



**8<sup>th</sup>**  
**Annual Report**  
**2007-08**

Report  junction.com



**Gulshan Polyols Limited**  
(An ISO 9001:2000 Company)

# Gulshan Polyols Limited



## BOARD OF DIRECTORS

Mr. I.C. Agarwal	:	Chairman (Independent Director)
Dr. Chandra Kumar Jain	:	Managing Director
Mrs. Mridula Jain	:	Director
Mr. Shiv Kumar Uppal	:	Executive Director
Mr. Ajay Jain	:	Non - Executive Independent Director
Mr. A. K. Maheshwari	:	Whole Time Director

## COMPANY SECRETARY

Mr. Saurabh Mittal

## AUDITORS

M/s Shahid & Associates  
Chartered Accountants  
Muzaffarnagar (UP).

## BANKERS

Bank of Baroda

## REGISTERED OFFICE

Plot no. 9th K.M., Jansath Road,  
Muzaffarnagar, Uttar Pradesh - 251001

## CORPORATE OFFICE & INVESTOR CELL

G-81, Preet Vihar,  
Delhi - 110 092

## REGISTRAR & TRANSFER AGENT

M/s. Alankit Assignments Ltd.  
2E/21, Alankit House  
Jhandewalan Extension  
New Delhi - 110055

## PLANT LOCATION

Plot No. 762, Jhagadia Industrial Estate,  
Bharuch - 393110 (Gujarat)

## VISIT US AT

www.gulshanindia.com

CONTENTS	PAGE NO.
NOTICE	2-4
DIRECTORS' REPORT	5-8
REPORT ON CORPORATE GOVERNANCE	9-14
MANAGEMENT DISCUSSION & ANALYSIS	15-18
AUDITORS' REPORT	19-21
BALANCE SHEET	22
PROFIT & LOSS A/C	23
SCHEDULES	24-33
CASH FLOW STATEMENT	34-35
BALANCE SHEET ABSTRACT	36



# Gulshan Polyols Limited

## NOTICE

Notice is hereby given that the 8th Annual General Meeting of GULSHAN POLYOLS LTD. will be held on Wednesday, 24th September, 2008 at 12:00 Noon at its Registered Office at Plot no. 9th K.M., Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001 to transact the following business:

### ORDINARY BUSINESS

- 1) To consider and adopt the Audited Balance Sheet as at 31st March 2008 and the Profit & Loss Account of the company for the year ended on that date together with the Reports of Board of Directors and the Auditors thereon.
- 2) To declare a dividend on Equity Shares.
- 3) To appoint a director in place of Mrs. Mridula Jain who retires by rotation and being eligible offers herself for reappointment.
- 4) To appoint Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS

- 5) To consider, and if thought fit, pass, with or without modification, the following resolution, as Ordinary Resolution :

**"RESOLVED** that pursuant to sections 198, 269, 309 and 310 read with schedule XIII and other applicable provisions of the Companies Act, 1956 approval of the shareholders be and is hereby accorded to the appointment of Mr. A.K. Maheshwari as Whole Time Director of the Company for a period of 3 years w.e.f. 1st December, 2007 on the Remuneration, Perquisites and other benefits and amenities as set out below with a liberty to the Board of Directors to make and /or accept any variation in the terms & conditions and also to consider annual increment in remuneration within the limits specified in above sections and Schedule XIII of the Companies Act, 1956 or any other applicable provisions of the Act and guidelines issued by the Central Government from time to time."

Salary : Rs. 55,000/- (Rupees Fifty Five thousand) per month with effect from 1st December, 2007 (subject to deduction of tax at source).

- Perquisites:
- (i) An amount equal to Rs. 25,000/- per month being House Rent Allowance.
  - (ii) Company's contribution towards Provident Fund, Gratuity as per prevailing laws and Encashment of accumulated Leaves as per rules of the company. The Gratuity shall not exceed an amount equal to half month's salary for each completed year of service. However, all these shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
  - (iii) Company's Car for use on Company's business and telephone at residence and Mobile phone will be provided but shall not be considered as perquisites. Personal long distance calls and use of car (if any) for private purpose shall be billed by the company.

For and on behalf of the Board  
For Gulshan Polyols Limited

Delhi  
May 17, 2008

sd/-  
Saurabh Mittal  
Company Secretary

### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies and such proxy need not be a member of the company. The instrument appointing proxy should be deposited at the Registered office of the company, not less than 48 hours before the commencement of the meeting.

# Gulshan Polyols Limited



2. The information as required to be provided under the Listing Agreement entered into with Stock Exchange regarding the directors who are proposed to be appointed/reappointed and the related explanatory statement pursuant to section 173(2) in respect of the business under item no 3 & 5 set out above are annexed hereto.
3. The register of Members and the Share Transfer Books of the Company shall remain closed from Tuesday, August 5, 2008 to Saturday, August 9, 2008 (both days inclusive).
4. In terms of provisions of section 205 A & 205 C of Companies (Amendment) Act, 1999, no amount of dividend which has remained unpaid or unclaimed for a period of seven years is due for transfer to the Investor Education and Protection Fund set up by the Government of India.
5. Dividend on the Shares, if approved by the shareholders at the Meeting, will be paid to those Members/Beneficial owners whose names appear on the Company's Register of Members/Register of Beneficiaries as on Saturday, August 9, 2008.
6. In view of prevailing Income Tax Laws, the dividend distributed by the company is tax-free in the hands of the shareholders and no TDS would be deducted from the amount of the dividend.
7. Members are requested to notify promptly any change in their address and to furnish dividend mandates, if any, so as to reach the Registrar of the Company i.e. M/s Alankit Assignments Ltd, 2E/21, Alankit House, Jhandewalan Extension, New Delhi 110 055 (Phone no 011-42541234, 23541234 and Fax No 011-41540064, and email address: rta@alankit.com) or to Share Department & Investor Cell of the Company at G-81, Preet Vihar, Delhi 110 092 (Phone no 011-22514751, 32508619 and Fax no. 011-22157338) and email address saurabh@gulshanindia.com latest by the 9th day of August, 2008.
8. The members can avail of the nomination facility by filling & filing form 2-B with the company. Blank forms will be supplied on request.
9. Members/Proxies are requested to bring copy of the Annual Report with them, as copies of the Report will not be distributed at the Meeting.

## INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT:

As required under the listing agreement, the particulars of Directors who are proposed to be appointed/reappointed are given below:

- |                      |  |
|----------------------|--|
| (1) Name:            | Mrs. Mridula Jain  |
| Age:                 | 55 years   |
| Qualifications:      | Master of Arts   |
| Experience:          | Vast experience in managing business affairs.  |
| Other Directorships: | She holds directorship in the following companies:<br>Gulshan Sugars & Chemicals Ltd., Genus Prime Infra Ltd. (Formerly Gulshan Chemfill Ltd), Gulshan Holdings Pvt. Ltd., Gulshan Capital Ltd., Gulshan Industries Ltd and Gulshan Agro Foods Ltd.<br>She is also a member of Remuneration Committee. She also holds membership of one committee of Board of other company. |
| (2) Name:            | Mr. A.K. Maheshwari  |
| Age:                 | 43 years   |
| Qualifications:      | B.Com, FCA, ACS  |
| Experience:          | Over 21 years experience in Finance, Banking, Project Finance, Funds raising, Accounts, Corporate Matters, Taxation, Company Secretarial matters etc.  |
| Other Directorships: | None   |



# Gulshan Polyols Limited

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

### ITEM NO 5

Mr. Maheshwari was appointed as Additional Director of the company, in the meeting of Board of Directors held on 29th October 2007, under Section 260 of the Companies Act, 1956. Later, he was appointed as Whole Time Director of the company w.e.f 1st December, 07 subject to the approval of the shareholders in the AGM for a period of 3 years on the terms and conditions and remuneration package as set out in the resolution above. In terms of the prevailing laws, the appointment of the Whole Time Director is required to be approved by the shareholders. The terms and conditions including remuneration is as follows :

Salary : Rs. 55,000/- (Rupees Fifty Five thousand) per month with effect from 1st December, 2007 (subject to deduction of tax at source).

- Perquisites: (i) An amount equal to Rs. 25,000/- per month being House Rent Allowance.
- (ii) Company's contribution towards Provident Fund, Gratuity as per prevailing laws and Encashment of accumulated Leaves as per rules of the company. The Gratuity shall not exceed an amount equal to half month's salary for each completed year of service. However, all these shall not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act.
- (iii) Company's Car for use on Company's business and telephone at residence and Mobile phone will be provided but shall not be considered as perquisites. Personal long distance calls and use of car (if any) for private purpose shall be billed by the company.

**Note :** He has resigned as Whole Time Director on April 30, 2008 (w.e.f May 18, 2008). Board has also accepted his resignation in the board meeting held on May 17, 2008. He will continue as Non Executive Independent Director. The Office of the Whole Time director held by Mr. A.K. Maheshwari and payment of remuneration to him as whole time director of the company for the period from December 1, 2007 till his resignation has to be approved by the shareholders.

None of the Directors except Mr. A.K.Maheshwari being himself is interested or concerned in the proposed resolution.

Your directors recommend the resolution for your approval.

# Gulshan Polyols Limited



## DIRECTORS' REPORT

Dear Members,

The Board of Directors feel great pleasure in presenting the 8th Annual Report along with Audited Accounts of your Company for the year ended 31st March 2008.

### FINANCIAL HIGHLIGHTS

	<b>CURRENT YEAR 31-03-2008</b>	<b>(Rs. in lacs) PREVIOUS YEAR 31-03-2007</b>
- Turnover & Other Income	11146.78	9445.88
- Expenditure	9352.22	8030.68
- Gross Profit before Depreciation	2023.00	1415.20
Finance Charges & Tax		
- Depreciation	344.60	557.37
- Finance Charges	516.95	205.19
- Profit Before Tax	1161.44	652.64
- Provision for Taxation		
- Current Tax	129.17	73.22
- Deferred Tax Liability	63.73	46.68
- Fringe Benefit Tax	3.50	3.19
- Net Profit after Tax	965.03	529.55
- Dividend & Dividend Tax	54.51	54.51
- Gross Cash Accruals	1255.12	1033.80
- Equity Share Capital	310.62	310.62
- Par Value of Equity Share (Rs.)	5.00	5.00
- Earning per Share		
- Basic & diluted (Rs.)	15.53	8.52

### DIVIDEND

The Board of Directors is pleased to recommend a Tax-free dividend of 15% (Rs. 0.75 per share on a Equity Share of Rs. 5/- each) on the Equity Share Capital of the company for the year ended 31st March 2008. The Dividend, if approved by the members at the ensuing Annual General Meeting, will be paid within stipulated period prescribed under the Companies Act, 1956.

### 2007-08 IN RETROSPECT

The Sales and Other Income for the financial year under review were Rs. 11146.78 lacs (Previous year Rs. 9445.88 lacs) showing a substantial growth of over 18%. The Net Profits after tax rose to Rs. 965.03 lacs (Previous year Rs. 529.55 lacs) registered a whopping increase of over 82%. The Depreciation for the year was Rs. 344.60 lacs (Previous year Rs. 557.37 lacs). The Cash accruals were Rs. 1255.12 lacs (Previous year Rs. 1033.80 lacs). The capacity utilization during the year was over 115%, 30% and 75% of the installed capacities of sorbital, Liquid Glucose and Calcium

Carbonate plant respectively. The company has already taken the necessary steps for expansion of capacity of Sorbital to meet the increased demand. The project is slated to be completed in the next financial year. The expansion project is partly financed by IDBI Bank Limited.

During the year, the company commenced the commercial production of Calcium carbonate at its Bharuch facilities to meet the growing demand from Western region. The cost of production and logistic costs are expected to be economically in view of availability of natural gas as fuel and near to its customers in the region.

An amount of Rs. 50 lacs has been transferred to General Reserve Account. There have been no material changes and commitments affecting the financial position of the company occurred between the end of the financial year and the date of this report. The information about conservation of energy, technology absorption, foreign exchange earnings and outgo etc has been incorporated in Annexure 1 forming part of this report.

The company has no subsidiary or holding company. During the year the business and affairs of the company have been carried out in its normal course and no significant events have taken place, which are harmful to the business of the company.

The overall integration of operations coupled with captive generation of power savings, starch manufacturing and additional contribution from by-products etc have improved the profitability margins of the company. There was no buy-back scheme of shares taken up by the company during the year.

### ISSUE OF CONVERTIBLE WARRANTS TO PERSON OTHER THAN PROMOTERS ON PREFERENTIAL BASIS

During October 2007, the company has issued 21,00,000 convertible warrants at a price of Rs. 58 per warrant including premium of Rs. 53 per warrant. The allottees of the warrant have option to convert, within 18 months from the allotment, the warrant into equal no. of shares having the face value of Rs. 5 per share.

Management's Discussion & Analysis about the company forms part of this report.

### CHANGE IN THE LOCATION OF REGISTERED OFFICE

The Registered Office of the company was shifted w.e.f. 31st March, 2008 from 762, GIDC Industrial Estate, District Bharuch, Gujarat to 9th K.M., Jansath Road, Muzaffarnagar, Uttar Pradesh - 251001. The change





# Gulshan Polyols Limited

in registered office was approved vide order of the Company Law Board, Western Region Bench at Mumbai dated 17th March, 2008 from the state of Gujarat to the State of Uttar Pradesh. The company thereafter complied other statutory provisions and guidelines for effecting the above change.

## INCREASE IN AUTHORISED CAPITAL

The authorised share capital of the company was increased during the year from Rs. 14 Crore to Rs. 17.50 Crore consisting of 1,40,00,000 equity shares of Rs. 5/- each aggregating to Rs. 7 crore (Previous Year Rs. 3.5 Crore) and 10,50,000 Zero percent Redeemable Preference Shares of Rs. 100/- each aggregating to Rs. 10.50 Crore (Previous Year Rs. 10.50 Crore). The shareholders had approved the same at their meeting held on 8th October, 2007.

## ALTERATION IN OBJECT CLAUSE :

During the year, shareholders had also approved and inserted some new objects in the main objects of the company to enable the company to enter into Power Sector, Infrastructure, IT, Telecomm, Electronics, Real Estate etc. However, your company would take necessary steps at appropriate time for these ventures.

## MERGER OF GULSHAN SUGARS & CHEMICALS LTD WITH THE COMPANY

Your company is engaged in the manufacture of chemicals viz Sorbitol, Starch, Liquid Glucose and Calcium Carbonate at its manufacturing facilities at Bharuch, Gujarat. Another group company namely M/s Gulshan Sugars & Chemicals Limited (GSCL) is also engaged in manufacture of Calcium Carbonate at its manufacturing facility in Northern India at Muzaffaranagar, in the state of Uttar Pradesh.

In view of Gulshan Polyols Ltd being also engaged in Calcium Carbonate, both companies were in avoidable competition catering to common customers. Based on the broad considerations and in overall interests of the company, investors and customers, it was appropriate to consolidate the operations of both the company. The Board of Directors of both the companies in their meeting held on 14th February, 2008 decided and recommended to consolidate the Group Activities by merging Gulshan Sugars & Chemicals Ltd with Gulshan Polyols Ltd based on the recommended swap ratio of shares subject to the statutory approvals and compliance of applicable laws and procedures including approval of Honble High Court. The Board of Directors appointed reputed firm of consultants M/s Price WaterHouse Coppers, (PWC) to carry out

valuation and swap exercise of both the companies. The recommendations of M/s PWC to issue of equity shares of Gulshan Polyols Ltd. to the shareholders of Gulshan Sugars & Chemicals Ltd. in the exchange ratio of 6:1 i.e. One (Rupees 5/- fully paid up) equity share of Gulshan Polyols Ltd. for every Six (Rupees 8/- fully paid up) equity shares of Gulshan Sugars & Chemicals Ltd was approved by Board of Directors. Both the companies also obtained the approval of Mumbai Stock Exchange for the proposed merger. The merger petition is currently under approval process at Hon'ble High Court, Allahabad and would be implemented upon its approval.

## DIRECTORS

During the year, Mr. A.K. Maheshwari was appointed as additional director of the company in the Board Meeting held on 29th October, 2007. He was later on appointed as Whole time Director of the Company w.e.f. 1st December, 2007. The Board of Directors place on record its appreciation to the contribution made by Mr. Maheshwari during his tenure as Whole Time Director.

*(However, he has resigned as Whole Time Director and the Board approved the resignation w.e.f May 18, 2008. He will continue as Non Executive Independent Director)*

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the company, Mrs Mridula Jain, Non Executive Director of the Board who held the office of director till the date of the forthcoming Annual General Meeting is liable to retire by rotation, being eligible have offered herself for reappointment.

## PUBLIC DEPOSITS

The company invited Fixed Deposits from the shareholders & Public during the year. The Fixed Deposits mobilized and outstanding aggregated to Rs. 21.13 lacs as on 31st March 2008 (Previous year Rs. 22.04 Lacs). There was no Fixed Deposit remained unclaimed as on 31st March, 2008. There were no delay/defaults in the payment of any of the Deposit.

The company has complied with the provisions of section 58-A of the Companies Act, 1956 and rules made hereunder.

## CONTRIBUTION TO EXCHEQUER

Your company has paid substantial amounts in excess of Rs. 1583 lacs to the Exchequer during the year in the form of Excise Duty, Custom Duty, Direct & Indirect taxes, levies, cess etc.

# Gulshan Polyols Limited



## INSURANCE

The Assets of the company including Buildings, Plant & Machinery and Stocks & Stores etc. have been adequately insured.

## DEMAT OF SHARES

Necessary arrangements are made for Dematerialization of Shares with NSDL and CDSL. Out of the total, 92.33% of the equity shares of the company are already in Demat form. Since the shares of the company are traded on stock exchange in compulsory Demat form, the shareholders holding shares in physical form may avail this facility in their own interest.

## AUDITORS REPORT

The Auditors report to the shareholders does not contain any audit qualification. The accounts of the branches of the company are also audited by the Statutory Auditors.

## DISCLOSURE OF PARTICULARS

The 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 and as amended and to the extent applicable to the company are given as per prescribed Forms in Annexure-1 forming part of this report. The company has not given any shares to any of the employees under Employees Stock Option Scheme.

Pursuant to the clause 49 of the Listing Agreement, a report on Corporate Governance is given in **Annexure-2**.

## PERSONNEL

None of the employees during the year received the remuneration in excess of the limits set out under the Provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975 as amended up to date. Dr. C.K. Jain, Managing Director of the Company is related to Mrs. Mridula Jain as her husband.

## DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure,
- ii) That the selected accounting policies were applied consistently and the directors made judgment and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of

the company as at March 31, 2008 and of the profit of the company for the year ended on that date,

- 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 have been prepared on a going concern basis,

## SAFETY AND ENVIRONMENT

The company continued to maintain a good safety record. The manufacturing unit of the company is environment friendly and maintains all safety standards and measures.

## INDUSTRIAL RELATIONS

The Company continued to maintain good industrial relations with the work force in its unit and offices.

## AUDITORS

M/s. Shahid & Associates, Chartered Accountants, Auditors of the company retire at the forthcoming Annual General Meeting and being eligible offer themselves for reappointment. They have confirmed that their appointment, if made, would be within the prescribed limits under section 224(1-B) of the Companies Act, 1956. Accordingly, the said Auditors may be reappointed as Auditors of the company at the forthcoming Annual General Meeting.

## ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation to the contribution made by all the employees in ensuring high levels of performance and growth that your company has achieved during the year and the valued customers for extending their faith & confidence in the product quality and service. The Board of Directors also wish to place on record to the valuable co-operation and assistance extended by the Financial Institutions, Banks and Government Authorities for their continued support for the growth of the company.

The future prospects of the company are quite exciting in view of the product demand and capacity expansion and it would be the Company's endeavor to merit the confidence of the esteemed Shareholders on every account.

For and on behalf of the Board of Directors

May 17, 2008  
Delhi

sd/-  
**I.C. Agarwal**  
Chairman





# Gulshan Polyols Limited

## ANNEXURE TO DIRECTORS' REPORT

### FORM-A (See Rule-2)

### ANNEXURE-1

#### Disclosure of particulars with respect to conservation of energy and Consumption per Unit of Production:

##### Conservation of energy

- (i) **Energy Conservation measures taken:** The Company has realigned the existing power consuming sections to remove bottleneck and to ensure the uninterrupted and quality power supply at the minimum cost.
- (ii) **Additional investment and proposal, if any, being implemented for reduction of energy consumption:** None.
- (iii) **Impact of measures (i) & (ii) above for reduction of energy consumption and consequent impact on cost of production of goods:** This would result in higher yield and reduction in power cost and self reliant on power production.
- (iv) **Total energy consumption and energy consumption per unit of production as per Form 'A':** The details are as under:

##### Disclosure of Particulars with respect to conservation of energy:

	Current Year March 31, 2008	Previous Year March 31, 2007
<b>A. Power &amp; Fuel Consumption :</b>		
<b>1. Electricity :</b>		
a) Purchased:		
Units	1,72,980	24,93,540
Total Amount (Rs)	18,59,281	1,28,03,775
Average Rate(Rs)/Unit	10.75	5.13
b) Own Generation:		
(i) Through Diesel Generator:		
Units	54,000	5,81,400
Units per Ltr. of Diesel/Oil	3.66	3.67
Cost(Rs) /unit	9.73	9.76
(ii) Through Steam turbine/Generator:		
Units	81,27,365	38,72,380
Cost (Rs.)/Unit		
Cost per Ltr. Of Fuel, Oil/Gas		
	Turbine is operated by steam generated by boiler. All expenses of fuel used for boiler are booked under the head 'Fuels' and not under Electricity as it cannot be accurately bifurcated/ ascertained	
<b>2. Lignite/Coal (Used in Boiler)</b>		
Qty. (Tones)	30,374	16,515
Total Cost (Rs)	7,31,19,309	3,80,64,642
Average Rate (Rs)	2,407	2,305
<b>B. Consumption per Unit (MT) of production</b>		
Production (MT)	38,781	33,149
Electricity (Units/Per Ton)	210	210
Coal (Kg/Ton)	783	498

### FORM-B (See Rule-2)

**Disclosure of particulars with respect to Technology Absorption and Research & Development (R&D):** The Company has not imported any technology for the process of operations. The company has made own efforts over the years for development, refinement and improvement in the technology.

### FORM-C

**Foreign Exchange Earnings & Outgo:** Earnings by way of Export of Goods calculated on FOB basis Rs. 6,16,84,303/- (Previous Year - Rs. 23,87,262/-). The foreign currency utilized during the year on repayment of foreign currency loan installments and interest etc on loan taken was Rs. 6,88,50,062/- (Previous year Rs. 2,91,019.37/-). Expenditure on foreign Traveling is Rs.17,08,617/- (Previous Year Rs. 4,47,620/-).

# Gulshan Polyols Limited



## ANNEXURE-2

### REPORT ON CORPORATE GOVERNANCE

The Company has adopted the best practices of corporate governance for ensuring protection of the rights and interests of its stakeholders. The Company's broad policies of Corporate Governance viz. Transparency, Integrity, Equity, Openness, Fairness and Accountability are the guiding principles of the management of the company along with focus on investor protection. The company has taken pro-active measures to periodically review and revise the corporate governance practices incorporating appropriate checks and balances at various levels of management.

#### (A) Company's Philosophy

The company firmly believes in and has consistently practiced good Corporate Governance. The company is committed to ethical values and self discipline through standards of good governance based on transparency, integrity, fairness, purposefulness, trust, responsibility, efficiency, efficacy, full disclosure in its dealings, appropriate checks and balances directed at sustaining shareholder's interests, achieving financial propriety and overall organizational goals. The company will endeavor to improve on these aspects on ongoing basis.

#### (B) Board of Directors

The Board of Directors comprises a total of 6 Directors, which include a Non-executive Independent Chairman, a Managing Director, 2 Whole Time Directors\*, and 2 Non-executive Directors including one independent director. The ratio of Independent directors is 33.33% of the total Board's strength. Mr. I. C. Agarwal is a Non Executive Chairman and there is no other pecuniary relationship except he is director in other group company.

*(\* Note : Mr. A.K. Maheshwari, Whole Time Director resigned from the position of whole time director and the Board approved his resignation w.e.f May 18, 2008. He will continue as Non Executive Independent Director)*

During the year, 10 Board Meetings were held on 30-04-2007, 16-06-2007, 30-07-2007, 10-09-2007, 22-10-2007, 29-10-2007, 29.01.2008, 14-02-2008, 23-02-2008 & 20-03-2008.

The composition of directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorship/membership of committees are as follows:

Name of Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at last AGM	No. of other directorships	Committee/ Membership	
					Member	Chairman/ Chair-person
Mr. I. C. Agarwal	Chairman	10	YES	8	1	5
Dr. C. K. Jain	Managing Director	10	YES	8	3	—
Mrs Mridula Jain	Director	10	YES	6	1	—
Mr. S. K. Uppal	Whole Time Director	10	YES	—	—	—
Mr. Ajay Jain	Director-Independent	10	YES	1	2	1
Mr. A.K. Maheshwari*	Whole Time Director	4	N.A.*	—	—	—

**Note -** \* Mr. Maheshwari was appointed as Additional Director of the company, in the meeting of Board of Directors held on 29th October 2007.

- Directorship Includes Private Limited companies also.