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BOOK POST

COMPUAGE INFOCOM LTD.



*SPEED
RELIABILITY
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If undelivered Please return to :
COMPUAGE INFOCOM LTD.
601, D-Wing, Lotus Corporation Park,
Ram Mandir Lane, Near Jai Coach Junction, Western Express Highway,
Goregaon (E), Mumbai - 400 063. INDIA.
Tel : +91-22-6711 4444 Fax : +91-22-6729 7240
E-mail : info@compuageindia.com

13th Annual Report

2011-12



COMPUAGE INFOCOM LTD.

COMPUAGE INFOCOM LTD.

Thirteenth Annual Report 2011-12

Board of Directors

Atul H. Mehta
Bhavesh H. Mehta
G.S. Ganesh
Vijay Agarwal
Preeti Trivedi

Registered Office

3, Dhuru Building, 1st Floor, 329, Vithal bhai Patel Road,
Mumbai-400 004.

Registrar & Share Transfer Agents

LINKINTIME INDIA PRIVATE LIMITED
C-13, Pannalal Silk Mills Compound,
L.B.S.Marg, Bhandup (West), Mumbai- 400 078.

Auditors

M/s. B.V. Dalal & Co.
Chartered Accountants

Branches

Ahmedabad, Agra, Amritsar, Aurangabad, Bangalore, Baroda, Bhubneshwar,
Bhopal, Chandigarh, Chennai, Coimbatore, Cochin, Calicut, Dehradun, Delhi,
Ghaziabad, Goa, Guwahati, Guragaon, Hyderabad, Hubli, Indore, Jaipur,
Jammu, Jabalpur, Kolkatta, Kottayam, Lucknow, Ludhiana, Mumbai,
Mangalore, Madurai, Nagpur, Nasik, Parwanoo, Patna, Pondicherry,
Pachukula, Pune, Raipur, Rajkot, Ranchi, Siliguri, Surat, Trivendrum, Vizag,
Vijayawada, Varansi,

Bankers

1. Bombay Mercantile Co-op. Bank Ltd.
2. HDFC Bank Ltd.
3. Indian Overseas Bank
4. Standard Chartered Bank
5. ICICI Bank Limited
6. ING Vysya Bank
7. Indian Bank
8. Kotak Mahindra Bank
9. Central Bank of India

COMPUAGE INFOCOM LIMITED

601, D-Wing, Lotus Corporate Park, Ram Mandir Lane, Near Jai Coach Junction,
Western Express Highway, Goregaon (E), Mumbai - 400063. INDIA.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Full Name of the Member attending (in block letters) _____

Full Name of the First joint holder _____

(To be filled-in if first named joint holder does not attend the meeting)

Name of the proxy _____

(To be filled-in if the proxy form has been duly deposited with the Company)

I hereby record my presence at the Thirteenth Annual General Meeting of the Company held on Thursday, 30th August, 2012 at 10.00 a.m at Victoria Memorial School for Blind, Tardeo Road, Opp. Film Centre, Mumbai- 400 034.

Regd. Folio No. _____

OR

Member's/ Proxy Signature

DP ID/ CLIENT ID : _____

No. of Shares held : _____ (to be signed at the time of handing over of this slip)

COMPUAGE INFOCOM LIMITED

601, D-Wing, Lotus Corporate Park, Ram Mandir Lane, Near Jai Coach Junction,
Western Express Highway, Goregaon (E), Mumbai - 400063. INDIA.

PROXY FORM

I/We _____

of _____ in the district of _____

_____ being a Member (s) of the above named Company, hereby appoint Mr./Ms. _____

of _____ in the district of _____

or failing him/ her Mr./Ms _____

of _____ in the district of _____

as my/ our Proxy to attend and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 30th August, 2012 at 10.00 a.m at Victoria Memorial School For Blind Tardeo Road, Opp. Film Centre, Mumbai-400 034. and at any adjournment thereof.

Signed this _____ day of _____, 2012.

Regd. Folio No. : _____

OR

DP ID/ CLIENT ID: _____

No. of Shares held _____

Affix
Re. 1.00
Revenue
Stamp

Signature

Note: The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48hrs. before the time of holding of the meeting.



COMPUAGE INFOCOM LTD.

NOTICE IS HEREBY GIVEN THAT THE 13TH ANNUAL GENERAL MEETING OF THE MEMBERS OF COMPUAGE INFOCOM LIMITED WILL BE HELD ON THURSDAY, 30TH AUGUST, 2012 AT 10.00 A.M AT VICTORIA MEMORIAL SCHOOL FOR BLIND TARDEO ROAD, OPP. FILM CENTRE, MUMBAI - 400 034 TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012 and the Balance Sheet as on that date and the Reports of the Directors and the Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare a final Dividend on Equity shares of the company.
3. To appoint a Director in place of Mr. G.S Ganesh who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. B. V. Dalal & Co Chartered Accountants as Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize Board of Directors to fix their remuneration.

Order of the Board of Directors
For **Compuage Infocom Limited**

Shilpa Singh
Company Secretary

Place: Mumbai
Date 17th July, 2012

Registered Office :

601, D-Wing, Lotus Corporate Park,
Ram Mandir Lane, Near Jai Coach,
Western Express Highway, Goregaon (E),
Mumbai - 400 063.



COMPUAGE INFOCOM LTD.

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE ON A POLL ONLY INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. A proxy form duly completed and stamped, must reach the registered office of the company not less than 48 hours before Commencement of the Meeting.
3. The register of members and the share transfer books of the company will remain closed from 28th August, 2012 to 30th August, 2012 (both days inclusive) for the purpose of payment of dividend, if any, approved by the Members.
4. The Dividend for the year ended 31st March, 2012 as recommended by the Board, if approved at the Meeting will be paid within the prescribed time limit to those members whose names appear in the Company's Register of Members on 30th August, 2012. In Respect of Shares in electronic form, the dividend will be payable on the basis of beneficial ownership as per the details furnished by the National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for this purpose.
5. Corporate Members intending to send their authorized representative to attend the Meeting are requested to send a duly certified copy of their Board Resolution authorizing their representative to attend and vote at the said meeting.
6. Members/Proxies/Representatives are requested to bring the enclosed Attendance Slip, duly filled in, for attending the Meeting.
7. The Registered Office of the Company has been Shifted from 3, Dhuru Building, 1st Floor, 329, Vithalbhair Patel Road, Mumbai - 400 004 to 601, D-Wing, Lotus Corporate Park, Ram Mandir Lane, Near Jai Coach, Western Express Highway, Goregaon (E), Mumbai - 400 063.
8. Members are requested to send the advice about change in address/any other details to the Company's Registrar and Transfer Agent, Link Intime India Private Limited in respect of Equity Shares held in physical form and to their respective Depository Participants in respect of equity shares held in dematerialized form.

LINK INTIME INDIA PRIVATE LIMITED,

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West),
Mumbai-400 078.



COMPUAGE INFOCOM LTD.

9. Pursuant to the provision of section 205A and 205C of the Companies Act, 1956, the dividend which remains Unclaimed / Unpaid for a period of seven years from the date of transfer to the respective unpaid dividend accounts, is required to be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government.
10. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking re-appointment at the forthcoming Annual General Meeting is attached hereto.

INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the Listing Agreement, the particular of the Directors who is proposed to be re-appointed is furnished below:

i) Item No. 3 of the Notice:

Name	Mr. G.S Ganesh
Age	53 years
Qualification	Chartered Accountant
Expertise	Specialized in Finance
Date of appointment	18.10.2000

Order of the Board of Directors
For **Compuage Infocom Limited**

Shilpa Singh
Company Secretary

Place: Mumbai
Date : 17th July, 2012

Registered Office:

601, D-Wing, Lotus Corporate Park,
Ram Mandir Lane, Near Jai Coach,
Western Express Highway, Goregaon (E),
Mumbai - 400 063.



COMPUAGE INFOCOM LTD.

DIRECTOR'S REPORT

Dear Shareholders,

The Board of Directors has pleasure in presenting the Audited Financial Statements for the year ended 31st March 2012.

FINANCIAL HIGHLIGHTS:

The highlights of the Financial Results are:

(Rs. In Lacs)

Particulars	Current Year 2011-12	Previous Year 2010-11
Revenue from Operation & Other Income	154444.05	131468.14
Profit before Interest, Taxation & Depreciation	3582.76	2512.76
Less: Interest	1895.67	1103.18
Less: Depreciation	167.44	117.69
Profit before Tax	1519.65	1291.90
Less: Provision for taxation	498.88	424.62
Profit after Tax Provision	1020.77	867.27
Balance brought forward	2173.78	1427.32
Amount available for Appropriation:	3194.55	2,294.59
Dividend		
Interim Dividend	66.55	-
Proposed Dividend	66.55	103.60
Dividend Distribution Tax	22.10	17.21
Balance Carried to Balance Sheet	3039.35	2,173.78

BUSINESS REVIEW:

The year gone by has been a good year with company closing on a profitable note. The company's revenue grew to Rs.154444.05 lacs registering a growth of 17.48% and consolidated revenue growing to Rs.159176.76 lacs, registering a growth of 17.68%.

The profit after tax grew to Rs. 1020.77 lacs, growing by 17.70% over the previous year. Consolidated profit after tax grew to Rs.1028.40 lacs, growing by 19.65%.

DIVIDEND:

The Company has already paid an Interim Dividend of Re.1/- (One Rupee) per share amounting to Rs. 6655000/-. The Board of Directors now recommend a final dividend of Re. 1.00 (One Rupee) per share for the year ended 31st March, 2012 which is (10%) on face value of Rs. 10/- (Rupees Ten only) each, subject to the approval of members at the ensuing Annual General Meeting, thereby making it total Dividend of Rs.2.00/- on each equity share of Rs. 10/- for the year under review.



FUTURE OUTLOOK:

Future outlook of Compuage is very promising. It operates in growth oriented industry which is likely to grow by about 12% per annum for the next few years. The company being small will be able to grow more than the IT industry's growth rate.

SHARE CAPITAL

The paid-up equity share capital of your Company has been increased from Rs.5,18,00,000 to Rs.6,65,50,000 on account of the Warrant Conversion and Preferential Allotment of Shares.

LISTING OF SECURITIES

The Company's equity shares are listed on Bombay Stock Exchange Limited (BSE) and Madras Stock Exchange Limited (MSE).

SUBSIDIARY COMPANIES:

The Company has (03) Three subsidiaries of the Company as on March 31, 2012, which are as under:

- (1) Greenvision Technologies Pvt. Ltd.
- (2) ADIT E-commerce Pvt. Ltd.
- (3) Compuage Infocom (S) Pte. Ltd.

(1) Greenvision Technologies Pvt. Ltd.

Greenvision Technologies Pvt. Ltd. was incorporated on March 19, 2008 with Compuage holding 52% of its Equity Share Capital and voting power. As on March 20, 2009 we acquired additional 24% of the Equity Share Capital of Greenvision. As at March 31, 2012, we hold 76% of the Equity Share Capital and voting power of Greenvision Technologies Pvt. Ltd.

Greenvision Technologies Pvt. Ltd. focuses on Power Solutions for the Enterprise Customers and Batteries for the UPS, Inverter and the Telecom Sector. The Company is in the process of setting up a plant to manufacture batteries.

During the year Greenvision Technologies Pvt Ltd has achieved a turn over of Rs. 2736.06 lacs and has made a net profit before tax of Rs. 11.12 Lacs.

(2) ADIT E-commerce Pvt. Ltd.

ADIT E-commerce Pvt. Ltd. was incorporated on May 17, 2008; we acquired 80% of the Equity in the Company on January 19, 2010. The investment was made in the Company to take advantage of the growing online business.



(3) Compuage Infocom (S) Pte. Ltd.

Compuage Infocom (S) Pte. Ltd. is our wholly owned subsidiary and was formed to expand our business operation in Singapore.

The Company has been granted exemption by the Ministry of Corporate Affairs from attaching to its Balance sheet, the Individual Annual Reports of its subsidiary Companies vide its. General Circular No: 2/2011 and General Circular No: 3/2011 dated Feb 8, 2011 and Feb 21, 2011 respectively. As per the terms of the Circular, a statement containing the brief financial details of the Companies Subsidiaries for the year ended March 31, 2011 is included in the Annual Report. The annual accounts of these subsidiaries and the related detailed information will be made available to any member of the Company/ its subsidiaries seeking such information at any point of time and are also available for inspection by any member of the Company/its subsidiaries at the registered office of the Company. The annual accounts of the said subsidiaries will also be available for inspection, as above, at the Registered Offices of the respective subsidiary Companies.

INFORMATION TECHNOLOGY:

Compuage continues to upgrade its IT infrastructure and has a solid backbone to support the business.

INTERNAL AUDIT:

Compuage has further strengthened its internal audit team. This team monitors the entire business operations constantly from its centralized database in Mumbai. It reports directly to the Audit Committee headed by the Board of Director.

DIRECTORS:

Mr. G.S Ganesh retires by rotation from the Board in the forthcoming Annual General Meeting and being eligible, offers herself for reappointment at the said Annual General Meeting.

AUDITORS:

The Statutory Auditors of your Company, M/s. B.V.Dalal & Co., Chartered Accountants, retire at the conclusion of the forth coming Annual General Meeting and being eligible offer themselves for re-appointment. The company has received a letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956.

FIXED DEPOSIT:

The Company has accepted the Fixed Deposits and complied the provisions of Section 58A of the Companies Act, 1956.

**DEPOSITORY SYSTEM:**

The Company has entered into an agreement with the National Securities Depository Limited (NSDL) as well as the Central Depository Services (India) Limited (CDSL) to enable shareholders to hold shares in dematerialized form. The Company also offers simultaneous dematerialisation of the physical shares lodged for transfer.

STATUS OF DEMATERIALISATION OF SHARES:

NSDL and CDSL have allotted ISIN No. INE070C01029 for compulsorily Dematerialization of Shares.

DIRECTORS' RESPONSIBILITY STATEMENT:

As required under the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors hereby confirm

- i. That in preparation of the Annual Accounts for the year ended 31st March, 2012, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii. That the directors had selected such accounting policies and applied consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2012 and the profit of the Company for the year under review;
- iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the annual accounts for the year ended 31st March, 2012 have been prepared on a 'going concern basis'.

CORPORATE GOVERNANCE:

A separate report on Corporate Governance is produced as a part of the Annual Report along with the Auditor's Statement on its compliance.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO:

The particulars relating to conservation of energy and techniques are not relevant to the Company since the Company is not engaged in any manufacturing activities and hence there is not much scope and concern to this matter for the company to take any meaningful action.

Earning in Foreign Exchange: NIL.



The payment of foreign exchange outgoes are as under:

1. Valuation of Imports calculated on C.I.F. basis for one year period ended 31st March, 2012 is Rs.31244.10 Lacs. (Rs. 50637.85 Lacs in previous year)		
2. Expenditure in Foreign currency: (Rs. in Lacs) (Current Year) (Previous Year)		
Traveling	1.98	NIL
Interest	NIL	1.56

PARTICULARS OF EMPLOYEE:

Statement of Particulars of Employees under Sec 217 2(A) for the period ended 31st March, 2012.

Name (Age)	Designation, Nature of duties & Date of commencement of Employment	Qualification / Experience	Gross Remuneration Rs.	Last Employment Designation / Name of Company
*Atul H. Mehta (50)	Chairman & Managing Director, Specialized in Finance & Strategic Planning (16.06.2000)	MBA - U.S.A (24)	1,20,00,000 (w.e.f 08.09.2011)	Compugate Electronics Ltd. Chairman & Managing Director
*Bhavesh H. Mehta (37)	Director, Specialized in Imports & Logistics (18.10.2000)	M.Com (17)	1,20,00,000 (w.e.f 18.10.2011)	Compugate Electronics Ltd. Director

Note :

- *1. Nature of employment is contractual
2. The above amounts does not include provision of gratuity and leave encashment

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

As we begin to compete in the challenging business environment of the new millennium we realize that Human Resources are the most valuable assets for our organisation and it's our people who provide the competitive edge to Stay ahead.

Our strategy for development of Human Resources is through providing a motivating work environment, recruiting the best talents, providing challenging goals, and by creating a culture for learning and growth. Our aims of employee development are not just about acquiring skills to solve specific problems but also expanding minds to address problems and opportunities which have not become apparent with full understanding of cross functional linkages.



COMPUAGE INFOCOM LTD.

Continuing personal development is the constant obligation of all employees and constant responsibility of all Executives, Managers and supervisors.

The development and use of human potential and a learning organization is our bridge to continued success in the future.

CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated Financial Statements are attached. The consolidated network as on 31st March 2012 is Rs. 52 Cr.

ACKNOWLEDGEMENTS:

Your board takes this opportunity to thank its shareholders, employees, customers, vendors and bankers for the support and faith reposed in the company.

The Directors also wish to convey their appreciation to the Government and Statutory authorities for their co-operation.

The Directors appreciate and value the contribution made by every member of the Compuage Family across the world

For and on behalf of the Board of Directors
For Compuage Infocom Limited

Atul H. Mehta
Chairman and Managing Director

Place: Mumbai.
Date: 29th May, 2012

Registered Office:
Compuage Infocom Ltd
3, Dhuru Building,
329, Vithalbhair Patel Road,
Mumbai-400 004.



COMPUAGE INFOCOM LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview

Forward-Looking Statements

This report contains forward-looking statements, which may be identified by their use of words like 'plans', 'expects', 'will', 'anticipates', 'believes', 'intends', 'projects', 'estimates' or other words of similar meaning. All statements that address expectations or projections about the future, including but not limited to statements about the Company's strategy for growth, product development, market position, expenditures, and financial results, are forward-looking statements, based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Industry outlook:

Changing economic and business conditions and rapid technological innovation are creating an increasingly competitive market environment that is driving corporations to transform their operations. Consumers of products and services are increasingly demanding accelerated delivery times and lower prices.

Compuage has increased its focus on a sustained efficiency program across the enterprise. This includes working towards improving cash collection, controlling expenditure and optimizing wherever possible. These measures are showing visible success.

Compuage's growth has occurred within a challenging economic climate. Your Company has demonstrated leadership, remained disciplined in execution and faced a volatile market with a positive 'can do' attitude. Looking towards the future, your Company will remain focused on agility, innovation and operational excellence

The company continues to focus on both extension of geographic reach in emerging growth markets as well as on development & growth of new customer accounts across major product lines to cement its leading position on storage media & peripherals

The management is also exploring into other businesses which offer better margins and make use of its infrastructure and its Distribution expertise. The company through its subsidiary Greenvision is setting up a manufacturing facility for batteries for UPS Inverters and Telecom Sector. This initiative too shall enhance the profitability of the company.

Future Outlook

Compuage is also exploring distribution in other areas such as Telecom products and Consumer Durables, thereby leveraging in its infrastructure and of course optimizing its core competency in distribution

Greenvision, its subsidiary, focusing on Power Protection Segment and Services is setting up a manufacturing unit to manufacture batteries for UPS, Inverters and Telecom. All these are high growth areas and offer good potential. This will help the company in 2 ways, one, derisk its dependence on IT



The year ahead looks promising.

Operational Performance

The Last Financial Year 2011-12, was a good year with company closing on a profitable note. The company's revenue grew to Rs. 154444.05 lacs registering a growth of 17.48% and consolidated revenue growing to Rs. 159176.76 lacs, registering a growth of 17.68%. The profit after tax grew to Rs. 1020.77 lacs, growing by 17.70% over the previous year. Consolidated profit after tax grew to Rs.1028.40 lacs, growing by 19.65%.

Landmark Events:

In the year gone by Compuge has continued to invest in infrastructure, reach and product portfolio all of which shall enable the company to continue its growth. New products signups include ADC Krone - Passive Networking Products, Asus - Notebooks, Cisco - Networking Products, Edifier - Speakers, Foxconn - Motherboards, HP PCs, Olympus - digital Cameras, Toshiba - Flash Products.

SWOT Analysis

Strengths :

- The company has 24 years of existence in Indian market and has posted sales growth of 53% CAGR over 3 yr
- It has well established distribution network across country
- It has physically presence in all 27 states of country with integrated ERP system
- The Company has strong sales team which is motivated on achievement of sales targets by cash & in kind
- The Company enjoys strong credibility in the market

Weakness :

- The Company has PAT margin of 0.55%
- The Company is paying high Interest cost
- Its presence is Primarily limited to Indian market
- It is operating in low margin industry

Opportunities :

- Domestic IT hardware industry is expected to grow at 11.4%
- The Company has planned to add private labels to improve margin
- It is targeting overseas market by Singapore subsidiary
- It is entering into high margin battery industry

Threats :

- Global IT distribution companies may enter Indian Market
- Few regional players are planning to expand nationwide
- Margins are generally fixed by supplier, fierce competition may lead to margin reduction



Internal Controls:

Compuge's well defined organization structure, policy guidelines, predefined authority levels, and an extensive system of internal controls ensure optimal utilization and protection of resources, IT security, accurate reporting of financial transactions and compliance with applicable laws and regulations.

- Compuge has adequate system of internal control in place to ensure that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are authorized, recorded, and reported correctly.
- Compuge's internal audit function is empowered to examine the adequacy, relevance and effectiveness of control systems, compliance with laws, regulations & policies, plans and statutory requirements.
- Compuge has an exhaustive budgetary control system. Actual performance is reviewed with reference to the budget by the management on an ongoing basis.
- Compuge's Audit Committee of the Board reviews the findings and recommendations of the internal auditor.

The system is improved and modified continuously to meet changes in business conditions, statutory and accounting requirements.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS

As we begin to compete in the challenging business environment of the new millennium we realize that Human Resources are the most valuable assets for our organization and it's our people who provide the competitive edge to Stay ahead.

Our strategy for development of Human Resources is through providing a motivating work environment, recruiting the best talents, providing challenging goals, and by creating a culture for learning and growth. Our aims of employee development are not just about acquiring skills to solve specific problems but also expanding minds to address problems and opportunities which have not become apparent with full understanding of cross functional linkages.

Continuing personal development is the constant obligation of all employees and constant responsibility of all Executives, Managers and supervisors.

The development and use of human potential and a learning organization is our bridge to continued success in the future.

Disclaimer:

This "Management Discussion and Analysis" may contain what may be considered as "forward looking statements". These statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance, or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify, or revise any forward-looking statements, on the basis of any subsequent developments, information, or events.

**CORPORATE GOVERNANCE REPORT****COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The underlying principles of Corporate Governance are the values, ethics and commitments to follow best business practices. Thus, it rests upon the foundations of transparency, disclosures and fairness in dealing with its stakeholders.

It is about demonstrating high level of integrity, transparency, accountability and disclosures across the Company's operations and in its interaction with its stakeholders, including shareholders, customers, employees, the government, lenders and the society. Our endeavor is not merely to comply with regulatory & statutory requirements, but to follow the governance code in spirit. Your Company practices a culture that is built on core values and ethics. The Corporate Governance philosophy of the Company is driven by the following fundamental principles:

1. Conduct the affairs of the Company in an ethical manner
2. Ensure transparency in all our dealings
3. Ensure highest level of responsibility and accountability
4. Ensure Compliance with all laws and regulations as applicable
5. Ensure timely dissemination of all price sensitive information

The Corporate Governance philosophy has been scripted as under:

"As a good corporate Citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving way for its long term success."

We have made conscious efforts to institutionalize Corporate Governance practices and we believe that it shall go beyond adherence to the regulatory framework. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance Philosophy. We will continuously endeavor to take forward the best practices to enhance stakeholders' value.

CORPORATE GOVERNANCE

Your Company believes in adopting the best corporate governance practices and protecting rights and interest of stakeholders. We further believe that the shareholders have the right to know complete information of the Board of Directors and the management, their interest in the organization as well as governance practice to be followed by them.

The report on corporate governance is divided into five parts:

- I. Board of directors
- II. Committees of the Board
- III. Disclosures
- IV. Means of Communication
- V. Shareholders Information

**I. BOARD OF DIRECTORS**

The Corporate Governance principles of the Company ensure that the Board remains informed, independent and involved in the Company and that there are ongoing efforts towards better Corporate Governance to mitigate "non business" risks. Directors possess the highest personal and professional ethics, integrity and values and are committed to representing the long term interest of the stakeholders. The Company's business is conducted by its employees under the direction of the Chairman and Managing Director and Whole-time Director and the overall supervision of the board.

The Board of Directors of the Company has appropriate composition of Executive and Non-Executive Directors including Independent Directors. The Board of Directors through their active participation ensures that the discussions and decisions on the policy matters are taken after due deliberation and in consonance with the good corporate governance practices.

During the year under review, the Board of Directors of the Company consisted of Five Directors. Three of them, i.e. Mr. G.S.Ganesh, Mr. Vijay Agarwal and Ms. Preeti Trivedi are Non-Executive and Independent Directors.

Mr. Atul Mehta is Chairman & Managing Director. The other Executive Director is Mr. Bhavesh Mehta. Hence the composition of the Board of Directors is well within the norms of Corporate Governance.

The details of the Board of directors of the Company are given below:

Name of Director	Designation	No. of Directorship in other Public Ltd. Companies	Other Companies Committee's	
			Membership	Chairmanship
Mr. Atul Mehta	Promoter, Chairman & Managing Director	2	Nil	Nil
Mr. Bhavesh Mehta	Promoter, Whole-time Director and Chief Operating Officer	2	Nil	Nil
Mr. G.S.Ganesh	Non-Executive Independent	Nil	Nil	Nil
Mr. Vijay Agarwal	Non-Executive Independent	6	3	4
Ms. Preeti Trivedi	Non-Executive Independent	Nil	Nil	Nil



Note:

1. The Directorship held by directors as mentioned above, do not include Alternate Directorship and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.
2. In accordance with Clause 49, Memberships/Chairmanships of only Audit Committees and Shareholders Grievance Committees of all Public Limited Companies have been considered.
3. As required by the Companies Act, 1956 & clause 49 of the listing agreement, none of the directors hold directorship in more than 15 public companies, membership of board committees (Audit Committees/Shareholders Grievance Committees) in excess of 10 and chairmanship of board committees as aforesaid in excess of 5.

Mr. G.S Ganesh retires by rotation and being eligible seeks re-appointment at the ensuing Annual General Meeting. A brief resume of Mr. G.S. Ganesh along with the nature of his expertise and details of other directorships, committee's positions held by him and the number of shares held by him in the Company has been disclosed and forms part of the notice convening the Annual General Meeting.

A. REVIEW OF THE BOARD

The Board of Directors' review in their Board Meeting matters relating to:

- Strategy and business plans
- Annual operating and capital expenditure budgets
- Investment and exposure limits
- Business risk analysis and control
- Senior executive appointment
- Compliance with statutory/regulatory requirements and review of major legal issues
- Adoption of quarterly/annual results
- Transactions pertaining to purchase/disposal of property, major provisions and write offs.

B. BOARD MEETINGS

The meetings of the Board of Directors are scheduled well in advance and the folder containing the agenda for the meeting with detailed review of all aspects of the Company business, including performance of the Company, employee relations, details of investment, capital expenditure etc. is circulated to all the directors before the date of Board Meeting. It also highlights important matters discussed at the Audit Committee, Share Transfer Committee/Investor Grievance Committee of the Board. Thirteen (13) Board Meetings were held during the year on 19th April, 2011, 18th May, 2011, 10th June, 2011, 18th July, 2011, 5th August, 2011, 29th August, 2011, 21st September, 2011, 15th October, 2011, 11th November, 2011, 16th December, 2011, 31st January, 2012, 9th February, 2012, 28th March, 2012,



Name of the Directors	Category of Director	No. of Board Meetings Held	No. of Board Meetings Attended	Attended at last A.G.M.
Mr. Atul Mehta	Promoter, Chairman & Managing Director	13	13	YES
Mr. Bhavesh Mehta	Promoter & Whole-time Director	13	13	YES
Mr. G. S. Ganesh	Independent Director	13	13	YES
Mr. Vijay Agarwal	Independent Director	13	13	YES
Ms. Preeti Trivedi	Independent Director	13	13	YES

C. CODE OF CONDUCT

The Company has adopted a Code of Conduct (Code) for Directors and Senior Management personnel one level below the Executive Directors including all Functional Heads, which is in compliance with the requirements of Clause 49 of the listing Agreement entered into with the Stock Exchange. The Code has been posted on the Company's website.

The Board of Directors has adopted the Code of Conduct & Responsibilities of the Board towards the Company in its Board Meeting held on 31st January, 2006.

All Directors and designated senior management cadre of the Company have affirmed compliance of the code for the year under review. The declaration to this effect signed by the Chairman & Managing Director is annexed to this report.

II. COMMITTEES OF THE BOARD

A. AUDIT COMMITTEE

The Composition of Audit Committee and attendance of members of the meetings are as under:

Name of Director	Category	Designation	No of meetings attended
Mr. G. S.Ganesh	Non-Executive Independent Director	Chairman	4
Mr. Vijay Agarwal	Non-Executive Independent Director	Member	4
Ms. Preeti Trivedi	Non-Executive Independent Director	Member	4

Audit Committee reviews in their meetings & recommends to the Board matters relating to the following terms of reference:

- To oversee the Company's financial reporting process and disclosure of its financial information.
- To recommend the appointment of Statutory Auditors and fixation of the Audit fee.