

# Notice



**NOTICE** is hereby given that the Twenty Sixth Annual General Meeting of the Members of Govind Rubber Limited will be held on Saturday, the 16<sup>th</sup> July' 2011, 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 on 31<sup>st</sup> March 2011 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 K.M Garg 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 modification(s), the following Resolution as a Special Resolution.

RESOLVE THAT pursuant to the provisions of Section 314 & other applicable provisions if any, of the Companies Act, 1956, consent of the Company be and is hereby accorded to Ms. Shefali R. Poddar, relative of Shri Vinod Kumar Poddar – Managing Director of the Company, holding and continuing to hold an office or place of profit under the Company as an Executive, or with such other designation as may be decided by the Board from time to time with effect from 01<sup>st</sup> February' 2011 initially at a remuneration as approved by the Board of Directors of the Company within the limits as prescribed under Section 314 of the Companies Act, 1956 and other allied laws and rules as amended from time to time together with the usual allowances, benefits, amenities and facilities as applicable to other employees of the Company as per the rules of the Company.

By order of the Board of Directors

Place: Mumbai

Date: 25<sup>th</sup> May' 2011

**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 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 14.07.2011 to 16.07.2011 (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 K.M Garg is retiring by rotation and being 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 K.M Garg is an independent Director of the Company since 2001. He is a Chartered Accountant by profession. He is having vast experience of finance and commercial domain for last 25 years. He is a Chairman 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 of the accompanying notice set out herein above is as under:

Subject to approval of the Shareholders, the Board of Directors at its Meeting held on 07<sup>th</sup> February' 2011, appointed Ms. Shefali R. Poddar as an Executive with effect from 01<sup>st</sup> February' 2011 at a remuneration as

# Notice



prescribed under Section 314 of the Companies Act' 1956 and amendments thereto from time to time together with the usual allowances, benefit, amenities and other facilities as applicable, including bonus, superannuation, gratuity, provident fund etc as per rules of the Company. The Management may entrust upon her such other additional duties and functions with suitable designation and level as they may consider appropriate from time to time.

Ms. Shefali R. Poddar is relative of Shri Vinod Kumar Poddar – Managing Director of the Company.

The said Resolution is placed for your approval under Section 314 of the Companies Act, 1956.

None of the Directors except Shri Vinod Kumar Poddar being relative of Ms. Shefali R Poddar is concerned and interested in this Resolution.

By order of the Board of Directors

Place: Mumbai

**VINOD PODDAR**

Date: 25<sup>th</sup> May' 2011

Managing Director

## GREEN INITIATIVES:

As you may be aware that the Ministry of Corporate Affairs of Government of India (MCA) has introduced "Green Initiatives in Corporate Governance" by allowing paperless compliances by the Companies i.e service of any document can be made through electronic mode.

Keeping in view the underlying spirit and pursuant to the said initiative of MCA, your Company proposes to send

all future communications and / or documents viz Notices, Annual Reports and other Shareholders information in electronic form through e-mail. Hence, the members are requested to register their e-mail address with the Company's Registrar & share transfer agent quoting your Folio numbers in case you held shares in physical form or to your Depository Participants (DP) in case you held shares in Electronic Form i.e. in Demat Account, quoting your DP ID/Client ID. Please note that the said documents will be uploaded on the website of the company [www.grltires.com](http://www.grltires.com) for your ready reference.

Further please note that as a member of the company, you are always entitled to request and receive free of cost a copy of the Annual Report of the company and other documents in accordance with the provisions of the Companies Act, 1956.

We are sure that you will whole-heartedly support this initiative of Greener Environment and co-operate with the company to make it success.

*Please address all correspondance relating to this matter to:*

M/s. Sharepro Services (India) Pvt. Ltd.  
Unit:- Govind Rubber Limited  
13 A-B Samhita Warehousing Complex,  
2nd Floor, Sakinaka Telephone Exchange Lane,  
Off Andheri-Kurla Road, Sakinaka,  
Andheri (E), Mumbai - 400 072.  
Tel: 022-6772 0300/400  
Fax: 022-2859 1568  
Email: [grubber@shareproservices.com](mailto:grubber@shareproservices.com)

# Directors' Report



## DIRECTORS' REPORT, MANAGEMENT DISCUSSION & ANALYSIS

Dear Shareholders,

Your Directors are pleased to present the 26<sup>th</sup> Annual Report and Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2011.

### FINANCIAL RESULTS :

₹ In Lacs

	2010-2011	2009-2010
Sales and Operational Income (Gross)	34927	30139
Other Income	114	16
<b>TOTAL INCOME</b>	<b>35041</b>	<b>30155</b>
Gross Profit	1376	602
Depreciation	278	277
Operating Profit	1098	325
Profit before Tax	1098	325
Deferred Tax of earlier years	587	—
Income tax related to earlier years	4	(2)
Profit after Tax	507	327
Balance brought forward	(4777)	(5104)
Balance carried forward to Balance Sheet	(4270)	(4777)

In view of inadequacy of profit, no dividend has been recommended by the Board of Directors for the year 2010-2011.

### OPERATIONS:

Your Company has achieved a Gross Turnover and Operational Income of ₹34927 lacs as compared to ₹30139 lacs in the previous year. The gross profit is ₹1376 lacs as compared to ₹602 lacs in the previous year showing a growth of 129%. The net profit for the year stood at ₹507 lacs as compared to ₹327 lacs in the previous year with a growth of 55% over last year.

### OUTLOOK FOR THE CURRENT YEAR 2011-2012:

As per the Strategic Vision Statement recently adopted by the Company, your Company is taking various initiatives for creating value for customers and in this direction, your company has recently launched its young and vibrant website – [www.grltires.com](http://www.grltires.com) containing various new features and easy navigation and also new interactive application for direct usage by Channel Partners.

Keeping core business of bicycle tyres and tubes at top, your company has already launched two and three wheeler tyres and complete range of auto tubes. This

year will be a humble take off in this vertical and shall be major growth engines in the years to come. Your Company is expanding its operations in European market and taking various technological initiatives to develop high end tyres. Your Company has set up a vision to compete globally with top three organisations in its spheres of the world in terms of creating value for customer's quality and one stop shop for complete customers' solution.

### DIRECTORS :

Shri K.M Garg 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, 2011.

### 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 2011, 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

# Directors' Report



the Company at the end of the financial year and of the profit of the Company for the year under review ;

- iii. The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- iv. the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March 2011, on a "going concern" basis.

## AUDITORS AND AUDITORS REPORT

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. The Company has received a letter from them to the effect that their reappointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and they are not disqualified for reappointment within the meaning of Section 226 of the said Act.

The Notes on Accounts referred to in the Auditors Report are self explanatory and do not call for any further comments.

## HUMAN RESOURCES

The employee relations scenario continued to be harmonious and congenial. Our manufacturing facilities are taking unique HR technologies to upgrade each one associated with GRL, to name a few learning club, common information system, young leader forum suggestion scheme and safety committee etc. A minimum of 16 hours training on behavior skills, sales and marketing excellence skills, quality improvements and customer orientation has been designed for each one of the employees. The Company has created most modern learning centers at plant and corporate office in its fold for continuous development of our employees. The Company has been conferred upon Green Tech HR excellence award for its outstanding performance in the domain. The belief in HR transformation by the Company shall yield better results in terms of all business processes.

## 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.

## FORWARD LOOKING 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: 25<sup>th</sup> May, 2011.

**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	S.No. Name
<b>A Companies</b> 1 S.P.Finance & Trading Ltd. 2 Balgopal Holding & Traders Ltd. 3 Vishal Furnishing 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 Pvt. Ltd. 10 Siyaram Polycote Pvt. Ltd. 11 Oxemberg Fashion Ltd. 12 Beetee Textiles Industries Ltd. 13 Santiago Textiles Mills Pvt. Ltd. 14 Balkrishna Paper Mill 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 Pvt. Ltd. 22 Seeom Fabrics Pvt. Ltd. 23 Paramount Minerals & Chemical 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. 30 DPP Trading Pvt.Ltd. 31 MPP Trading Pvt.Ltd. <b>B Individuals</b> 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 38 Smt Vihari A.Poddar <b>C Partnership Firms</b> 1 Fabwear Garment 2 Tirupati Realty 3 Balaji Realty 4 Shree Siyaram Textiles <b>D HUF</b> 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 <b>E Limited Liability Partnership</b> 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, 2011.

Sr. No.	Name of Employee	Age	Designation	Remuneration ₹ (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 ₹60,00,000/-.**

— NIL —

**B. Employees for part of the year and in receipt of remuneration of not less than ₹5,00,000/- per month.**

— NIL —

For and on behalf of the Board of Director

Mumbai:  
Dated : 25<sup>th</sup> May, 2011

**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:

- The Company is carrying out regular maintenance of steam/ stem traps and user equipment to ensure high efficiency levels throughout the year.
- Rice-husk is being used to reduce consumption of coal for which special purpose boilers have been installed.
- Maximum demand of Electricity is being reduced by evenly distributing the loads throughout the day and increasing efficiency of Plants & Equipments.
- The use of rise husk / coal boilers has resulted in an Annual Savings of about 6800 MT of Coal.

#### 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 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

2010-11    2009-2010

#### (A) Power & Fuel Consumption :

##### 1) Electricity:

##### a) Purchased:

Units	1,67,08,241	1,49,60,600
Total Amount (₹)	9,05,98,431	8,50,97,669
Rate/Unit (₹)	5.42	5.69

##### b) Own Generation

i) Through Diesel Generator:		
Units	6,52,518	21,01,647
Units per liter of diesel	3.00	3.00
Cost/Unit (₹)	11.80	9.75
ii) Through Steam Turbine/Generator	Nil	Nil

##### 2) (a) Coal

Quantity (Kgs.)	10,989	25,775
Amount (₹)	1,20,581	2,44,334
₹/Kg.	10.97	9.48

##### (b) Rice-Husk

Quantity (Kgs.)	1,65,56,554	1,99,91,202
Amount (₹)	6,22,08,005	6,36,84,009
₹/Kg.	3.76	3.19

# Annexure to Directors' Report



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

Sr. Product No.	2010-2011			2009-2010		
	Electricity Units	Coal Kgs.	Rice-Husk Firewood Kgs.	Electricity Units	Coal Kgs.	Rice-Husk Kgs.
1 Cycle Tyre	0.64	0.000	0.610	0.66	0.001	0.770
2 Cycle Tube	0.22	0.000	0.207	0.22	0.000	0.261
3 Auto Tyres	2.62	0.002	2.498	-----	-----	-----
4 Auto Tubes	0.35	0.000	0.330	0.38	0.001	0.444

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 thereby achieving complete customers' solution.

## B) Technology absorption, adaptation and innovation:

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

- 1) The Company has been making 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 many countries.

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

I) USED (₹ in Lacs)	2010-2011	2009-2010
i) Import of Raw Materials /Capital goods	7261.83	4727.71
ii) Commission on Exports	12.84	55.28
iii) Freight on Exports	88.57	46.57
iv) Others	62.28	105.05
<b>Total</b>	<b>7425.52</b>	<b>4934.61</b>
II. EARNED (₹ in lacs)		
i) Exports at F.O.B. Value	3040.01	3677.12
ii) Reimbursement of Freight and insurance	88.57	46.57
iii) Indirect Exports	1027.76	530.64
<b>Total</b>	<b>4156.34</b>	<b>4254.33</b>

For and on Behalf of the Board of Directors

Place : Mumbai:  
Dated : 25<sup>th</sup> May, 2011

**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

In GRL Corporate Governance Philosophy stems from our belief that Corporate Governance is a key element in improving efficiency and growth as well as enhancing investor confidence. The Corporate Governance Philosophy is scripted as:

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 the way for its long term success.

We believe that our Company shall go beyond adherence to regulatory frame work, our corporate structure, business and disclosure practices have been aligned to our corporate governance philosophy. Transparency, accountability, fairness and intensive communication with stakeholders are integral to our functioning. We believe in system driven performance and performance oriented system. We accord highest priority to these systems and protect the interests of all our stakeholders.

We have tried to blend growth and efficiency with governance and ethics. Our Board of Directors guided by the mission statement, formulate strategies and policies having focus on optimizing value for various stakeholders like consumers, shareholders and the society at large. The Company has a sound Corporate Governance Mechanism in place.

#### 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 seven Board Meetings held during the year as follows-

29<sup>th</sup> April' 2010, 31<sup>st</sup> May' 2010, 16<sup>th</sup> July' 2010, 14<sup>th</sup> August' 2010, 30<sup>th</sup> October' 2010, 07<sup>th</sup> February' 2011 & 31<sup>st</sup> March' 2011.

##### 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, as 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 Meeting	Last AGM		Member	Chairman
1	Vinod Poddar	Managing Director	7	Yes	—	—	—
2	K.M.Garg	Non-Executive Independent Director	7	Yes	—	—	—
3	Umesh Lathi	Whole time Director	7	Yes	—	—	—
4	Sandeep Jhunjunwala	Non-Executive Independent Director	7	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.



# Annexure to Directors' Report



## III. Audit Committee

- a) 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;

- i) 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.
- ii) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- 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 judgment 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 consisted 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 six times in the year i.e. on 29<sup>th</sup> April' 2010, 31<sup>st</sup> May' 2010, 14<sup>th</sup> August' 2010, 30<sup>th</sup> October' 2010, 07<sup>th</sup> February' 2011 & 31<sup>st</sup> March' 2011. 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	6
2.	Umesh Lathi	Whole-time Director	6
3.	Sandeep Jhunjunwala	Non Executive Independent Director	6

## 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 2010-2011

The Company does not have any stock option scheme.

Name of Director	Sitting Fees (₹)	Salary & Perquisites(₹)	Total (₹)
Vinod Poddar	–	45,31,089	45,31,089
Umesh Lathi	–	22,57,199	22,57,199
K. M. Garg	3,250	–	3,250
Sandeep Jhunjunwala	3,250	–	3,250