

# Notice

**NOTICE** is hereby given that the Twenty Fifth Annual General Meeting of the Members of Govind Rubber Limited will be held on Saturday, the 21<sup>st</sup> August, 2010, at 11.00 a.m. at Nehru Centre, Hall of Harmony, Dr. Annie Besant Road, Worli, Mumbai – 400 018 to transact the following business :

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2010 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Umesh Lathi who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors of the Company and to fix their remuneration.

## **SPECIAL BUSINESS:**

4. To consider and, if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution.

RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors ("the Board") of the Company to borrow from time to time, any sum or sums of money for the purpose of the Company, upon such terms and conditions as the Board of Directors may in its discretion think fit, notwithstanding that the money or moneys to be borrowed by the Company (apart from the ordinary loans obtained or to be obtain from the Company's bankers in the ordinary course of business) together with the moneys already borrowed by the Company may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that maximum amount of the moneys so borrowed by the Board and remaining outstanding shall not at any time, exceed Rs.250 Crores (Rupees Two Hundred Fifty Crores only).

RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds and

things, to execute all such documents, instruments and writings as may be required.

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an ordinary resolution.

RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors(" the Board") of the Company to create such charges, mortgages and hypothecation in addition to the existing charges, mortgages and hypothecation created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, in favour of Banks/Financial Institutions to secure rupee/foreign currency loans, working capital loans, Term Loans/ FITL and/or the issue of debentures whether partly/ fully/non convertible provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payments or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of said loans, shall not, at any time exceed the limit of Rs.250 Crores (Rupees Two Hundred Fifty Crores only).

RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.

By order of the Board of Directors

Place: Mumbai  
Date: 16<sup>th</sup> July, 2010

**VINOD PODDAR**  
Managing Director

## **NOTES:**

**A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER. THE INSTRUMENT APPOINTING A PROXY SHOULD BE DEPOSITED AT**

# Notice



## **THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**

### **UNPAID/ UNCLAIMED DIVIDEND:**

In terms of provisions of relevant sections of the Companies Act, 1956, the Company has already transferred unpaid dividend for the financial year 1999-2000 to the Central Government on the completion of seven years from the date of payment and this being the last dividend payment made by the Company since then, there has been no pending unpaid dividend to be transferred to the Central Government as of now.

Members are requested to notify to the Company or its Registrar immediately of any change in their address.

The Register of Members and Share Transfer Books of the Company shall remain closed from 19.08.2010 to 21.08.2010 (both days inclusive).

### **Note on Director's seeking appointment / re-appointment as required under Clause 49 (VI)(A) of the Listing Agreement of Stock Exchange, Mumbai.**

Shri Umesh Lathi is retiring by rotation and is eligible for reappointment, has offered himself for reappointment. His attendance record in the Board/ General Meeting during the year under review is given in this Report. Shri Umesh Lathi is a whole time Director of the Company since June, 2007. He is Chartered Accountant by qualification. He is having vast experience of finance and commercial domain for last 20 years. He is a member of audit committee as well as shareholders' grievance committee.

### **ANNEXURE TO NOTICE :**

The Explanatory Statement under Section 173 (2) in respect of Item No. 4 & 5 of the accompanying notice set out hereinabove is as under;

#### **Item No.4**

At the earlier Annual General Meeting / Extraordinary General Meeting of the Company, the Shareholders of the Company had authorised the Board of Directors to

borrow to the extent of Rs. 100 Crores in excess of the paid up Share Capital and Free Reserves of the Company (excluding temporary loans obtained from the Company's Bankers in the ordinary course of the business). Taking into account the additional financial requirements for the continuous modernization and expansion/ diversification activities, the Company proposes to increase the borrowing limits to Rs. 250 Crores.

None of the Directors of the Company is interested in the Resolution No. 4.

The Board of Directors recommends the passing of the Ordinary Resolution at item No. 4.

#### **Item No.5**

The shareholders at the earlier Annual General Meeting had given their consent under Section 293(1)(a) of the Companies Act, 1956 to the Board of Directors of the Company to create mortgage/charge over the Company's properties to secure borrowings.

The Board of Directors may need to resort to further borrowings by way of loans from time to time to meet its requirements of funds for various working capital requirements, capital expenditure programmes, repayment or pre-payment of the existing debts, as well as for various other corporate purposes up to a sum of Rs. 250 Crores. These borrowings may have to be secured by mortgage/charge of Company's properties.

Mortgaging/Charging of the Company's immovable/ movable properties in favour of the lenders in certain events may be considered as disposal of the whole or substantially the whole of Company's undertakings in terms of Section 293(1)(a) of the Companies Act, 1956 and the same requires the consent of the Shareholders.

By order of the Board of Directors

Place: Mumbai  
Date: 16<sup>th</sup> July, 2010

**VINOD PODDAR**  
Managing Director

# Directors' Report

## DIRECTORS' REPORT, MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 25<sup>th</sup> Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2010.

### FINANCIAL RESULTS :

	Rs. In Lacs	
	2009-2010	2008-2009
Sales and		
Operational Income (Gross)	30139	25982
Other Income	16	44
<b>TOTAL INCOME</b>	<b>30155</b>	<b>26026</b>
Gross Profit	602	447
Depreciation	277	297
<b>Operating Profit</b>	<b>325</b>	<b>150</b>
Profit before Tax	325	150
Fringe Benefit Tax	-	(6)
Refund of Income Tax	2	-
<b>Profit after Tax</b>	<b>327</b>	<b>144</b>
Balance brought forward	(5103)	(5247)
<b>Balance carried forward to Balance Sheet</b>	<b>(4776)</b>	<b>(5103)</b>

In view of inadequacy of profit, no dividend has been recommended by the Board of Directors for the year 2009-2010.

### OPERATIONS:

Your Company has achieved a Gross Turnover and Operational Income of Rs. 30139 lacs as compared to Rs 25982 lacs in the previous year. The gross profit is Rs. 602 lacs as compared to Rs 447 lacs in the previous year. The net profit for the year stood at Rs 327 lacs as compared to Rs 144 lacs in the previous year.

### OUTLOOK FOR THE CURRENT YEAR 2010-2011:

The year gone by has witnessed a high volatility in terms of Raw Materials and steady increase in selling prices. Your Company shall transform into sales and manufacturing excellence strategies to lead the industry in the years to come in terms of creating value for our esteemed customers.

Keeping core strength and area of business in mind, your Company is embarking upon entering into verticals of Auto Tyres and Tubes business by benchmarking itself with top three leading competitors. Your Company has also set up a separate division to deal in complete bicycle of all range

and also agricultural farm sprayers by assembling at our plant. We are in the process of shaping up various innovation, talent and technology in this direction.

### DIRECTORS :

Shri Umesh Lathi will be retiring by rotation at the ensuing Annual General Meeting and being eligible, offers him for reappointment.

### 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-I attached herewith and the said Annexure-I forms part of this Annual Report.

### CORPORATE GOVERNANCE :

Pursuant to the Provisions of Clause 49 of the Listing Agreement with the Stock Exchange, Mumbai, Management Discussion and Analysis, Corporate Governance Report and Auditor's Certificate regarding Compliance of the same are made a part of this Annual Report as per Annexure- IV

### FIXED DEPOSITS :

No deposit was accepted during the year and there was no outstanding deposit as on 31<sup>st</sup> March, 2010.

### RESPONSIBILITY STATEMENT :

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

- In the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2010, the applicable Accounting Standards had been followed and there are no material departures from prescribed accounting standards in the adoption of the accounting standards.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year under review ;
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records

# Directors' Report



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. the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2010, on a "going concern" basis.

## AUDITORS

M/s. Jayantilal Thakkar & Co., Chartered Accountants, Mumbai, the Statutory Auditors of the Company retire at the conclusion of the ensuing Annual General Meeting and are eligible for reappointment.

## HUMAN RESOURCES

The employee relations scenario continued to be harmonious and congenial. Training on behavioral skills, productivity, Sales skills enhancement and quality improvements were imparted during the year. We are pursuing to create favourable work environment by encouraging to attend various training and development initiatives across the organization to enhance their skill sets in alignment with their respective roles.

## ADEQUACY OF INTERNAL CONTROLS

The Company has a proper and adequate system of internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and those transactions are authorized, recorded and reported correctly.

The internal control system is designed to ensure that the financial and other records are reliable to prepare financial statements and other data and for maintaining accountability of assets.

## PARTICULARS OF EMPLOYEES

Particular of remuneration paid to the employees as required to be disclosed under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees), Rules, 1975 are set out in Annexure- II attached hereto and form part of this report.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS 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-III of the report.

## CAUTIONARY STATEMENTS:

Statements in this report describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking statements considering the applicable laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could, however, differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and domestic demand- supply conditions. Finished goods prices, raw materials costs and availability, fluctuations in exchange rates, changes in Government regulations and tax structure within India and the countries with which the Company has business contacts and other factors such as litigation and industrial relations. Investors will bear the above in mind.

## APPRECIATION

The Board of Directors of your company wish to thank and place on record the continued co-operation and assistance extended to it by the Shareholders, Financial Institutions and Banks. Your Directors also wish to place on record their warm appreciation for the services rendered by the Executives, Staff, Workers, vendors and Customers of the Company.

For and on behalf of the Board of Directors

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

**VINOD PODDAR**  
Managing Director

# Annexure to Directors' Report

## ANNEXURE - I TO DIRECTORS' REPORT

The following is the list of 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 Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ("the said Regulations"), as provided in Clause 3(1)(e)(i) of the said Regulations:

### S. No. Name

#### A Companies

- 1 S P Finance & Trading Ltd.
- 2 Balgopal Holdings & Traders Ltd.
- 3 Vishal Furnishings Ltd.
- 4 Poddar Brothers Investment Pvt. Ltd.
- 5 Sanchna Trading & Finance Ltd.
- 6 SP Investrade (India) Ltd.
- 7 SPG Realty Pvt. Ltd.
- 8 Poddar Bio-Diesel Pvt. Ltd.
- 9 Oxemberg Clothing Ltd.
- 10 Siyaram Polycote Ltd.
- 11 Oxemberg Fashions Ltd.
- 12 Beetee Textile Industries Ltd.
- 13 Santiago Textile Mills Pvt. Ltd.
- 14 Balkrishna Paper Mills Ltd.
- 15 Balkrishna Synthetics Ltd.
- 16 BKT Moulds Ltd.
- 17 BKT Tyres Ltd.
- 18 BKT Exim Ltd.
- 19 SPG Power Ltd.
- 20 SPG Infrastructure Ltd.
- 21 Futuristic Concept Media Ltd.
- 22 Seeom Fabrics Ltd.
- 23 Paramount Minerals & Chemicals Ltd.
- 24 Image Commercials Private Ltd..
- 25 GRL International Ltd.
- 26 Balkrishna Industries Ltd.
- 27 Siyaram Silk Mills Ltd.
- 28 Trendline Commercials Pvt.Ltd.
- 29 Wavelink Commercials Pvt.Ltd.

#### B Individuals

- 1 Shri Dharaprasad Ramrikhdas Poddar
- 2 Smt Geetadevi Dharaprasad Poddar
- 3 Shri Rameshkumar Dharaprasad Poddar
- 4 Smt Ashadevi Rameshkumar Poddar
- 5 Shri Pawankumar Dharaprasad Poddar
- 6 Smt Madhudevi Pawankumar Poddar
- 7 Shri Avnish Pawankumar Poddar
- 8 Smt Vithika Avnish Poddar
- 9 Mst Agastya Avnish Poddar
- 10 Shri Anurag Pawankumar Poddar
- 11 Smt Megha Anurag Poddar
- 12 Smt Sangeeta Pramodkumar Poddar
- 13 Shri Gaurav Pramodkumar Poddar
- 14 Smt Smriti Gaurav Poddar

- 15 Shri Ankit Pramodkumar Poddar
- 16 Shri Shrikishan Dharaprasad Poddar
- 17 Smt Vibha Shrikishan Poddar
- 18 Shri Abhishek Shrikishan Poddar
- 19 Shri Harshit Shrikishan Poddar
- 20 Smt Anuja Mundra
- 21 Smt Shivani Tiberwala
- 22 Smt Tribenidevi Mahabirprasad Poddar
- 23 Smt Shyamlata Sureshkumar Poddar
- 24 Shri Rishabh Sureshkumar Poddar
- 25 Shri Arvindkumar Mahabirprasad Poddar
- 26 Smt Vijaylaxmi Arvindkumar Poddar
- 27 Shri Rajiv Arvindkumar Poddar
- 28 Smt Khushboo Rajiv Poddar
- 29 Shri Vinodkumar Mahabirprasad Poddar
- 30 Smt Sunita Vinodkumar Poddar
- 31 Shri Rahul Vinodkumar Poddar
- 32 Smt Shefali Rahul Poddar
- 33 Ms Rishita Vinodkumar Poddar
- 34 Shri Shirish Shorewala
- 35 Smt Aanchal Deora
- 36 Smt Shikha Kandoi
- 37 Smt Pooja Dhoot

#### C Partnership Firms

- 1 Fabwear Garment
- 2 Tirupati Realty
- 3 Balaji Realty
- 4 Shree Siyaram Textiles

#### D HUF

- 1 Dharaprasad & Sons HUF
- 2 Dharaprasad Poddar & Co. HUF
- 3 Rameshkumar Poddar & Bros.HUF
- 4 Rameshkumar Poddar & Co.HUF
- 5 Pawankumar Poddar & Co.HUF
- 6 Pramod Poddar HUF
- 7 Dharaprasad Pramodkumar HUF
- 8 Shrikishan Poddar HUF
- 9 Mahabirprasad Poddar & Co.HUF
- 10 Arvindkumar Sureshkumar Poddar HUF
- 11 Sureshkumar Poddar & Co.HUF
- 12 Mahabirprasad & Sons HUF
- 13 Sureshkumar Poddar & Bros.HUF
- 14 Arvind Poddar HUF
- 15 Mahabirprasad Vinodkumar HUF
- 16 Vinod Poddar HUF

#### E Limited Liability Partnership

- 1 DPP Enterprises LLP
- 2 GPP Enterprises LLP
- 3 PKP Enterprises LLP
- 4 HSP Enterprises LLP
- 5 TMP Enterprises LLP
- 6 AKP Enterprises LLP
- 7 RAP Enterprises LLP
- 8 VKP Enterprises LLP



# Annexure to Directors' Report

## ANNEXURE - II TO DIRECTORS' REPORT

STATEMENT OF PARTICULARS UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES PARTICULARS OF EMPLOYEES) RULES, 1975 FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2010.

Sr. No.	Name of Employee	Age	Designation	Remuneration Rs. (Gross)	Qualification & Experience in yrs.	Date of Commencement of Employment	Particulars of last Employment held ( Name, Designation and Experience)
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### A. Employed throughout the year and in receipt of remuneration in aggregate of not less than Rs.24,00,000/-.

1.	Mr.Vinod Poddar	50	Managing Director	48,41,484/-	B.Com (30)	01.01.86	Business (11yrs)
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### B. Employees for part of the year and in receipt of remuneration of not less than Rs.2,00,000/- per month.

— NIL —

For and on behalf of the Board of Director

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

**VINOD PODDAR**  
Managing Director

## ANNEXURE- III TO DIRECTORS' REPORT

DISCLOSURE UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS), RULES, 1988.

### A. CONSERVATION OF ENERGY:

#### a) Energy conservation measures taken:

- I. The boilers have been upgraded for lowering the energy consumption. Plant equipment insulations have been improved by use of higher grade of insulating material and automization of the processes for better equipment efficiency.
- II. The Company is carrying out regular maintenance of steam/ stem traps and user equipment to ensure high efficiency levels throughout the year.
- III. Rice-husk is being used to reduce consumption of coal for which special purpose boilers have been installed.
- IV. Maximum demand of Electricity is being reduced by evenly distributing the loads throughout the day and increasing efficiency of Plants & Equipments.

#### b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy.

Introduction of modern compressors will bring substantial energy saving.

The Company is reviewing various proposals for reduction in consumption of energy by way of replacement of existing equipments by modern and energy efficient equipment.

#### c) Impact of the measurers at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

---As per Table A---

#### d) Total and per unit energy consumption as per form A.

### FORM - A

	2009-2010	2008-2009
<b>(A) Power &amp; Fuel Consumption :</b>		
<b>1) Electricity:</b>		
<b>a) Purchased:</b>		
Units	1,49,60,600	1,70,04,908
Total Amount (Rs.)	8,50,97,669	8,37,39,798
Rate/Unit (Rs.)	5.69	4.92
<b>b) Own Generation</b>		
<b>i) Through Diesel Generator:</b>		
Units	21,01,647	11,77,200
Units per liter of diesel	3.00	3.00
Cost/Unit (Rs.)	9.75	10.46
<b>ii) Through Steam Turbine/Generator</b>		
	Nil	Nil
<b>2) (a) Coal</b>		
Quantity (Kgs.)	25,775	27,080
Amount (Rs.)	2,44,334	2,60,448
Rs./Kg.	9.48	9.62
<b>(b) Rice-Husk</b>		
Quantity (Kgs.)	1,99,91,202	1,86,30,505
Amount (Rs.)	6,36,84,009	6,96,53,460
Rs./Kg.	3.19	3.74

# Annexure to Directors' Report

## (B) Energy Consumption per Unit of Production:

Sr. Product No.	2009-2010			2008-2009		
	Elect ricity Units	Coal Kgs.	RiceHusk Firewood Kgs.	Elect ricity Units	Coal Kgs.	Rice- Husk Kgs.
1 Cycle Tyres	0.66	0.001	0.770	0.73	0.001	0.747
2 Cycle Tubes	0.22	0.000	0.261	0.23	0.000	0.233
3 Auto Tyres	-	-	-	-	-	-
4 Auto Tubes	0.38	0.001	0.444	0.44	0.001	0.449

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.

## B. TECHNOLOGY ABSORPTION

### e) Efforts made in technology absorption as per form B

#### FORM - B

Form for disclosure of particular with respect to technology absorption.

#### A) Research & Development (R&D) :

##### 1) Specific area in which Research & Development carried out by the Company.

The Company has developed new products to meet the requirement of the customers in niche market for domestic and international markets. These involve developing of new pattern, constructions, rubber compounds and raw materials sources.

##### 2) Benefit derived as a result of above Research & Development :

To remain better than the best in the industry, continuous R & D activities helps the Company to set new international bench marking and maintain growth in value added products.

##### 3) Future plan of action

Development of new varieties and product mix. Achieving complete customer solution.

## B) Technology absorption, adaptation and innovation:

### I. Efforts in brief made towards technology absorption, adaptation and Innovation;

- 1) The Company has been putting Thrust on improvements in process technology in its various manufacturing sections which are being implemented into regular manufacturing operations.
- 2) The new value added products were developed based on the various inputs received from our local

& foreign customers. The processes were further adapted and innovated to be compatible with the newly acquired equipment.

### II. Benefits derived as a result of the above efforts.

Improved process efficiency, higher product quality, cost reduction and achieved a better customer satisfaction.

### iii) Information of Imported Technology

Nil

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO :

f) Activities relating to exports, initiatives taken to increase exports, developments of new markets for products and services and export plans: The Company is one of the largest exporters of Cycle Tyres/Tubes in the country. The Company exports a large quantity to over seventeen countries.

### g) Total foreign exchange used & earned:

#### I) USED (Rs. in Lacs)

	2009-2010	2008-2009
i) Import of Raw Materials /Capital goods	4727.71	3171.92
ii) Commission on Exports	55.28	122.55
iii) Freight on Exports	46.57	93.54
iv) Others	105.05	109.04
<b>Total</b>	<b>4934.61</b>	<b>3497.05</b>

#### II. EARNED (Rs. in lacs)

i) Exports at F.O.B. Value	3677.12	6036.14
ii) Reimbursement of Freight and insurance	46.57	93.54
iii) Indirect Exports	530.64	789.52
<b>Total</b>	<b>4254.33</b>	<b>6919.2</b>

For and on Behalf of the Board of Directors

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

**VINOD PODDAR**  
Managing Director

# Annexure to Directors' Report

## ANNEXURE-IV

### CORPORATE GOVERNANCE

In accordance with clause 49 of the Listing Agreement entered into with the Stock Exchange in India, the details of compliance by the Company with the norms on Corporate Governance are as under;

#### I. Company's Philosophy on Code of Corporate Governance

The Company strongly believes in Corporate Governance and endeavors to continuously take initiatives to strengthen areas of Corporate Governance. The Company's philosophy on Corporate Governance is to practice transparency in operations and maintain a professional approach in dealing with its stakeholders. The Company strongly believes that Corporate Governance is an important tool to achieve all round excellence with ultimate objective of enhancing the shareholders' value.

#### II. Board of Directors

##### a) Composition of Board :

At present there are four Directors on the Board of the Company and the composition of the Board is in consonance with clause 49 of the Listing Agreement. The Company has a Managing Director, a Whole time Director and two Non-Executive Independent Directors. The Non- Executive Directors are professionals, drawn from amongst persons with experience in business & industry, finance and law.

##### b) Number of Board Meetings:

There have been five Board Meetings held during the year as follows-

22<sup>nd</sup> May, 2009, 24<sup>th</sup> June, 2009, 27<sup>th</sup> July, 2009, 30<sup>th</sup> October, 2009 and 29<sup>th</sup> January, 2010.

##### c) Directors attendance record and Directorship held

The Composition and category of Directors and attendance at the Board Meetings during the year and at the last Annual General Meeting and also the number of outside Directorships and Committee Memberships/ Chairmanships in public Companies is given below.

Sr. No.	Name of Directors	Category	Attendance		Outside Director ship	Committee Position	
			Board	Last AGM		Member	Chairman
1	Vinod Poddar	Managing Director	4	Yes	–	–	–
2	K.M.Garg	Non-Executive Independent Director	5	Yes	–	–	–
3	Umesh Lathi	Whole time Director	5	Yes	–	–	–
4	Sandeep Jhunjunwala	Non-Executive Independent Director	5	Yes	3	–	–

##### d) Code of Conduct:

The Company has adopted a Code of Conduct for all Board Members and Senior Management of the Company. All Board Members and Senior Management Personnel have affirmed compliance with the code on annual basis.

#### III. Audit Committee

- The Audit Committee has been constituted by the Board in accordance with the terms of Clause 49 II of the Stock Exchange.

The terms of reference of the Audit Committee are broadly as under;

- Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement reflect a true and fair position and that sufficient and credible information is disclosed.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.



# Annexure to Directors' Report

iii) Discussion with external auditors before the audit commences, of the nature and scope of audit as well as post- audit discussion to ascertain any area of concern.

iv) Reviewing the financial statements and draft audit report, including quarterly/ half yearly financial information.

v) Reviewing with the management, the annual financial statements before submission to the Board, focusing primarily on;

- any changes in accounting policies and practices,
- major accounting entries based on exercise of judgement by management,
- qualification in draft audit report,
- significant adjustments arising out of audit,
- the going concern assumption,
- compliance with accounting standard,
- compliance with stock exchange and legal requirements concerning financial statements,
- any related party transactions as per risk management policies.

vi. Reviewing the Company's financial and risk management policies.

vii. Disclosure of contingent liabilities.

viii. Reviewing with the management, external and internal auditors report, the adequacy of internal control systems.

ix. Discussions with internal auditors of any significant findings and follow-up thereon.

b) Composition, Name of Members and Chairman:-

The Audit Committee consisting of three Directors i.e. Shri K.M.Garg (Chairman), Shri Umesh Lathi and Shri Sandeep Jhunjunwala and two of them are Non-Executive Independent Directors. All the Members of the Audit Committee are highly knowledgeable in the Corporate, Finance, Accounts and the Company law matters. The Statutory Auditors are invited at the Audit Committee Meetings.

c) The Audit Committee Meetings were held five times in the year i.e. on 22.05.2009, 24.06.2009, 27.07.2009,

30.10.2009 and 29.01.2010. The attendance of each Audit Committee member is as under:-

Sr. No.	Name of Director	Category	No.of Meetings Attended
1.	K. M. Garg	Non Executive Independent Director	5
2.	Umesh Lathi	Whole-time Director	5
3.	Sandeep Jhunjunwala	Non Executive Independent Director	5

## IV. Subsidiary Companies:

The Company does not have any subsidiary company.

## V. Remuneration Committee:

The Company has not formed any remuneration committee. The remuneration policy of the company is as under:-

The payment of remuneration to the Company's Managing Director and Whole time Director is as per the provisions of relevant sections of the Companies Act, 1956 read with Schedule XIII of the said Act and also approved by the Board/ members of the Company. The Non-Executive / Independent Directors are not paid any remuneration except sitting fees for attending Board/ Committee Meetings.

Remuneration paid to the Directors during the year 2009-2010

Name of Director	Sitting Fees (Rs.)	Salary & Perquisites (Rs.)	Total (Rs.)
Vinod Poddar	—	48,41,484	48,41,484
Umesh Lathi	—	18,84,732	18,84,732
K. M. Garg	2,500	—	2,500
Sandeep Jhunjunwala	2,550	—	2,550

The Company does not have any stock option scheme.

## Shareholding of Non-Executive Director

NIL

## VI. Shareholder's / Investors' Grievance Committee

a) Terms of Reference

b) The terms of reference of the Shareholders/ Investors' Grievance Committee is to look into the redressal of