



A Tayal Enterprise

# ASAHI INDUSTRIES LIMITED



19<sup>th</sup>  
Annual Report  
2011 - 2012

## ASAHI INDUSTRIES LIMITED

### **BOARD OF DIRECTORS**

#### **CHAIRMAN**

Shri Gaurav Tayal

#### **MANAGING DIRECTOR**

Shri Narayan Ghumatkar

#### **DIRECTORS**

Shri Subhash Chandra Bhargava

Shri Mahesh Prasad Mehrotra

Shri Jodharam Dhaka

Shri Shivprasad Shrivastav

#### **COMPANY SECRETARY**

Ms. Pinal Patel

#### **AUDITORS**

M/s. A. F. Khasgiwala & Co.

Chartered Accountants

#### **REGISTERED OFFICE**

Ecomax, Musrane, Taluka Wada,

Dist. Thane - 421 312,

Maharashtra

#### **CORPORATE OFFICE**

Raghuvanshi Mills Compound,

11/12, Senapati Bapat Marg,

Lower Parel (W),

Mumbai- 400 013,

Maharashtra

#### **REGISTRAR & SHARE TRANSFER AGENT**

Universal Capital Securities Private Limited

21, Shakil Nivas, Opp. Satya Sai Baba Temple,

Mahakali Caves Road, Andheri (East),

Mumbai - 400 093

Email : info@uniseq.in

#### **PLANT**

Valsad, Gujarat

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**19TH ANNUAL GENERAL MEETING** to be held on **Saturday, 21<sup>st</sup> July, 2012** at 10.00 a.m.,  
at the Registered Office of the Company at Ecomax, Musrane, Taluka Wada, Dist. Thane - 421312.



## NOTICE

**Notice** is hereby given that 19<sup>th</sup> Annual General Meeting of the Members of **ASAHI INDUSTRIES LIMITED** will be held on Saturday, 21<sup>st</sup> July, 2012, at the Registered Office of the Company at Ecomax, Musrane, Taluka Wada, Dist. Thane - 421 312, Maharashtra, at 10.00 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31<sup>st</sup> March, 2012 and the Balance Sheet as on that date together with the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Subhash Chandra Bhargava, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Shivprasad Shrivastav, who retires by rotation, and being eligible, offers himself for re-appointment.
4. To re-appoint M/s. A. F. Khasgiwala & Co., Chartered Accountants, as the Statutory Auditors of the Company and to authorize the Board of Directors to fix their remuneration and to pass, with or without modification(s), the following Resolution as Ordinary Resolution:

**"RESOLVED THAT** M/s A. F. Khasgiwala & Co, Chartered Accountants (Membership No. 006491, Firm Registration No. 105114W), be and is hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors of the Company."

### SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modification(s) the following Resolutions:

#### AS ORDINARY RESOLUTION

5. **"RESOLVED THAT** in accordance with the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, or any statutory modification(s) or re-enactment thereof, Shri Gaurav Tayal, who was appointed by the Board of Directors on 28<sup>th</sup> April, 2012, as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956, and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as a Director of the Company, who shall be liable to retire by rotation."

#### AS SPECIAL RESOLUTION

6. **"RESOLVED** that the appointment of Shri Narayan Ghumatkar as the Managing Director of the Company, made by the Board of Directors of the Company in their meeting held on 28<sup>th</sup> April, 2012, pursuant to the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956, be and is hereby approved by the shareholders of the Company on the following terms:

Particulars	From 28 <sup>th</sup> April, 2012 to 14 <sup>th</sup> January, 2016
Salary	₹ 50,000/- per month or ₹ 6,00,000/- per annum
Maximum	₹ 12,00,000/- per annum

**RESOLVED FURTHER** that Shri Gaurav Tayal, Chairman or Shri Jodharam Dhaka, Director of the Company, be and is hereby authorised to file the relevant e-forms with Registrar of Companies and to do all such acts, deeds and things as may be necessary to give effect to the above Resolution."

### NOTES :

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
2. A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON AS HIS/ HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.
3. The instrument(s) appointing the Proxy shall be delivered to the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
4. Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, subject to the provisions of SEBI Circular No. 21/99 dated July 8, 1999. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience.
5. Corporate Members intending to send their Authorized Representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
6. In case of joint holders attending the meeting, only such joint holders who are higher in order of names will be entitled to vote.
7. The Register of Members and Share Transfer Register of the Company will remain closed from Thursday, 19<sup>th</sup> July, 2012 to Saturday, 21<sup>st</sup> July, 2012 (both days inclusive) to Comply with Annual Book Closure requirements.
8. All documents and agreements referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except public holidays, between 10.00 a.m. and 1.00 p.m., up to the date of Annual General Meeting.
9. Members desiring any information on the Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2012, are requested to write to the Company at its Corporate Office Address at least 7 days in advance of the Annual General Meeting, so as to enable the Management to keep the information ready at the Meeting.

10. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio. Members are requested to immediately notify any change in their Registered Address specifying full address with Pin Code Number and quoting their Registered Folio Number to the Company.
11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company.
12. **Green Initiatives in the Corporate Governance** : The Government of India-Ministry of Corporate Affairs has, vide the Circular No. 17/2011 dated 21<sup>st</sup> April, 2011, allowed service of documents to the shareholders in the electronic mode. Thus, having regard to the said Circular read with the Information Technology Act, 2000 and Section 53 of the Companies Act, 1956, the Company hereby requests all its Members to register their E-mail Address (and any change therein from time to time) with Universal Capital Securities Private Limited the Registrar and Share Transfer Agents of the Company. The Company proposes to send all the future correspondences in electronic form to the Members whose E-mail Address is registered with the Registrar and Share Transfer Agents of the Company. Any Member desiring to receive the said correspondences in the physical form is requested to write to the Company at its Corporate Office Address.

**For and on Behalf of the Board of Directors**

**Place : Mumbai**  
**Date : 28<sup>th</sup> April, 2012**

**Sd/-**  
**Pinal Patel**  
**Company Secretary**

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## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

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### **Item No. 5**

Shri Gaurav Tayal was appointed as an Additional Director by the Board of Directors on 28<sup>th</sup> April, 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956, his tenure as an Additional Director expires at the ensuing Annual General Meeting.

Shri Gaurav Tayal has Six years of experience working in Textile Industry and he is a bachelor in Management.

Shri Gaurav Tayal is not disqualified from being appointed as Director in terms of Section 274(1)(g) of the Act. The Company has received the requisite Form 'DD-A' from Shri Gaurav Tayal in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules 2003, confirming his eligibility for such appointment. Shri Gaurav Tayal do not hold any shares in the Company.

The Company has received a Notice alongwith requisite deposit amount from a Member pursuant to Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Shri Gaurav Tayal for the Office of the Director of the Company.

The Board recommends the passing of this Resolution. Except Shri Gaurav Tayal, none of the Directors are interested in this Resolution.

### **Item No. 6 :**

Shri Narayan Ghumatkar was appointed as a Managing Director by the Board of Directors of the Company on 28<sup>th</sup> April, 2012, in accordance with the provisions of Sections 198, 269, 309, 310, 311, Schedule XIII and other applicable provisions of the Companies Act, 1956.

Shri Narayan Ghumatkar has done his Graduation in Commerce. He has more than 20 years of experience of working in the Textile Industry.

Shri Narayan Ghumatkar is not disqualified from being appointed as Managing Director in terms of Section 274(1)(g) of the Act. The Company has received the requisite Form 'DD-A' from Shri Narayan Ghumatkar in terms of the Companies (Disqualification of Directors under Section 274(1)(g) of the Companies Act, 1956) Rules 2003, confirming his eligibility for such appointment. Shri Narayan Ghumatkar does not hold any shares in the Company.

The Board recommends the passing of this Resolution. Except Shri Narayan Ghumatkar, none of the Directors are interested in this Resolution.

**For and on Behalf of the Board of Directors**

**Place : Mumbai**  
**Date : 28<sup>th</sup> April, 2012**

**Sd/-**  
**Pinal Patel**  
**Company Secretary**

## DIRECTOR'S REPORT

Dear Members,

The Board of Directors hereby presents the 19<sup>th</sup> Annual Report on the business and operations of your Company along with the Audited Statements of Accounts for the Financial Year ended 31<sup>st</sup> March, 2012.

### FINANCIAL HIGHLIGHTS

	2011-2012 (₹ in Lacs)	2010-2011 (₹ in Lacs)
Revenue from operations	16,954.05	12,443.91
Finance Cost	14.34	----
Depreciation and Amortization Expense	1,348.18	1,277.99
Profit before exceptional & Extraordinary Items & Tax Exceptional Items & Extraordinary Items	250.18	16.60
Current Tax	50.06	3.31
Deferred Tax Liabilities/ (Assets)	11.94	89.67
Profit/Loss after Tax	188.17	102.96

**Note :** Previous year figures have been regrouped/ rearranged wherever necessary.

### DIVIDEND

Due to inadequacy of profits during the year under report, your Directors do not recommend dividend on the Equity Shares of the Company.

### REVIEW OF PERFORMANCE

During the year, the turnover of Company has substantially increased to ₹ 16,954.05 Lacs as against ₹ 12,443.91 Lacs in respect of the previous Financial Year ended 31<sup>st</sup> March, 2011, registering a growth of around 36% over the previous Financial Year. The Profit before Exceptional and Extraordinary Items and Tax is ₹ 250.18 Lacs in the Financial Year ended 31<sup>st</sup> March, 2012 as against ₹ 16.60 Lacs in the previous Financial year ended 31<sup>st</sup> March, 2011. The profit after tax is ₹ 188.17 Lacs during the year under Report after making provision for taxation of ₹ 50.06 Lacs and after considering Deferred tax Assets of ₹ 11.94 Lacs as against profit after tax of ₹ 102.96 Lacs in the previous Financial Year.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Subhash Chandra Bhargava, Independent Director and Shri Shivprasad Shrivastav, Director of the Company, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

During the year under Report, Ms. Mrinal Tayal and Shri Saurabh Kumar Tayal have resigned from the Directorship of the Company w.e.f. 25<sup>th</sup> November, 2011 and 22<sup>nd</sup> March, 2012 respectively. The Board places on record, the appreciation of the services rendered by Ms. Mrinal Tayal and Shri Saurabh Kumar Tayal during their tenure as the Directors, towards the growth of the Company.

Further, the Board of Directors of the Company had appointed Shri Gaurav Tayal as an Additional Director w.e.f. 28<sup>th</sup> April, 2012. Pursuant to the provisions of Section 260 of the Companies Act, 1956, Shri Gaurav Tayal shall hold office upto the date of ensuing Annual General Meeting. The Notice pursuant to Section 257 of the Companies Act, 1956, has been received from the Member proposing the candidature of Shri Gaurav Tayal for being appointed as a Director of the Company.

On 21<sup>st</sup> February, 2012 the Board recorded the sudden and untimely death of Shri Jaikumar Mishra, Managing Director of the Company. Therefore The Board of Directors of the Company had appointed Shri Narayan Ghumatkar, as a Managing Director in their Meeting held on 28<sup>th</sup> April, 2012 due to casual vacancy caused by Shri Jaikumar Mishra and given their approval for the appointment of Shri Narayan Ghumatkar as the Managing Director of the Company on the terms and conditions as mentioned in the Notice of AGM.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Director's Responsibilities Statement, it is hereby confirmed :

- that in the preparation of the Annual Accounts for the Financial Year ended 31<sup>st</sup> March, 2012, the applicable Accounting Standards had been followed alongwith proper explanation relating to material departures.
- that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 statement of Profit & Loss of the Company for the year under review;
- that the Directors had taken proper and sufficient care 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 frauds and other irregularities;
- that the Directors had prepared the accounts for the Financial Year ended 31<sup>st</sup> March 2012, on a 'going concern' basis.
- That the accounts have been prepared on the basis of the revised schedule VI & The Companies Act, 1956, accordingly the previous year figures have adjust/ regroup/ rearranged to confirm with the current year figure.

### AUDIT COMMITTEE

The composition of Audit Committee is given in the Report on Corporate Governance.

### SHARE TRANSFER AND INVESTORS' GRIEVANCE COMMITTEE

The composition of Share Transfer and Investors' Grievance Committee is given in the Report on Corporate Governance.

**CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION & ANALYSIS STATEMENT**

The Company has complied with Corporate Governance Code as stipulated under Clause 49 of the Listing Agreement. A separate section on Corporate Governance alongwith a certificate from M/s. A. F. Khasgiwala & Co., Statutory Auditors and Shri Narayan Ghumatkar, Managing Director, confirming the compliance with the said Clause, and Management Discussion & Analysis statement are forms part of this report.

**SAFETY, HEALTH AND ENVIRONMENT**

A sustained and meticulous effort continues to be exercised by the Company at the plant of the Company towards greener production and Environment Conservation. The Company preserves its efforts to indoctrinate safe and environmentally accountable behavior in every Employee as well as Vendors by compulsory annual training and refresher courses and frequent awareness programs. Mock drills of emergency preparedness are regularly conducted at the plant showing Company's commitment towards safety, not only of its own men and plant, but also of the society at large. Involvement of workers in all safety matters has been encouraged by their participation in shop floor safety meetings.

The health of employees and the environment in and around the plant area have been given due care and attention. The Company continues to comply with the prescribed Industrial Safety Environment Protection and Pollution Control Regulation at its production plant through periodic checks of the system involved and constant monitoring to meet the standards set by the Pollution Control Authorities, etc.

The Plant of the Company is eco-friendly and do not generate any harmful effluents. Safety devices have been installed wherever necessary.

**INDUSTRIAL RELATIONS & HUMAN RESOURCES MANAGEMENT**

Employees today are looking for development opportunities, future career options, empowerment and work-life balance in an organization. To retain leadership position, the Company continuously innovates and customizes its human resource (HR) strategy to meet changing employee needs.

The Company recognizes that in a people-intensive business, major gains can be scored in the area of productivity management. In view of this, the Company has strengthened its people management through performance-linked incentives, amenities, training, multi-skilling and career path identification.

The Company is of firm belief that good Human Resource (HR) Management would ensure success through high performance. HR strategy and plans of the Company are deeply embedded with the organizational goals. In order to enhance the manpower productivity, the goal is set to increase the production capacity of the plant and rationalize the manpower through scientific study. All the operational goals of the top management emanate from the business plan. The goals of MD are shared with his subordinates who in turn share their goal with their respective subordinates and so on. Regular visits by HR team is being made to the plant to meet the employees and also interaction meetings are conducted to get their feedback, based on which HR policies are improved continuously. The process has resulted in better employer-employee relationship.

The Company lays due emphasis on all-round development of its human resource. Hence, training of the employees is aimed at systemic development of knowledge, skills, aptitude and team work. Training is designed for the development of personal skills necessary for the performance of the present job and to prepare them for future growth. Individual development is given top priority to groom high caliber manpower.

**CONVERSATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

The particulars required under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

**CORPORATE SOCIAL RESPONSIBILITY**

As its operations have expanded to new geographies, the Company has retained a collective focus on the various areas of corporate sustainability that impact people, environment and the society at large. Founded on the philosophy that society is not just another stakeholder in its business, but the prime purpose of it, the Company, across its various operations is committed to making a positive contribution in a number of ways.

As a policy, the Company provides residence to its employees and facility of Schools and education to the children of the labours working in the factories of the Company.

**PARTICULARS OF EMPLOYEES**

There were no employees drawing remuneration of ₹ 60,00,000/- or more per annum employed throughout the year or ₹ 5,00,000/- or more per month employed for a part of the year. This information is furnished pursuant to Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

**FIXED DEPOSITS**

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

**INSURANCE**

The properties/assets of your Company are adequately insured.

**AUDITORS**

M/s. A. F. Khasgiwala & Co., Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment. The Company has received a letter from M/s. A. F. Khasgiwala & Co. to the effect that their re-appointment as Auditors, if made, would be within the limits under Section 224(1B) of the Companies Act, 1956.

**ACKNOWLEDGEMENT**

Your Directors place on record their appreciation of the assistance and support extended by Banks, Consultants, Solicitors, Shareholders and Employees of the Company.

Place : Mumbai  
Date : 28<sup>th</sup> April, 2012

For and on Behalf of the Board of Directors  
Sd/-  
Gaurav Tayal  
Chairman

## ANNEXURE TO THE DIRECTORS' REPORT

Information as per Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year 2011-2012.

### 1. CONSERVATION OF ENERGY

#### a) Energy conservation measures taken :

The Company has been making concerted efforts for enhancement in capacity utilization, cost competitiveness and better quality through systematic process, monitoring and adherence to technological norms. Sophisticated instruments are used for regulation and adjustment as per parameters. Efforts are also made for upgradation of the quality of the plant operation. Utilities are being combined for effective energy conservation.

#### b) Proposals being implemented for reduction of consumption of energy :

Studies are being made to reduce energy consumption and make suitable investments in this area, if necessary.

#### c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequential impact on the cost of production of goods :

The Company is constantly exploring avenues for cost saving as an on-going process.

#### d) Total energy consumption and energy consumption per unit of production in accordance with Form 'A' of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of Industries specified in the Schedule there of :

	Year ended 31.03.2012	Year ended 31.03.2011
<b>A. Power and Fuel Consumption in respect of :</b>		
<b>1. Electricity</b>		
(a) Purchased		
1. Units (KWH in Lacs)	78.13	141.02
2. Total amount (₹ in Lacs)	415.67	826.38
3. Rate per unit (₹ /unit)	5.32	5.86
(b) Own Generation (Through Diesel Generator/Furnace Oil)		
1. Units (KWH in Lacs)	51.91	332.65
2. Units per litre of fuel	3.80	3.63
3. Cost per unit (₹/unit)	12.01	6.25
2. Coal		
3. Furnace Oil		
1. Furnace Oil (Ltr. In Lacs)	--	--
2. Total Amt (₹ In Lacs)	--	--
3. Cost ₹/ltr.	--	--
4. Others/Internal Generation		
<b>B. Consumption per unit of production</b> (Product : Yarn & Fabric)		
1. Electricity (KWH/Tonne)	1162.04	2641.67
2. Coal (Kgs.)	--	--
3. Furnace Oil (Ltrs.)	--	--
4. Steam (Tonnes)		

**Note :** Since the Company manufactures different qualities of yarn/fabrics with product-mix changing significantly, there are no specific norms for per unit of production.

## 2. TECHNOLOGY ABSORPTION

Disclosure of particulars with respect to technology absorption in prescribed Form 'B' of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988:

### a) Research and Development :

i) Specified areas in which R & D activities are carried out by the Company.	R&D activities are being carried out continuously to produce better quality of yarn and fabrics.
ii) Benefits derived as a result of the above	As a result of R&D activities, the Company has been able to produce quality fabrics.
iii) Future Plan of Action	Efforts aimed at cost reduction, improvement in quality of products and development of new process will continue.
iv) Expenditure on R & D	Expenditure on R & D is being booked under the respective heads in the Profit & Loss Account as no separate account is maintained for this purpose.
b) Technology Absorption, Adaptation and Innovation :	The Company has not utilized any imported technology.

## 3. FOREIGN EXCHANGE EARNINGS AND OUTGO :

	Year ended 31.03.2012	Year ended 31.03.2011
a) Activities relating to export markets for products and services and export plan	---	---
b) Foreign Exchange Outgo (₹ in Lacs)	---	---
c) Foreign Exchange Earnings (₹ in Lacs)	---	---

For and on Behalf of the Board of Directors

Place : Mumbai  
Date : 28<sup>th</sup> April, 2012

Sd/-  
Gaurav Tayal  
Chairman



## CORPORATE GOVERNANCE REPORT

Report on matters required to be stated on Corporate Governance pursuant to Clause 49 of the Listing Agreement is as under :

### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

**ASAHI INDUSTRIES LIMITED**, the concept of Corporate Governance hinges on total transparency, integrity and accountability of the Management team. The main goal of Corporate Governance is maximization of shareholder's value and protection of the interests of all the stakeholders. It includes the policies and procedures adopted by the Company in achieving its objective in relation to its shareholders, employees, customers, suppliers, regulatory authorities and society at large.

The Company has ensured that the Directors of the Company are conscious to their duties, obligations and responsibilities to the best interest of the Company, to give direction and remain accountable to their shareholders and other beneficiaries for their actions. The responsibilities of the Board includes setting out the Company's strategic aims, providing the leadership to put them into effect, supervision of the management of the business and reporting to the shareholders on their stewardship.

It is a recognized philosophy of the Company that effective and good Corporate Governance is a must, not only in order to gain credibility and trust, but also as a part of strategic management for the survival, consolidation and growth.

### 2. BOARD OF DIRECTORS

**2.1** The Board of Directors of the Company comprises of 6 Directors. During the Financial year 2011-2012, the Board met 4 times on the following dates namely 28<sup>th</sup> April 2011, 23<sup>rd</sup> July 2011, 13<sup>th</sup> October 2011 and 12<sup>th</sup> January, 2012. There was no time gap of more than four months between any two Meetings of the Board of Directors.

The names and categories of the Directors on the Board, their attendance at the Board Meetings during the year and at the 18<sup>th</sup> Annual General Meeting, and also the number of Directorships and Committee Memberships held by them in various Companies are given below :-

Name of the Director	Category Particulars	Attendance		Number of Directorships in other Public Companies and Total Committee Memberships/ Chairmanships as on 31 <sup>st</sup> March, 2012		
		Board Meetings during 2011-12	18th AGM	Directorship in Other Public Companies	Total Committee Membership	Total Committee Chairmanship
Shri Mahesh Prasad Mehrotra	ID	4	No	15	9	2
Shri Subhash Chandra Bhargava	ID	4	No	10	4	2
Shri Jodharam Dhaka	ID	4	Yes	Nil	1	1
Shri Shivprasad Shrivastav	ID	4	Yes	1	1	Nil
Shri Gaurav Tayal*	NEC	--	N.A.	-	-	-
Shri Narayan Ghumatkar**	MD	--	N.A.	2	2	-
Shri Saurabh Kumar Tayal (Resigned on 22/03/2012)	NEC	4	Yes	7	7	2
Shri Jaikumar Vishwanath Mishra***	MD	4	Yes	-	-	-
Ms. Mrinal Tayal (Resigned on 25/11/2011)	NED	3	N.A.	-	-	-

\*Appointed as an Additional Director w.e.f. 28<sup>th</sup> April, 2012

\*\*Appointed as Managing Director w.e.f. 28<sup>th</sup> April, 2012

\*\*\*Board recorded the sudden and untimely death of Shri Jaikumar Mishra on 21<sup>st</sup> February, 2012.

"NEC" = Non Executive Chairman, "MD" = Managing Director, "NED" = Non-Executive Director and "ID" = Independent Director.

### Code of Conduct :

The Board has laid down a Code of Conduct for all Board members and Senior Management personnel of the Company. All Board members and Senior Management personnel have affirmed compliance with the code for the year ended on 31<sup>st</sup> March, 2012.

## 2.2 Appointment/Re-appointment of Directors

As required under Clause 49(VI) of the Listing Agreement, the brief profile of the Directors seeking appointment/re-appointment at the ensuing Annual General Meeting are furnished hereunder :-

Sr. No	Name of Director	Brief Resume	Area of Expertise	Other Directorships	Total Committee Memberships as on 31.03.2012	Total Committee Chairmanship as on 31.03.2012
1.	Shri Gaurav Tayal	Bachelor in Management	Textile and Real Estate	-	1	-
2.	Shri Narayan Ghumatkar	B. Com	More than 20 years of Experience in Textile Industry	2	2	-
3.	Shri Subhash Chandra Bhargava	B. Com. (Hons), F.C.A. and experience of around 40 years in working with the Financial Institutions.	Investment, Accounts, Audit & Inspection and Finance Departments	10	4	2
4.	Shri Shivprasad Shrivastav	He has rich experience of 20 years in Textile Industry.	Textile	1	1	Nil

## 2.3 Non-Executive Directors Compensation Disclosures

Details of Sitting Fees paid to Non-Executive and Independent Directors of the Company during the Financial Year 2011-2012, for attending the Board Meetings, Audit Committee Meetings and Share Transfer and Investors' Grievances Committee Meetings, is as follows :-

Sr.	Name of Director	Category	Sitting Fees (in ₹)	
			For Board Meetings	For Committee Meetings
1.	Ms. Mrinal Tayal	NED	20,000	Nil
2.	Shri Mahesh Prasad Mehrotra	ID	40,000	Nil
3.	Shri Subhash Chandra Bhargava	ID	40,000	40,000
4.	Shri Jodharam Dhaka	ID	30,000	36,000
5.	Shri Shivprasad Shrivastav	ID	40,000	48,000
6.	Shri Saurabh Tayal	NEC	----	8000
	<b>Total</b>		<b>1,70,000</b>	<b>1,32,000</b>

## 3. BOARD COMMITTEES

The requirement that a Director shall not be a Member of more than 10 committees and Chairman of more than 5 committees has been complied with while constituting the Committees of the Directors.

### 3.1 Audit Committee

The Audit Committee of the Company has been duly constituted during the year ended 31<sup>st</sup> March, 2012. The Audit Committee comprises of :

Shri Subhash Chandra Bhargava	...	Chairman
Shri Shivprasad Shrivastav	...	Member
Shri Jodharam Dhaka	...	Member

The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49(II)(A) of the Listing Agreement as introduced by the Companies (Amendment) Act, 2000.

The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement read with the Section 292A of the Companies Act, 1956. The terms of reference of the Audit committee are as follows :

1. Overview 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. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.