

# Company Information

## BOARD OF DIRECTORS:

DHARAPRASAD PODDAR  
Chairman

ARVIND PODDAR  
Vice Chairman & Managing Director

ANURAG PODDAR  
Executive Director

RAJIV PODDAR  
Executive Director

SACHIN NATH CHATURVEDI  
SUBHASH CHAND MANTRI  
RAMESHKUMAR PODDAR  
KHURSHED DOONGAJI  
LAXMIDAS MERCHANT  
ASHOK SARAF  
RAKESH GARODIA (up to 28<sup>th</sup> May, 2010)  
SANJAY ASHER (w.e.f 29<sup>th</sup> May, 2010)  
BASANTKUMAR BANSAL  
Whole Time Director

## MANAGEMENT COMMITTEE:

DILIP VAIDYA – Director (Technical)  
RAJIV PODDAR  
ANURAG PODDAR  
KHUSHBOO PODDAR  
BASANTKUMAR BANSAL

## REGISTERED OFFICE:

H-3/1 MIDC “A” Road, Tarapur (Boisar) 401 506  
Dist. Thane (Maharashtra)

## PLANTS :

## TYRE MANUFACTURING :

## WIND FARM :

## MOULD UNIT :

## COMPANY SECRETARY:

VIPUL R SHAH

## BANKERS:

BANK OF BARODA  
BARCLAYS BANK PLC  
CORPORATION BANK  
ING VYSYA BANK  
INDUSIND BANK  
THE ROYAL BANK OF SCOTLAND N.V.  
STANDARD CHARTERED BANK  
STATE BANK OF INDIA

## AUDITORS:

M/s. JAYANTILAL THAKKAR & CO.  
Chartered Accountants

## INTERNAL AUDITORS:

M/s. DILIP A. JAIN & ASSOCIATES  
Chartered Accountants

## CORPORATE OFFICE:

418, Creative Industrial Estate,  
72, N M Joshi Marg,  
Mumbai 400 011

B-66, Waluj MIDC, Waluj Indl. Area,  
Dist. Aurangabad 431 136 (Maharashtra)

SP-923, RIICO Phase-III,  
P.O. Bhiwadi 301 019 Dist. Alwar (Rajasthan)

RIICO, Phase VIII,  
Chopanki P.O. Bhiwadi 301 707  
Dist. Alwar. (Rajasthan)

Village Soda Mada, Tehsil: Fatehgarh,  
Dist. Jaisalmer (Rajasthan)

Plot No. TS-1, MIDC, Phase No.II,  
Dombivali (E) 421 201, Dist. Thane  
(Maharashtra)

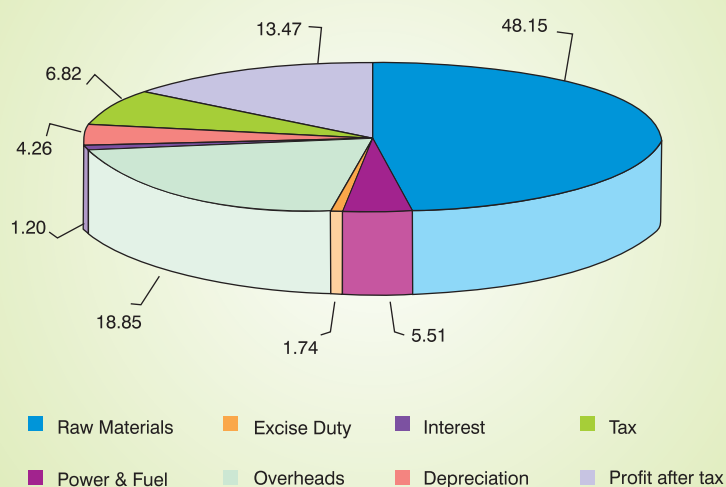
Members are requested to bring their copy of the Annual Report along with them at the Annual General Meeting, as copies of the Report will not be distributed at the Meeting.

# Financial Highlights (Consolidated)

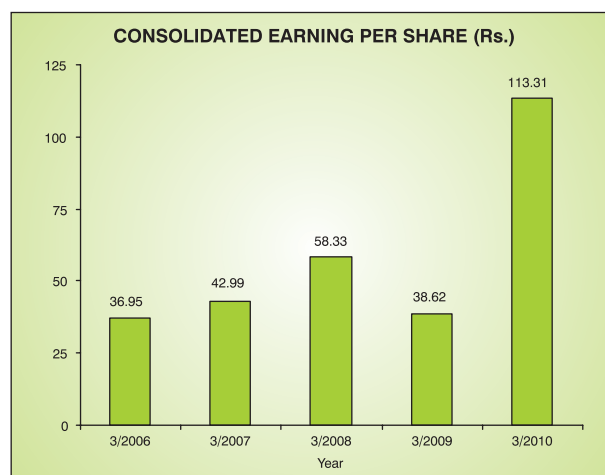
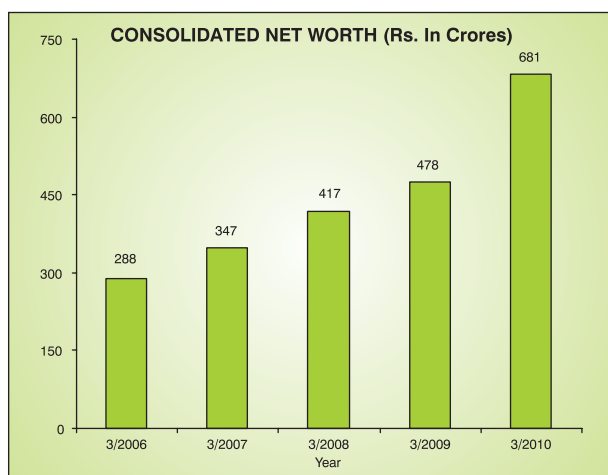
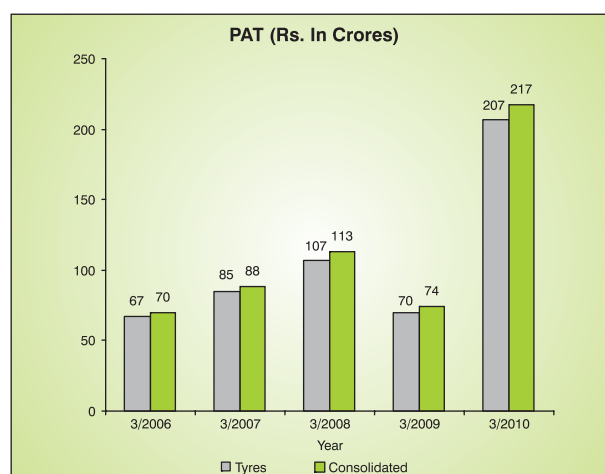
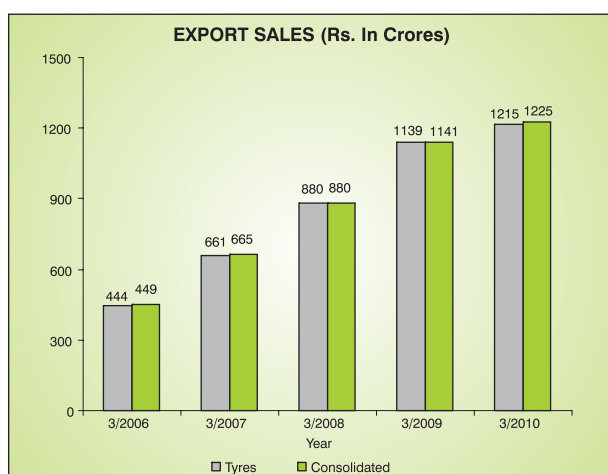
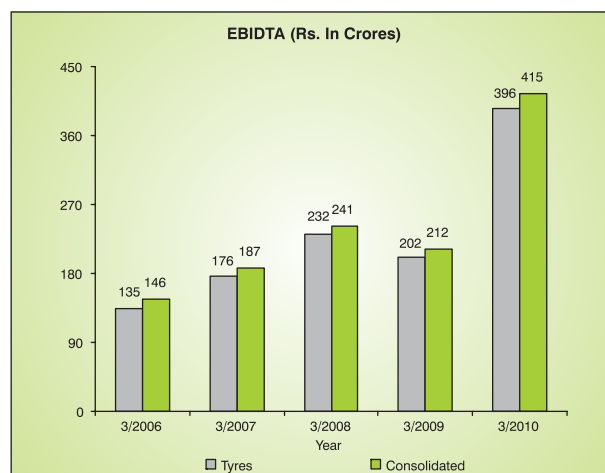
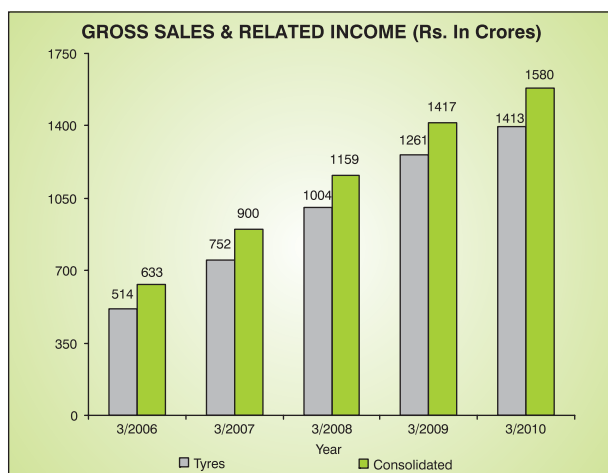
(Rs. In Crores)

Year ended 31st March	2010	2009	2008	2007	2006
Gross Sales & Related Income	1580	1417	1159	900	633
Net Sales & Related Income	1564	1400	1133	878	620
Other Income	30	7	16	9	6
Total Income	1594	1407	1149	887	626
PBIDT	415	212	241	187	146
PBDT	395	174	215	170	134
Depreciation	69	59	46	36	27
Exceptional Item	-	-	(4)	-	-
PBT	327	115	173	134	107
Taxes	110	41	60	46	37
PAT	217	74	113	88	70
Dividend	70%	60%	105%	105%	100%
Earning per Share of Rs. 10 each	113.31	38.62	58.33	42.99	36.95
Total Cash Accruals	270	119	135	102	76

RUPEES EARNED / SPENT (%)



# Financial Highlights



# Directors' Report

## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

**Dear Shareholders,**

Your Directors are pleased to present the 48<sup>th</sup> Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March 2010.

### FINANCIAL RESULTS:

	(Rs. in crores)	
	Current Year ended 31.03.10	Previous Year ended 31.03.09
<b>Gross Turnover and Other Income</b>	<b>1424.36</b>	<b>1266.23</b>
Less: Excise Duty Recovered on Sales	<b>10.96</b>	<b>8.98</b>
Net Turnover and Other Income	<b>1413.40</b>	<b>1257.25</b>
<b>Gross Profit</b>	<b>377.55</b>	<b>164.40</b>
Less: Depreciation and Amortisation	<b>66.22</b>	<b>56.52</b>
<b>Profit before Tax</b>	<b>311.33</b>	<b>107.88</b>
Less: Provision for Taxation		
Current Tax	<b>102.38</b>	<b>27.40</b>
Deferred Tax (Net)	<b>2.42</b>	<b>9.44</b>
Fringe Benefit Tax	<b>NIL</b>	<b>1.10</b>
	<b>104.80</b>	<b>37.94</b>
<b>Profit after Tax</b>	<b>206.53</b>	<b>69.94</b>
(Less)/Add : Adjustments relating to earlier years	<b>(0.16)</b>	<b>0.60</b>
Add: Excess Provision of Taxes–Current Tax of earlier years	<b>2.36</b>	<b>NIL</b>
Profit before Extra Ordinary Item	<b>208.73</b>	<b>70.54</b>
Less : Extra ordinary Item	<b>NIL</b>	<b>(0.25)</b>
Profit after Extra ordinary Item	<b>208.73</b>	<b>70.29</b>
Balance brought forward from last year	<b>65.85</b>	<b>58.59</b>
<b>PROFIT AVAILABLE FOR APPROPRIATIONS:</b>	<b>274.58</b>	<b>128.88</b>
<b>APPROPRIATIONS:</b>		
Transfer to General Reserve	<b>20.87</b>	<b>49.46</b>
Interim Dividend	<b>13.53</b>	<b>NIL</b>
Proposed Final Dividend	<b>NIL</b>	<b>11.60</b>
Tax on Dividend	<b>2.25</b>	<b>1.97</b>
	<b>36.65</b>	<b>63.03</b>
Balance Carried Forward to Balance Sheet	<b>237.93</b>	<b>65.85</b>

### OPERATIONS:

Your Company mainly operates in one segment i.e. “tyres” with a focus on manufacture of wide range of “Off-Highway Tyres”. These specialty tyres are meant for Agricultural, Industrial, Material Handling, Construction, Earthmoving (OTR), Forestry, Lawn & Garden Equipments and All Terrain Vehicles (ATV). More than 90% of our revenue is generated through exports.

In spite of severe global economic slowdown during the last financial year, your Company has registered an overall growth of over 12% in its revenue compared to previous year i.e. Net Turnover and other Income from Rs.1,257 Crs. to Rs.1,413 Crs.

In terms of gross margin, the year under review is considered to be one of the best years for the Company, mainly due to the lower input cost and better foreign exchange realization. The gross profit has increased from Rs.164 Crs. to Rs.378 Crs. – a phenomenal growth of over 130%. The Company enjoyed the benefits of low input cost for the first half of the financial year, after which it has started firming up.

Your Company continues to enjoy the status of “**STAR TRADING HOUSE**”.

### DIVIDEND:

Your Directors have declared Interim Dividend of 70% as against 60% during previous year. Total payout on account of Interim Dividend and tax thereon has been Rs. 15.78 Crs. during the year.

The Board has decided to treat said Interim Dividend as Final Dividend for the financial year 2009-10.

### CAPITAL EXPENDITURE

During the year, with a view to streamline the manufacturing process and improve overall efficiency at its all the locations, the Company has incurred Capital Expenditure of Rs. 133 Crs. This covers investment in new premises for the Company's corporate office.

To meet the growing demand for “BKT” tyres and to be in line with Company's vision to become a key player worldwide in the field of “Off-Highway Tyres” your Company has decided to set up a Green Field plant near sea-port at Bhuj in the state of Gujarat. This will be the fourth Tyre manufacturing facility of your Company. The Plant will be set up in various phases. For the 1<sup>st</sup> Phase the capital expenditure is estimated to be Rs.900 Crs. and is likely to be commissioned by December 2012.

# Directors' Report

In order, to meet the growing demand the Company also plans to incur capital expenditure of Rs.150 Crs. during 2010-11.

## OUTLOOK FOR THE CURRENT YEAR 2010-11:

Though the atmosphere of recession and uncertainties is still looming large across the globe, your company saw signs of improvement in its business in the third quarter of last financial year and witnessed good growth in the last quarter of previous year. The company is aiming at sustainable growth by expanding its base - through developing new product lines, venturing into new geographies and deeper penetration into existing markets. To augment this growth plan, your company has announced a major capital expenditure plan to increase its production base, which will be commenced during current financial year.

The down side to the current financial year is an unprecedented increase in input costs – be it raw materials, freight or power and fuel. This volatility is mainly driven by speculation and supported by excessive liquidity in the market place. To resolve this, your Company has initiated price increase of its products, however it may not be sufficient to fully absorb the effects of input cost increase. In view of this Company's margins are expected to be under severe pressure.

## OPPORTUNITY & THREATS:

### OPPORTUNITIES:

The segment in which your company operates is predominantly known as "large variety-low volume" - a segment that restricts optimal capacity utilisation. It is both capital intensive as well as labour intensive, making it un-attractive for fresh investments by major players. Your Company is fully geared up to take advantage of the peculiarities of the said segment and has developed a large base of SKUs (Stock keeping units) to meet the diverse needs and applications.

Moreover, the segment is not exposed to any technological obsolescence and wild fluctuations in demand of its products.

The Company has an opportunity to develop the "Earth Moving Tyres" (OTR) markets and take advantage of the shift from bias to radial tyres, which is picking up pace rapidly. In this pursuit, the company has already set up an all-steel OTR Radial tyre plant at its Chopanki location and thereby become the first company in India to set up such plant. Your company is in the process of expanding its base in various sub-segments like agricultural, industrial, construction, mining, winter and solid tyres under both the technology – bias as well as radials.

### THREATS:

Like any other Company, your Company is also exposed to various threats like competition from small players, retention of employees, labour unrest, increase in raw material prices and other input costs etc.

## RISKS / CONCERNS AND RISK MITIGATION:

**Fluctuation in Raw Material prices:** The Company's major raw material is Natural Rubber, which is an agricultural commodity and actively traded on the commodities exchanges. Its prices fluctuate significantly and have moved up considerably in the recent past. The future outlook for this commodity is hard to predict, and it would be difficult to estimate what level of further increase could take place. The prices of other raw materials have also moved up sharply in the recent past and currently ruling at very high levels affecting the margins of the company adversely.

Though the Company enjoys pricing power, however, it is not possible to pass on the increase to the full extent. Moreover, it happens with some time lag. Thus, the Company has to bear the brunt of the said fluctuations to some extent.

The increase in utility cost and other administrative costs may also affect the profitability of the company adversely.

In order to mitigate such risks, the Company not only enters into medium-term contracts but also adopts the policy of "Stocking" large quantities during the lean period.

**Labour Relations:** Since the nature of Company's manufacturing process is that of batch processing, it requires lot of skilled as well as un-skilled workers. Maintaining a huge work force is a big challenge.

In order to minimise the said risk, the Company follows good HR practices and spends lot of money and Management's time for their welfare, safety and to improve the quality of work environment. All workers are paid more than adequate remuneration for their work.

**Retention of skilled manpower:** This is not a unique area of concern for the Company as there is a significant shortage of skilled manpower in the industry. The rate of attrition is high.

The Company is able to manage the said risk by good HR practices and rewarding its employees handsomely.

**Currency fluctuation:** Since approximately 90% of the Company's revenues are generated through exports and the Company also imports lot of its raw materials and capital equipments; it is exposed to risks due to currency fluctuations.

The Company follows the system of hedging its receivables and major payments well in advance by entering into Forward Contracts, thereby protecting itself largely from fluctuations in currencies.

## INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The Company has adequate system of internal controls to ensure that all the assets are safeguarded and are productive. Necessary checks and balances are in place to ensure that transactions are adequately authorised and reported correctly. The Internal Auditors of the Company conduct Audits of various departments to ensure that necessary controls are in place. The Audit Committee of the Board reviews these and the management, where needed, takes corrective actions.

## HUMAN RESOURCES:

The Company's human resources continue to be the biggest asset of the Company. The team has remained as committed as ever and produced results that are considered significant. Quality, quick delivery and focus on resolving customer issues are the hallmark of the team performance. There is a strong focus on TEAM spirit. During the year, many events were conducted to develop the personality and outlook of its employees. Employee relations continue to be cordial.

## SUBSIDIARY COMPANIES:

The company has following subsidiary companies:

Balkrishna Paper Mills Limited (100%), Balkrishna Synthetics Limited (100%), BKT Tyres Limited (80%), BKT Exim Limited (100%), and Indirect subsidiary Companies i.e subsidiary Companies of BKT Exim Limited; i.e. BKT (EUROPE) Ltd., BKT EUROPE S.R.L. and BKT (USA) INC.

As required under the Listing Agreement with the Stock Exchanges, a Consolidated Financial Statement of the Company and all its subsidiaries is attached. The Consolidated Financial Statement has been prepared in accordance with Accounting Standard AS-21 issued by the Institute of Chartered Accountants of India, and form part of the Annual Report and Accounts.

The Company has been granted exemption for the year ended 31<sup>st</sup> March, 2010 by the Ministry of Corporate Affairs from attaching to its Balance Sheet, the individual



# Directors' Report

Annual Reports of its subsidiary companies. As per the terms of the Exemption Letter, a statement containing brief financial details of the Company's subsidiaries for the year ended 31<sup>st</sup> March, 2010 is included in the Annual Report. However, these documents will be submitted to any shareholder wishing to have a copy on receipt of such request. These documents will also be available for inspection by any shareholder at the Head Office of the Company. However as directed by the Central Government, the financial data of the Subsidiaries Companies have been furnished under 'Details of Subsidiaries' forming part of the Annual Report.

## DIRECTORS:

Shri Rakesh N. Garodia, Director resigned from the Board of Directors w.e.f. 29<sup>th</sup> May, 2010. Shri Garodia was member of the Board since 2003. Shri Garodia has extended sincere and dedicated service into the Company. Your Directors take on record their sincere appreciation for the valuable services rendered by him during his tenure with the Company.

Shri Sanjay K. Asher has been inducted as an Additional Director w.e.f. 29<sup>th</sup> May, 2010. The Company has received notice from one of the Shareholder proposing the name of Shri Sanjay K. Asher as the Director of the Company.

Shri Sachin Nath B. Chaturvedi, Shri Khurshed M. Doongaji, Shri Ashok M. Saraf and Shri Basantkumar G. Bansal retire by rotation and being eligible, offer themselves for re-appointment.

Necessary resolutions for their re-appointment are placed before the Shareholders. Your Directors commend the resolutions.

## CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding Compliance of the same are made a part of this Annual Report.

## FIXED DEPOSITS:

There are no deposits as on 31<sup>st</sup> March 2010.

## INDUSTRIAL RELATIONS:

The industrial relations with staff and workers during the year under review continue to be cordial.

## PARTICULARS OF EMPLOYEES:

In terms of the provision of 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 the employees are set out in the annexure to the Directors' Report.

However, having regard to the provisions of Section 219(1)(b)(iv) of the said Act, the Annual Report excluding the aforesaid information is being sent to all the members of the Company. Any member interested in obtaining such particulars may write to the Company Secretary at the Corporate Office of the Company.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO:

Information pursuant to 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, is given in the Annexure-I to the report.

## Group

As required under Regulation 3(1)(e)(i) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, persons constituting "Group" (within the meaning as defined in the Monopolies

and Restrictive Trade Practices Act, 1969) for the purposes of availing exemption from the applicability of the provisions of Regulations 10 to 12 of the aforesaid SEBI Regulations are given in Annexure - II attached herewith and the said Annexure 'II' forms part of this Annual Report.

## RESPONSIBILITY STATEMENT:

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

- (i) In the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2010, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors have 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 of the Profit of the Company for the year under review;
- (iii) The Directors have taken proper and sufficient care for maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2010 on a "going concern" basis.

## AUDITORS:

The members are requested to appoint Auditors and fix their remuneration. Messrs Jayantilal Thakkar & Co., Chartered Accountants, the retiring Auditors have furnished certificates of their eligibility for re-appointment as required under Companies Act, 1956.

## CAUTIONARY STATEMENTS:

Certain statements in the "Management Discussion and Analysis" describing the Company's views about the Industry, expectations/predictions, objectives etc., may be forward looking within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the Statement. Company's operations may inter-alia get affected due to supply and demand stipulations, input prices and their availability, changes in Government regulations, taxes, exchange fluctuations and other factors such as Industrial relations and economic developments etc. Investors should bear the above in mind.

## APPRECIATION:

Your Company is grateful to its valued customers for their continuous co-operation and patronising its products. A word of appreciation is also extended to its Financial Institutions and Banks for their continuous co-operation and assistance in meeting the financial requirements of the Company. Your company would also like to thank its Shareholders, employees, vendors and other service providers for their valuable services to the company.

Last but not least, your Directors wish to place on record their warm appreciation to you for your continuous support and encouragement.

For and on behalf of the Board of Directors

**DHARAPRASAD PODDAR**  
Chairman

Mumbai,  
Dated :16<sup>th</sup> July, 2010

# Annexure to Directors' Report

## ANNEXURE - I

Information as per Section 217(1)(e) 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 ended 31<sup>st</sup> March, 2010.

### A. CONSERVATION OF ENERGY:

- (a) Energy Conservation measures taken by the Company;
- (i) Electrical Energy:  
 Energy Audit by outside Consultants has been carried out in the earlier years at the various Plants of the Company and also in-house audits/surveys are conducted periodically. Necessary follow-up actions are being continuously carried out.  
 Besides, regular monitoring of the overall energy consumption is also carried out periodically during the year, and losses, if any, are identified and suitable improvements carried out.
- (ii) Coal/Fuel Oil Consumption:  
 The Company is carrying out regular maintenance of steam lines/steam traps and user equipments to ensure high efficiency levels throughout the year, and new improvements are reviewed regularly and implemented wherever found suitable.
- (b) Additional investments and proposals, if any, being implemented for reduction of Consumption of energy;  
 The Company is reviewing various proposals for reduction in consumption of energy, mainly by way of replacement of existing equipments by modern and energy efficient equipments.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods;  
 The various energy conservation measures detailed above adopted by the Company have resulted in savings in energy consumption as per information given in Form 'A'.
- (d) Total energy consumption and energy consumption per unit of production as per Form 'A' hereunder.

#### FORM 'A'

I. Power and Fuel Consumption :		Current Year	Previous Year
1	<b>Electricity</b>		
(a)	Purchased		
	Units (KWH)	5,53,10,835	5,27,15,815
	Total amount (Rs. in lacs)	2,532.09	2,308.25
	Rate/Unit (Rs.)	4.58	4.38
(b)	Own generation		
(i)	Through Diesel Generating Sets		
	Units (KWH)	2,58,66,741	2,45,27,093
	Units per liter of H.S.D/L.D.O./Furnace Oil	4.03	4.10
	Cost/Unit (Rs.)	5.92	6.14
(ii)	Through Wind Mill (For Captive Consumption)		
	Units (KWH)	70,29,984	76,24,327
2	<b>Pet Coke (specify quality and where used)</b>		
	The Company uses Pet-Coke grade B/C in its Boilers		
	Quantity (Tons)	23,859	25,011
	Total Amount (Rs. in lacs)	1,479.54	1,811.41
	Average rate (Rs./Ton)	6,201	7,243
3	<b>H.S.D/L.D.O./Furnace Oil</b>		
	Quantity (K.Ltrs)	6,413	5,979
	Total Amount (Rs. in lacs)	1,531.63	1,506.74
	Average rate (Rs./KL) (Net of Modvat, Wherever applicable)	23,882	25,201

### II. Consumption per unit of production\*:

	Electricity(KWH)	Pet Coke(Kgs)	Furnace Oil (Ltr)
<b>Automobile Tyres (MT)</b>	<b>978</b> (964)	<b>287</b> (312)	<b>77</b> (75)

Note: The Company manufactures a wide range of products and the consumption of energy will vary significantly depending upon the actual product-mix for the period.  
 Figures in brackets are of previous year.

### B. TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form 'B':

# Annexure to Directors' Report

## FORM 'B'

### I. Research and development (R&D):

1. Specific areas in which R&D carried out by the Company:  
Product and quality improvement, development of new designs/products, cost control and energy conservation.
2. Benefits derived as a result of the above R&D: The R&D activities have resulted in conserving of scarce raw materials, higher productivity and containing the costs all around.
3. Future plan of action: Water and energy conservation, development of new designs of tyres, further improvement in process technology and product mix.
4. Expenditure on R&D (Rs. in lacs):  
(a) Capital : NIL (b) Recurring: 32.44 (c) Total : 32.44

### II. Technology absorption, adaptation and innovation:

1. Efforts, in brief, made towards technology absorption, adaptation and innovation:  
The Company has been developing in-house modification/improvements in Process Technology in its various manufacturing sections-which, when found suitable, are integrated into the regular manufacturing operation.
2. Benefits – which, when found suitable, are integrated into the regular manufacturing operation:  
(a) Quality improvement.  
(b) Energy conservation.
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:

N.A.

### C. FOREIGN EXCHANGE EARNING AND OUTGO:

- (a) Activities relating to exports, initiatives taken to increase exports, development of new export markets for products and services and export plans;  
The export of Tyres, Tubes and Flaps during the year amounted to Rs.1,215 Crores as against Rs.1,140 Crores during the previous year. The products of the Company are well established in the international market and the Company expects to further improve its performance in the export segment.
- (b) Total foreign exchange used and earned (Rs. in Crores)  
Used : 601 Earned : 1,216

For and on behalf of the Board of Directors

Mumbai,  
Dated : 16<sup>th</sup> July, 2010

**DHARAPRASAD PODDAR**  
Chairman



# Corporate Governance Report

(As required under Clause 49 of the Listing Agreement entered into with Stock Exchanges)

Balkrishna Industries Limited believes that good Corporate Governance is essential to achieve long-term corporate goals and to enhance stakeholders' value. Models of the Corporate Governance code are many and different environments will need specific solutions to meet the demands of legal compliances and regulations. However, there is a universal principle, which percolates through the elements of governance, which calls for the affairs of the Company to be regulated in a manner that is transparent, ethical and accountable. In this pursuit, your Company is committed to transparency in all its dealing with its shareholders and others and to provide high quality products and services to its customers and places uncompromising emphasis on integrity and regulatory compliances. The basic philosophy of your Company has been to achieve business excellence, to enhance shareholders value, keeping in view the needs and the interest of the shareholders.

## BOARD OF DIRECTORS

The Company at the end of the year on 31<sup>st</sup> March 2010 has twelve Directors comprising of; Non-Executive & Non-Independent Directors, Non- Executive & Independent Directors and Whole Time Directors (Managing Director, Executive Directors and Director-Finance).

The Company is fully compliant with the Corporate Governance norms in terms of constitution of the Board. The Chairman of the Board is a Non-Executive Chairman and is a Promoter of the Company. The number of the Independent Directors is 50% of the total number of Directors and the number of the Non-Executive Directors is more than 50% of the total number of Directors.

The constitution of the Board during the course of the year ended 31<sup>st</sup> March 2010.

Name of the Directors	Category of Directors	Board meetings attended during the year	Whether attended last Annual General Meeting	Number of Directorships in other public companies		Number of Mandatory Committee positions held in other public comp.anies	
				Chairman	Member	Chairman	Member
Shri Dharaprasad R. Poddar	Non-Executive & Non-Independent Director	4	Yes	2	1	-	-
Shri Arvind M. Poddar	Managing Director	4	Yes	5	5	-	1
Shri Ramesh D. Poddar	Non-Executive & Non-Independent Director	3	Yes	-	1	-	1
Shri Sachin Nath B. Chaturvedi	Non-Executive & Independent Director	4	Yes	-	4	-	2
Shri Khurshed M. Doongaji	Non-Executive & Independent Director	4	Yes	-	1	2	-
Shri Rakesh N. Garodia	Non-Executive & Independent Director	2	No	-	2	-	-
Shri Subhash Chand B. Mantri	Non-Executive & Independent Director	3	Yes	-	1	-	-
Shri Ashok M. Saraf	Non-Executive & Independent Director	3	Yes	1	-	-	-
Shri Laxmidas V. Merchant	Non-Executive & Independent Director	4	No	2	1	2	-
Shri Anurag P. Poddar	Executive Director	4	Yes	-	6	-	-
Shri Rajiv A. Poddar	Executive Director	4	Yes	-	6	-	-
Shri BasantKumar G. Bansal	Whole Time Director	4	Yes	-	-	-	-

1. Shri Arvind M Poddar and Shri Rajiv A Poddar are relatives of each other.
2. Shri Dharaprasad R Poddar is a relative of Shri Ramesh D Poddar and Shri Anurag P Poddar and vice versa.

## Number of Board Meetings held and the dates on which held:

The Company held four Board Meetings during 2009-2010 and the gap between two meetings did not exceed four months.

The meetings were held on 16<sup>th</sup> May, 2009, 21<sup>st</sup> July, 2009, 30<sup>th</sup> October, 2009 and 30<sup>th</sup> January, 2010.

The information as required under Annexure 1A to Clause 49 of the listing agreement is being made available to the Board. These are submitted either as a part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board meetings.

Apart from payment of sitting fees, the Company did not have any material pecuniary relationship or transactions with Non-Executive Directors during the year.

## Code of Conduct:

The Board of Directors has adopted the Code of Conduct for Directors and Senior Management Personnel. The said Code has been communicated to the Directors and the Members of the Senior Management. The Code has also been posted on the Company's website [www.bkt-tires.com](http://www.bkt-tires.com)

# Corporate Governance Report

## Remuneration to Directors:

The Board of Directors on the recommendation of the Remuneration Committee fixes remuneration of Whole Time Directors and thereafter the same is approved by the shareholders at a General Meeting.

The Board of Directors takes all decisions regarding the remuneration of Non-executive Directors.

The details of the remuneration of Directors for the year are given below:

(Rupees)						
Name of the Director	Salary	Prequisites and Allowances	Commission	Sitting Fees	Total	Service Contract
Shri Dharaprasad R. Poddar	NIL	NIL	NIL	50,000	50,000	*
Shri Arvind M. Poddar	60,00,000	57,55,889	1,80,00,000	NIL	2,97,55,889	01.08.2006 to 31.07.2011
Shri Ramesh D. Poddar	NIL	NIL	NIL	40,000	40,000	*
Shri Sachin Nath B. Chaturvedi	NIL	NIL	NIL	80,000	80,000	*
Shri Khurshed M. Doongaji	NIL	NIL	NIL	40,000	40,000	*
Shri Rakesh N. Garodia	NIL	NIL	NIL	40,000	40,000	*
Shri Subhash Chand B. Mantri	NIL	NIL	NIL	60,000	60,000	*
Shri Ashok M. Saraf	NIL	NIL	NIL	30,000	30,000	*
Shri Laxmidas V. Merchant	NIL	NIL	NIL	40,000	40,000	*
Shri Anurag P. Poddar	24,00,000	22,71,600	72,00,000	NIL	1,18,71,600	22.01.2009 to 21.01.2014
Shri Rajiv A. Poddar	24,00,000	22,88,266	72,00,000	NIL	1,18,88,266	22.01.2009 to 21.01.2014
Shri BasantKumar G. Bansal	15,48,000	28,86,027	NIL	NIL	44,34,027	26.07.2008 to 31.07.2013

\* Retire by rotation

The Company does not have Stock Option Scheme.

Notice Period

The Notice Period for the Whole Time Directors/Managing Director is three months from either side for resigning/terminating from the services of the Company.

Severance Fees

No Severance Fees has been paid or payable by the Company.

## Details of Shareholding of Directors as on 31<sup>st</sup> March, 2010:

Name of Director	No. of Shares held of Rs. 10 Each
Shri Dharaprasad R. Poddar	5,052
Shri Arvind M. Poddar	100
Shri Ramesh D. Poddar	10,000
Shri Anurag P. Poddar	30,766
Shri Rajiv A. Poddar	95,258

## Audit Committee:

The Audit Committee comprises of three independent non-executive Directors viz. Shri Subhash Chand B. Mantri (Chairman), Shri Sachin Nath B. Chaturvedi and Shri Rakesh N. Garodia.

All the members have financial and accounting knowledge and the Chairman, Shri Subhash Chand B. Mantri, is a Chartered Accountant. The Company Secretary, Shri Vipul R. Shah, acts as the Secretary of the Committee.

The broad terms of reference of Audit Committee were: To review reports of the Internal Auditors and discuss the same with the Internal Auditors periodically, to meet the Statutory Auditors to discuss their findings, suggestions and other related matters, to review weaknesses, if any, in internal controls reported by the Internal and Statutory Auditors.

The scope of the activities of the Audit Committee includes the areas prescribed by Clause 49 II (D), (E) and has been granted powers as prescribed under Clause 49 II (C), of the Listing Agreement.

The Audit Committee met for four times during the year on 16<sup>th</sup> May, 2009, 21<sup>st</sup> July, 2009, 30<sup>th</sup> October, 2009 and 30<sup>th</sup> January, 2010, where all the members were present, except Shri Rakesh N. Garodia was absent in the meetings held on 21<sup>st</sup> July, 2009 and 30<sup>th</sup> January, 2010 and Shri Subhash Chand B. Mantri was absent in the meeting held on 16<sup>th</sup> May 2009.

The Chairman of the Audit committee was present at the last Annual General Meeting held on 1<sup>st</sup> August, 2009.

## Subsidiary Companies:

The Company does not have any material non-listed Indian Subsidiary Company. The Audit Committee reviews the financial statements and investments made by unlisted Subsidiary Companies. The minutes of the Board Meeting as well as statements