate Governance under the revised Clause 49 of the Listing Agreement with the Stock Exchange. There is a conscious endeavour to bring about transparency in operations and for maintaining professional approach and accountability so that the return to the shareholders is optimized. Regular meetings of the Board and Committee/s thereof are held for transparency in management, effective leadership and for supervision and control. Risk management and internal control functions are monitored on a regular basis and are geared up to meet the progressive governance standards.

2. Board of Directors

The composition of the Board of Directors, as at 31st March 2013, is five, two Promoter Directors (out of which one is executive and other Non-executive) and three Non-executive independent Directors. The Agenda and other documents alongwith relevant information on the business to be discussed and decided in the Board/Committee Meeting/s are circulated well in advance. The Chairman & Managing Director is responsible for the conduct of the business as also the day-to-day affairs of the Company. A Certificate of Statutory Compliance of the various rules and regulations, laws & clauses applicable to the Company is placed before the Board at every Meeting on a quarterly basis. The Statutory Auditors are special invitee/s to the Board/ Committee Meeting/s as and when required, and particularly at the time of Annual & Quarterly Financial Statements.

Brief Profile of the Directors:

Shri Chaman Lal Jain, aged 69 years (D.O.B 08.09.1944) is a promoter director and designated as Chairman & Managing Director of the Company since 01.10.1988. He is B.Com and has about 45 years of rich experience in Textile Industry. Work experience inter-alia includes the Setting up of the existing textile business and make it possible for an upward surge in its business activities, turnover / exports and profitability over the years and efficiently manage day-to-day monitoring and exercise effective control over the affairs of the Company, helps to achieve its targets. Shri Jain has taken several initiatives to focus on growth, value addition and cost effectiveness besides overseeing the Company's business. He has successfully and in a sustained way, contributed significantly towards improvement and growth of the Company. He is holding 16,89,818 Equity Shares of Rs.5/- each which constitute 15.65% of the Equity Share Capital of the Company.

Shri Hari Bansal, aged 38 years (D.O.B 14.09.1975) is a promoter director of the Company since 12.11.2002 and presently is holding the position of Director in the Company. He is B.Chem. (Engineering) and has about 12 years of rich experience in Textile Industry. Work experience inter-alia includes the expertise knowledge of domestic and export industry pertaining to textile business. He is holding 996118 Equity Shares of Rs.5/- each which constitute 9.23% of the Equity Share Capital of the Company.

Shri V.B. Aggarwal, aged 76 years (D.O.B 12.05.1937) is an independent non executive director of the Company since 28.06.2004. He is B.Com(H), FICWA, ACS and has about 42 years of rich experience of varied Industries. He has an expertise knowledge in Finance, Cost Accounting and Audit & Management. He does not hold any Equity Share in the Company.

Dr. B. K. Behera, aged 54 years (D.O.B 17.04.1959) is an independent non executive director of the Company since 28.06.2004. He is Ph.D, M. Tech. and has about 27 years of rich experience of Textile Industries and latest textile technology. He does not hold any Equity Share in the Company.

Mr. Sukh Raj Sharma, aged 74 years (D.O.B 01.01.1938) is a Grad.(Econ.), Punjab University, Fellow Member of the Institute of Company Secretaries of India and is also a Fellow Member of the Institute of Cost & Management Accountant. He is having 41 years of vast experience in the field of Finance, Accounts and Secretarial. His last Assignment was as a Director (Finance) with the Central Electricity Authority, Ministry of Power, Government of India before taking VRS in 1995. Presently he is practicing as a Company Secretary in Whole-time Practice.

The Board met 4 times on May 26, August 14, November 10, 2012 and February 9, 2013 during the financial year ended March 31, 2013:

Name of the Director & Designation	Executive/ Non-executive/ Independent	No. of Board Meetings held during the year	No. of Board Meetings attended	Attendance at the last AGM on 28.09.2012	Directorship in other Cos. incorporated in India	No. of other Cos. Board Committees, of which Member/ Chairman
Shri C.L. Jain (Chairman & Managing Director)	Executive (Promoter Grp)	4	4	Present	Nil	NIL
Shri V.B. Aggarwal	Non-executive (Independent)	4	4	Present	NIL	NIL
Dr. B.K. Behera	Non-executive (Independent)	4	4	Present	1	NIL
Mr. S.R. Sharma	Non-executive (Independent)	3	3	Present	Nil	Nil
Shri Hari Bansal (Whole-time Dir.)	Executive (Promoter Grp)	4	4	Present	1	NIL

None of the Directors on the Board hold the office of Director in more than 10 Companies as Director or as Member of Committee/s of the Board. Particulars of a Director retiring by rotation and being re-elected are given elsewhere in this Report.

None of the non-executive independent Directors hold any shares in the company, either in their own name or in the name of their relatives/associates, or hold shares in any other company exceeding 2% of the share capital of the company.

Shri C.L. Jain, and Shri Hari Bansal are related to each other (as Father-Son relationship), except them none of the other Director of the Company is related with other.

Directors resigned during the year.

There is no change in the Directorship/s of the Company during the year under report.

3. Committees of the Board

A. Audit Committee

An Audit Committee is duly constituted in terms of Section 292A of the Companies Act 1956 and in compliance with the requirements of Clause 49 of the Listing Agreement. Shri V.B. Aggarwal, a non-Executive Independent Director, is the Chairman of the Audit Committee. Dr. B.K. Behera, Non-Executive Director and Shri C.L. Jain, Managing Director are the other members of this Committee.

Shri V.B. Aggarwal is a professionally qualified Cost Accountant & Company Secretary, and has the requisite financial acumen and a rich & varied expertise on financial matters. He attended and was present at the Annual General Meeting of the Members held on September 29, 2012.

The Committee relies on the expertise and knowledge of the management, the Statutory Auditors, and the Professionals in carrying out its oversight responsibilities, and for effectively looking after all the financial and other matters specified u/s 292A of the Act *ibid*. The Committee discharges such duties and functions indicated in Clause 49 of the Listing Agreement with the Stock Exchange and such other functions as may be specifically delegated to the Committee by the Board from time to time. The Auditors are permanent invitee/s to the meeting/s of the Committee, especially at the time of consideration of Quarterly and Annual Accounts.

Four Meetings of the Audit Committee were held on May 26, August 14, November 10, 2012 and February 9, 2013 during the financial year ended 31st March, 2013. All the members of the Audit Committee attended each and every meeting held during the year.

The Company has a "Whistle Blower Policy". Every employee has a right of access to the Audit Committee and its Members, without any information to their Superiors. The Company hereby affirms that it has not denied any personnel access to the Audit Committee of the Company and has provided protection to whistle blowers from any unfair termination and other unfair or prejudicial employment practices.

B. Remuneration Committee

The Remuneration Committee of the Company comprises of three non-executive independent Directors namely Shri V.B. Aggarwal, Shri S.R. Sharma & Dr. B.K. Behera and Shri C.L. Jain, Mg. Director, as its members. The Remuneration Committee is empowered to review the remuneration of the Managing Director and Executive Directors. 1 meeting of the Remuneration Committee was held on May 26, 2012 during 2012-13, which was attended by all the members.

C. Selection Committee

The Selection Committee of the Company also comprises of two non-executive independent Directors namely Shri V.B. Aggarwal and Dr. B.K. Behera, and Shri C.L. Jain, Mg. Director, as its Members. The Selection Committee functions for regulating the selection and appointment of any relative/s of a Director, to hold office or place of profit in the Company. No meeting of the Selection Committee was convened during 2012-13.

D. Committee of Directors (COD)

In terms of the revised clause 41 of the Listing Agreement, a Committee of Directors (COD) has been constituted with Shri V.B. Aggarwal, non- executive independent Director as its Chairman, and Shri C.L. Jain, Mg. Director as its Member, for the purpose of considering the Limited Review Report of the Statutory Auditors, before its submission to the Stock Exchange. No meeting of the Committee of Directors was required to be held during the financial year ended March 31, 2013.

E (i) Investor Grievance cum Share Transfer Committee

The Investor Grievance cum Share Transfer Committee has been constituted under the Chairmanship of Dr. B.K. Behera. The other members of the Committee are S/Shri V.B. Aggarwal, C.L. Jain and Hari Bansal. The terms of reference to the Committee inter-alia includes the redressal of Shareholders/Investors grievances, de-materialisation/ re-materialisation of Shares, to consider the status of Quarterly Complaints received and redressed. Apart from these a general authority has been given to Shri C.L. Jain, Chairman & Mg. Director of the Company to approve the Share Transfer, Transmission, Transposition and other related matters.

Four Meetings of the Investor Grievance cum Share Transfer Committee were held on May 26, August 14, November 10, 2012 and February 9, 2013 during the financial year ended 31st March, 2013. All the members of the Committee attended each and every meeting held during the year except Dr. B.K. Behera and Shri V.B. Aggarwal who did not attended even a single meeting.

During the year under review, Shri C.L. Jain in his independent capacity and as per the authority delegated to him has approved the Share Transfer/Transmission/issue of duplicate Share Certificate/s & other related matters, upto 2500 Equity Shares per case, held in physical form. Proceedings of all the Share Transfers/ Transmissions/ other matters approved are placed at the ensuing Board Meeting/s, from time to time.

Shri Atul Jain, Compliance Officer & Manager (Finance) acts as the Compliance Officer of the Committee. The Company attends the Shareholders'/investors' communications/grievances expeditiously. No Demat request was pending at the close of the last Financial Year.

4. Remuneration to Directors

The Mg. Director & the Whole-time Directors are paid remuneration as decided & approved by the Remuneration Committee, the Board and the Shareholders, & thereafter, the approval of the Central Govt. is obtained wherever required. The Company does not have any Stock Option Scheme.

The appointment of the Mg. Director & the Whole-time Directors is generally for a period of 5 years or as approved by the Board, and the Central Govt. if required, which can be terminated by giving one month Notice on either side. No severance fee is payable. There are no retirement benefits, but only provision for Leave Encashment and Gratuity to which the Mg. Director & other Whole-time Director/s are entitled at the end of their tenure or as per the rules of the Company.

During the year under review, the Company had moved an Application to the Central Government u/s 269, 198, 309 & 310 of the Companies Act, 1956 for making payment to Mr. C.L. Jain as Chairman & Managing Director, as the Company did not have adequate profits to pay. The Central Govt. vide its letter No. SRN No.B45286614/4/2012-CL-VII, dated December 12, 2012 has accorded its approval for his appointment for a period of 3 years with effect from October 1, 2011 to September 30, 2014.