



## A collage of five images showing textile manufacturing processes. The top left image shows a worker in a white cap and mask handling spools of thread on a rack. The top right image shows a worker operating a loom. The middle left image shows a worker in a white cap and mask inspecting fabric. The middle right image shows a worker operating a sewing machine. The bottom image is a close-up of a sewing machine needle stitching fabric.

# 31<sup>st</sup> Annual Report 2012-2013





# KSL AND INDUSTRIES LIMITED

## ANNUAL REPORT 2012-2013

### BOARD OF DIRECTORS

Shri Navin Kumar Tayal - Chairman  
Shri Manoj Kumar Sharma- Managing Director  
Shri Kailash Nath Bhandari  
Shri Rajshekhar S. Ganiger  
Shri Farindra Bihari Rai

### COMPANY SECRETARY

Shri Ketan Trivedi

### BANKERS

Various Banks with Lead Bank Allahabad Bank

### AUDITORS

A. F. Khasgiwala & Co.  
Chartered Accountants

### REGISTERED OFFICE

Plot No.69A, Dhanu Udyog Industrial Area,  
Piperia, Silvassa (Union Territory)-396 230

### CORPORATE OFFICE

Raghuvanshi Mills Compound,  
11/12, Senapati Bapat Marg,  
Lower Parel (West),  
Mumbai - 400 013

### REGISTRAR & TRANSFER AGENT

Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate,  
Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai - 400 072.

### PLANTS

Kalameshvar, Nagpur (Maharashtra)  
Dombivali, Dist. Thane (Maharashtra)  
Wada, Dist. Thane (Maharashtra)  
Piperia, Silvassa (U.T.)

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**ANNUAL GENERAL MEETING** on Saturday 10th August, 2013, at  
12:30 p.m., at 65, Krishna Nagar, Samarvani, Silvassa, (Union Territory).



# KSL AND INDUSTRIES LIMITED

## NOTICE

**NOTICE** is hereby given that the 31<sup>st</sup> Annual General Meeting of the Members of **KSL AND INDUSTRIES LIMITED** will be held on Saturday, 10<sup>th</sup> August, 2013 at 65, Krishna Nagar, Samarvani, Sivassa, (Union Territory) at 12.30 p.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Company's Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and Profit and Loss Account for the year ended on that date and Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Shri Farindra Bihari Rai, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri Rajshekhar S Ganiger, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To reappoint Auditor and to fix remuneration and in this regard to consider and if thought fit to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:-  
“**RESOLVED THAT** M/s A. F. Khasgiwala & Co., Chartered Accountant be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors.”

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:  
“**RESOLVED** that in accordance with the provisions of Section 257 and all other applicable provisions, if any, of the Companies Act, 1956, Shri Navin Kumar Tayal, who was appointed by the Board as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 on 25<sup>th</sup> March, 2013 and whose tenure of office comes to an end at this Annual General Meeting, be and is hereby appointed as Director of the Company who shall be liable to retire by rotation.”

### NOTES:

1. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto under item No. 5 and forms an integral part of this Notice.
2. **A SHAREHOLDER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ANOTHER PERSON (WHETHER A SHAREHOLDER OR NOT) AS HIS/HER PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER. A PROXY SO APPOINTED SHALL NOT HAVE ANY RIGHT TO SPEAK AT THE MEETING AND SHALL BE ENTITLED TO VOTE ONLY UPON A POLL.**
3. Members are requested to note that the Company's equity shares are under compulsory demat trading for all investors, subject to the provisions of SEBI Circular no. 21/99 dated July 8, 1999. Members are, therefore, requested to dematerialize their shareholding to avoid inconvenience.
4. The instrument(s) appointing the Proxy, if any, shall be delivered at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting and the instrument of proxy shall be treated as invalid in case of default.
5. The Register of Members and Share Transfer Register of the Company will remain closed from 8<sup>th</sup> August, 2013 to 10<sup>th</sup> August, 2013 (both days inclusive) to comply with Annual Book Closure requirements.
6. Members desiring any information on the Annual Accounts of the Company for the year ended 31<sup>st</sup> March, 2013 are requested to write to the Company at its Administrative Office Address at least 7 days in advance of the Annual General Meeting, so as to enable the Management to keep the information ready at the meeting.
7. Members holding shares under multiple folios in the identical order of names are requested to consolidate their holdings into one folio. Members are requested to immediately notify any change in their registered address specifying full address with Pin Code Number and quoting their Registered Folio Number to the Company.
8. All documents and agreements referred to in the Notice and Explanatory Statement are open for inspection at the Registered Office of the Company on all working days, except holidays, between 10.00 A.M and 1.00 P.M. up to the date of Annual General Meeting.
9. **Green Initiatives in the Corporates Governance** : The Government of India-Ministry of Corporate Affairs has, vide the Circular No. 17/2011 dated 21<sup>st</sup> April, 2011, allowed services of documents to the shareholders in the electronic mode. Thus, having regard to the said Circular read with the Information Technology Act, 2000 and Section 53 of the Companies Act, 1956, the Company hereby requests the members to register their E-mail Address and any change therein from time to time) with Bigshare Services Private Limited the Registrar and Share Transfer Agents of the Company. The Company proposes to send the future correspondences in electronic form to the Members whose E-mail Address is registered with the Registrar and Share Transfer Agents of the Company. Any Member desiring to receive the said correspondences in the physical form should inform the Company.

**For and Behalf of the Board of Directors**

**Sd/-**

**Navin Kumar Tayal**  
**Chairman**

**Place : Mumbai**  
**Date : 29/05/2013**

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

### ITEM NO. 5:

Shri Navin Kumar Tayal was appointed as an Additional Director by the Board on 25<sup>th</sup> March, 2013 pursuant to Section 260 of the Companies Act, 1956. He holds office up to this Annual General Meeting. The Company has received a Notice along with the deposit of ₹ 500/- from a member, under Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Shri Navin Kumar Tayal for the office of the Director of the Company.

Shri Navin Kumar Tayal is Graduate in Bachelor of Commerce and having 25 yrs. vast experience in execution of various projects in textiles.

Shri Navin Kumar Tayal is on the Board of several well known Companies such as Krishna Knitwear Technology Limited, K-Lifestyle & Industries Limited and Eskay K'n'it (India) Limited.

The Board recommends the passing of this Resolution. None of the Directors is interested in the Resolution.

**For and Behalf of the Board of Directors**

**Sd/-**

**Navin Kumar Tayal**  
**Chairman**

**Place : Mumbai**  
**Date : 29/05/2013**

# ANNUAL REPORT 2012-2013

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 31<sup>st</sup> Annual Report and the Audited Statements of Accounts of your Company for the financial year ended 31<sup>st</sup> March, 2013.

### FINANCIAL RESULTS:

|   | 2012-2013  | 2011-2012 |
|---|------------|-----------|
| Revenue from operations                                   | 110697.57  | 141979.83 |
| Cost of Sales   | 98365.28   | 125081.80 |
| Finance Cost  | 26230.56   | 11190.37  |
| Depreciation and Amortization Expense                     | 10239.75   | 10197.18  |
| Other Administration Expense                              | 7965.42    | 5235.17   |
| Profit before Exceptional and Extraordinary Items and Tax | (32103.45) | (9724.71) |
| Exceptional Items & Extraordinary Items                   | —          | —         |
| Profit/Loss before Tax                                    | (32103.45) | (9724.71) |
| Provision for Tax   | —          | —         |
| Deferred Tax Assets/ (Liabilities)                        | (276.83)   | (466.36)  |
| Profit/Loss after Tax                                     | (31826.61) | (9258.35) |

**Note:** Previous year figures have been regrouped / rearranged wherever necessary

### DIVIDEND:

In view of inadequacy of profits, your Directors are unable to recommend any dividend on the equity shares for the year under review.

### REVIEW OF OPERATIONS:

During the year, the Income from operations of Company has substantially decreased to ₹ 110697.57 Lacs as against ₹ 141979.83 Lacs in respect of the previous Financial Year ended 31<sup>st</sup> March, 2012. The loss before Depreciation, Interest and Tax is ₹ 7656.03 Lacs in the financial year ended 31<sup>st</sup> March, 2013 as against profit ₹ 11268.39 Lacs in the previous financial year ended 31<sup>st</sup> March, 2012. The Company has earned during the year Net Loss of ₹ 31826.61 as against Net Loss of ₹ 9258.35 Lacs in the previous Financial year ended 31<sup>st</sup> March, 2012 due to decrease in sale and heavy burden of Finance Cost.

The company experienced that the efficiency of plant and machineries, especially Spinning Machines have gone down and set up an in house Expert Group to suggest measures for Technology up gradation and Modernization. As per their recommendations, old machines including Ring Frames, requiring expenditure towards repairs and maintenance consuming high power with low output have been identified and shifted to workshop/godowns for appropriate action.

The Company had raised unsecured loan in the earlier years. However, due to liquidity crunch, the Company was unable to pay interest and installments on time. These lenders had asked to either liquidate the loan or to provide some additional collateral security. In order to avoid litigation with these unsecured lenders, the promoters of the Company have pledged 1725626 shares held in the Company to these lenders. The promoters have also agreed to pledge balance 6500000 shares held in the Company with the banks as per CDR scheme.

The Company has leased out certain spaces to improve the bottom line of the Company by earning rental income.

### SUBSIDIARY COMPANY:

KSL And Industries Limited ("the Company") having two subsidiaries Companies namely M/s. Actif Corporation Limited and M/s. Kalameshvar Textile Mills Limited.

The Report and Accounts of the Subsidiary Companies are annexed to this Report along with the Statement pursuant to Section 212 of the Companies Act, 1956. However, in the context of the mandatory requirement to present consolidated accounts, which provides Members with a consolidated position of the Company including its Subsidiary, at the first instance, Members are being provided with the Report and Accounts of the Company and the Consolidated Accounts treating these as abridged accounts as contemplated by Section 219 of the Companies Act, 1956. Members who wish to receive the full Report and Accounts including the Report and Accounts of the Subsidiary Companies will be provided with it upon receipt of a written request. This will help save considerable cost in connection with printing and mailing of the Report and Accounts.

### DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of the Company Shri Farindra Bihari Rai and Shri Rajshekhar Ganiger, Directors of the Company are due to retire by rotation at forthcoming Annual General Meeting, and, being eligible, have offered themselves for re-appointment.

Mr. M P Mehrotra has resigned as a Director of the Company w.e.f. 16<sup>th</sup> July 2012. The Board of Directors place on record the valuable services rendered by them during their tenure as Director of the Company.

Mr. Saurabh Kumar Tayal was appointed as an additional Director w.e.f. from 1<sup>st</sup> September, 2012 and resigned from Directorship w.e.f. from 5<sup>th</sup> September, 2012. The Board of Directors place on record the valuable services rendered by them during their tenure as Director of the Company.

# KSL AND INDUSTRIES LIMITED

Mr. Ajay Ramesh Gupta has resigned as a Director of the Company w.e.f. 14<sup>th</sup> December, 2012. The Board of Directors place on record the valuable services rendered by them during their tenure as Director of the Company.

Mr. Navin Kumar Tayal has been appointed as an Additional Director of the Company on 25<sup>th</sup> March, 2013.

## AUDIT COMMITTEE:

The composition of Audit Committee is as given in the Report on Corporate Governance.

## SHAREHOLDERS' / INVESTOR GRIEVANCE COMMITTEE:

The composition of Shareholders'/Investor Grievance Committee is as given in the Report on Corporate Governance.

## REPORT ON CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report and a Corporate Governance Report are made as a part of this Annual Report.

A Certificate from the M/s. A. F. Khasgiwala & Co., Practicing Chartered Accountants and Shri Manoj Kumar Sharma, Managing Director regarding Compliance of the conditions of Corporate Governance as stipulated by Clause 49 of the Listing Agreement is attached to this report.

## DIRECTORS' RESPONSIBILITY STATEMENT:

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

- (i) that in the preparation of the annual accounts for the financial year ended 31<sup>st</sup> March 2013, the applicable Accounting Standards had been followed along with proper explanation relating to material departures except revised AS-15 applicable to accounting treatment for gratuity and leave encashment which are accounted for on cash basis;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and the Statement of Profit & Loss of the Company for the year under review;
- (iii) that 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 frauds and other irregularities;
- (iv) that the Directors had prepared the accounts for the financial year ended 31<sup>st</sup> March, 2013 on a going concern basis.
- (v) that the accounts have been prepared on the basis of Revised Schedule VI of the Companies Act, 1956. Accordingly the previous year figure have adjusted/ regroup/ rearrange to the confirm with the current year figures.

## FIXED DEPOSITS:

The Company has not invited/received any fixed deposits from the public during the year under Report.

## INSURANCE:

The properties, stock, assets of your Company are adequately insured.

## ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars required under 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, regarding conservation of energy, technology absorption and foreign exchange earnings and outgo are given in the Annexure forming part of this Report.

## LISTING AGREEMENT

Your Company is committed to the adoption of good Corporate Governance practices in letter and spirit. Under the revised Clause 49 of the Listing Agreement, your Directors are pleased to inform that Company has implemented all the mandatory stipulations prescribed under Clause 49. A Certificate from a Practicing Company Secretary in line with Clause 49 is annexed to and forms part of the Director's Report.

## AUDITORS

M/s. A. F. Khasgiwala & Co., the Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s. A. F. Khasgiwala & Co., Chartered Accountants, expressing their willingness to continue as Statutory Auditor of the Company. Necessary resolution for appointment of M/s A. F. Khasgiwala & Co., Chartered Accountant as Statutory Auditors, from whom Company has received letter confirmation that their appointment if approved by Shareholder will be within limit prescribed u/s 224(i) of the Companies Act 1956, is placed for consideration and approval of the members of the Company.

As per the requirements of Central Government and pursuant to the provisions of Section 233B of the Companies Act, 1956, your Company carries out an audit of cost records every year. The Company has obtained the written confirmations from Mr. Pradip M Damania, Cost Accountant, to the effect that their appointment, if made, would be within the prescribed limits under section 224 (1-B) read with sub-section (2) of Section 233B of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of section 226 of the Companies Act, 1956 read with provisions of Section 233B & Section 224 of Companies Act 1956. Therefore, subject to the approval of Central Government, the Board has appointed Mr. Pradip M Damania, Cost Accountant, as Cost Auditor of the Company.

## PARTICULARS OF EMPLOYEES

None of the employees drew remuneration of ₹ 60,00,000/- or more per annum/ ₹ 5,00,000/- or more per month during the year. This information is furnished as required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

## ANNUAL REPORT 2012-2013

### **SAFETY, HEALTH AND ENVIRONMENT:**

Sustained and meticulous efforts continue to be exercised by the Company at all plants of the Company, towards greener production and environment conservation. The Company perseveres in its efforts to indoctrinate safe and environmentally accountable behavior in every employee, as well as vendors, by rigid compulsory annual training and refresher courses, as well as frequent awareness programmed. Mock drills of emergency preparedness are regularly conducted at all the plants showing Company's commitment towards safety, not only of its own men and plants, but also of the society at large.

Safety records, at all the plants showed considerable improvement and accident statistics showed downward trend. This was made possible by strict adherence to laid down procedures and following of international guidelines. Involvement of workers in all safety matters has been encouraged by their participation in shop floor safety meetings.

The health of employees and the environment in and around the Plant area have been given due care and attention. The Company continued to comply with the prescribed industrial safety environment protection and pollution control regulation at its production plant, through periodic checks of the system involved and constant monitoring to meet the standards set by the pollution control authorities, etc. All the mills of the Company are eco-friendly and do not generate any harmful effluents. They have facilities for captive power generation as a stand-by arrangement, to meet any contingency. Safety devices have been installed wherever necessary, although both the spinning and knitting activities are known to be quite safe and free from usual hazards of water and air pollution.

### **INDUSTRIAL REALATIONS & HUMAN RESOURCES MANAGEMENT:**

The Company is of firm belief that good Human Resource Management would ensure success though high performance. HR strategy and plans of the Company are deeply embedded with the organizational goals. In order to enhance the manpower productivity the goal is set to increase the production capacity of the various plants and rationalize the manpower through scientific study. All the operational goals of the top management emanate from the business plan. The goals of MD are shared with his subordinates who in turn share their goal with their respective subordinates and so on. Regular visits by HR team are being made to all the plants to meet the employees and also interaction meetings are conducted to get their feedback, based on which HR policies are improved continuously. The process has resulted in better employee relationship.

The Company lays due emphasis on all round development of its human resource. Hence training of the employees is aimed at systemic development of knowledge, skills, aptitude and team work. Training is designed for the development of personal skills necessary for the performance of the present job and to prepare them for future growth. Individual development is given top priority to groom high caliber manpower.

### **ACKNOWLEDGEMENT:**

Your Directors place on record their appreciation of the assistance and support extended by Bankers, Consultants, Solicitors, Shareholders and Employees of the Company.

**For and Behalf of the Board of Directors**

**Sd/-  
Navin Kumar Tayal  
Chairman**

**Place : Mumbai  
Date : 29/05/2013**

# KSL AND INDUSTRIES LIMITED

## ANNEXURE TO THE DIRECTORS' REPORT:

Information as per Section 217(1)(e), of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the year 2012-13.

### I. CONSERVATION OF ENERGY

#### a) Energy conservation measures taken :

The Company has been making concerted efforts for enhancement in capacity utilization, cost competitiveness and quality through systematic process monitoring and adherence to technological norms. Sophisticated instruments are used for regulation and adjustment as per parameters. Efforts are also made for up gradation of the quality of the Plant Operation. Utilities are being combined for effective energy conservation.

#### b) Additional Investments and Proposals being implemented for reduction of consumption of energy :

The Company, as a matter of policy, has a regular and ongoing program for investments in energy saving devices. Studies are being made to reduce energy consumption and make suitable investments in this area, if necessary.

#### c) Impact of the measures (a) & (b) above for reduction of energy consumption and consequential impact on the cost of production of goods:

The Company has economized considerably the cost of power despite steep hike in the tariffs and is constantly exploring avenues for cost saving as an on-going process.

#### d) Total energy consumption and energy consumption per unit of production in accordance with Form 'A' of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, in respect of Industries specified in the Schedule thereof:

|   | Year ended<br>31.03.2013 | Year ended<br>31.03.2012 |
|---|--------------------------|--------------------------|
| <b>A. Power and Fuel Consumption :</b>                                    |                          |                          |
| 1. Electricity  |                          |                          |
| (a) Purchased   |                          |                          |
| 1. Units (KWH in Lacs)  | 688.83                   | 470.38                   |
| 2. Total Amount (₹ in lacs)   | 4477.42                  | 3019.83                  |
| 3. Rate/Unit (₹)  | 6.50                     | 6.42                     |
| (b) Own Generation (through Diesel Generator/ Furnace Oil / Gas)          |                          |                          |
| 1. Units (KWH in Lacs)  | 872.79                   | 556.89                   |
| 2. Total Amount (₹ in lacs)   | 5472.40                  | 9.06                     |
| 3. Cost per unit (₹)  | 6.27                     | 12.07                    |
| 2. Coal   | —                        | —                        |
| 3. Furnace Oil  | —                        | —                        |
| 4. Others/Internal Generation/Steam                                       | —                        | —                        |
| <b>B. Consumption per unit of production</b><br>(Product : Yarn & Fabric) |                          |                          |
| 1. Electricity (KWH per tonne)  | 2312.17                  | 6303.72                  |
| 2. Coal (Kgs.)  | —                        | —                        |
| 3. Furnace Oil (Ltrs.)  | —                        | —                        |
| 4. Steam (Tonnes)   | —                        | —                        |

**Note:** Since the Company manufactures different qualities of fabrics/yarns with product-mix changing significantly, there are no specific norms for per unit of production.

### II. TECHNOLOGY ABSORPTION:

#### EFFORTS MADE IN TECHNOLOGY ABSORPTION AS PER FORM B OF THE ANNEXURE TO THE RULES.

Research and Development (R & D)

- |    |   |   |
|----|---|---|
| a) | Specified areas in which R & D Activities are carried out by the Company. | R & D activities are being carried out continuously to produce better quality of yarn and fabrics.  |
| b) | Benefits derived as a result of the above                                 | With the help of R & D activities, the Company has been able to produce quality yarn and fabrics of international standards.                                      |
| c) | Future Plan of Action   | Efforts aimed at cost reduction, improvement in quality of existing products and development of new process will continue.  |
| d) | Expenditure on R & D  | Expenditure on R & D is being booked under the respective heads of expenditure in the Profit & Loss Account as no separate account is maintained for the purpose. |
| e) | Technology Absorption, Adaption and Innovation                            | The Company has not utilized any imported technology.   |

### III. FOREIGN EXCHANGE EARNINGS AND OUT-GO :

- |    |   |   |
|----|---|---|
| a) | Activities relating to export Markets for products and services and export plan | The Company has set up an Export Division for export of premium quality yarns and garments. |
|    |   |   |
|    |   |   |
| b) | Foreign Exchange Outgo (₹ in Lacs)  | 37,517.37   |
| c) | Foreign Exchange earned (₹ in Lacs)   | 776.18  |
|    |   | Nil   |
|    |   | Nil   |

For and Behalf of the Board of Directors

Sd/-

Navin Kumar Tayal  
Chairman

Place : Mumbai  
Date : 29th May, 2013



## CORPORATE GOVERNANCE REPORT

This brief report on matters required to be stated on Corporate Governance pursuant to Clause 49 of the Listing Agreements is as under:

### 1. Company's Philosophy on Code of Governance

At **KSL AND INDUSTRIES LIMITED**, the concept of Corporate Governance does not mean only total transparency, integrity and accountability of the management team but also to maximize shareholder's value and protection of the interests of all the stakeholders. It includes the policies and procedures adopted by the Company in achieving its objective in relation to its shareholders, employees, customers, and suppliers, regulatory authorities and society at large.

The Revised Clause 49 of Listing Agreement has introduced Code of Conduct for its Directors and Executives so that they remain accountable to the shareholders and other beneficiaries for their actions.

It is a recognized philosophy of the company that effective and good Corporate Governance is a must, not only in order to gain credibility and trust, but also as a part of strategic management for the survival, consolidation and growth.

### 2.1 Board of Directors

The Board of Directors consists of 5 Directors.

During the year 2012-13, the board met 4 times on the following dates namely 28<sup>th</sup> April, 2012, 6<sup>th</sup> August, 2012, 8<sup>th</sup> November, 2012, 9<sup>th</sup> February, 2013. There was no time gap of four months or more between any two meetings.

The name and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the 30<sup>th</sup> Annual General Meeting held on 14<sup>th</sup> July, 2012, as also the number of Directorships and Committee Memberships held by them in other Public Companies are given below:

| Name                         | Category | Attendance Particulars |          | Number of other directorships and Total Committee member/Chairmanships |                       |                         |
|------------------------------|----------|------------------------|----------|--|-----------------------|-------------------------|
|                              |          | Board Meetings         | Last AGM | Other Directorships In Indian Public Limited Companies                 | Committee Memberships | Committee Chairmanships |
| Shri Navin Kumar Tayal       | NEC      | -                      | No       | 3  | 2                     | 2                       |
| Shri Ajay Ramesh Gupta*      | NEC      | 3                      | Yes      | Nil  | Nil                   | Nil                     |
| Shri Manoj Kumar Sharma      | MD       | 1                      | Yes      | 1  | 1                     | Nil                     |
| Shri Rajshekhar S. Ganiger   | ID       | 2                      | Yes      | 4  | 7                     | 1                       |
| Shri Farindra Bihari Rai     | NED      | 4                      | Yes      | 8  | 10                    | 5                       |
| Shri Mahesh Prasad Mehrotra* | ID       | 1                      | No       | 12   | 9                     | 2                       |
| Shri Kailash Nath Bhandari   | ID       | 4                      | No       | 9  | 5                     | 1                       |
| Shri Saurabh Kumar Tayal**   | NED      | -                      | No       | 6  | 5                     | 2                       |

\*Resignation \*\* Appointment And Resignation

1. Shri Mahesh Prasad Mehrotra has resigned from Directorship w.e.f. 16/07/2012
2. Shri Saurabh Kumar Tayal was appointed as an Additional Director w.e.f. 01/09/2012 and resigned from Directorship w.e.f. 05/09/2012
3. Shri Ajay Ramesh Gupta has resigned from Directorship w.e.f. 14/12/2012

"NEC" = Non Executive Chairman, "MD" = Managing Director, "ID" = Independent Director, NED = Non- Executive Director.

### 2.2 Appointment and Re-appointment of Directors

As required under Clause 49(VI) of the Listing Agreement the brief details of the directors seeking appointment/ re- appointment at the ensuing Annual General Meeting are furnished hereunder :-

| Sl. No. | Name of Director         | Brief Resume   | Area of Expertise  | Other Directorships | Other Committee Memberships | Other Committee Chairmanship |
|---------|--------------------------|--|--|---------------------|-----------------------------|------------------------------|
| 1.      | Shri Navin Kumar Tayal   | Graduate   | Having 25 yrs. vast experience in execution of various projects in textiles. | 3                   | 2                           | 2                            |
| 2.      | Shri Rajshekhar Ganiger  | Graduate and having vast experience in Textile Industry. He has vast experience in Spinning and Knitting sector. | Knitting   | 4                   | 7                           | 1                            |
| 3.      | Shri Farindra Bihari Rai | Graduate and having vast experience in Textile Industry. He has vast experience in Spinning and Knitting sector. | Administration & Planning.   | 8                   | 10                          | 5                            |

# KSL AND INDUSTRIES LIMITED

## 2.3 Non-Executive Directors Compensation Disclosures

Details of Sitting Fees paid to Non-Executive Directors of the Company during the year is as follows:

| Name of Director           | Category | Sitting Fees Paid (In ₹) |                    |
|----------------------------|----------|--------------------------|--------------------|
|                            |          | Board Meetings           | Committee Meetings |
| Shri Navin Kumar Tayal     | NEC      | Nil                      | Nil                |
| Shri K. N. Bhandari        | ID       | 40,000/-                 | 30,000/-           |
| Shri Rajshekhar S. Ganiger | ID       | 20,000/-                 | 20,000/-           |
| Shri Farindra Bihari Rai   | ID       | 40,000/-                 | 40,000/-           |
| Mr. Ajay Ramesh Gupta      | NED      | 30,000/-                 | Nil                |
| Shri M. P. Mehrotra        | ID       | 10,000/-                 | 10,000/-           |
| Total                      |          | 1,40,000/-               | 1,00,000/-         |

## 3. Board Committees

The requirement that a Director shall not be a member of more than 10 committees and Chairman of more than 5 committees has been complied with while constituting the Committees of Director.

### 3.1 Audit Committee

The Audit Committee of the Company has been re-constituted in the meeting of the Board of Directors held on 6<sup>th</sup> August, 2012. The Committee now comprises of Shri Farindra Bihari Rai as the Chairman and Shri Kailash Nath Bhandari & Shri Rajshekhar Ganiger as the members of the Committee.

The constitution of Audit Committee meets with the requirements of Section 292A of the Companies Act, 1956 and Clause 49(II)(A) as introduced by the Companies (Amendment) Act, 2000.

The scope of the activities of the Audit Committee is as set out in Clause 49 of the Listing Agreement read with the Section 292A of the Companies Act, 1956. The terms of reference of the Audit committee are as follows:

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement. They are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the Annual Financial Statements before submission to the Board, focusing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgment by management (iii) qualifications in draft Audit Report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with Accounting Standards (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audits commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's various financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

During the year 2012-13, the Audit Committee met 4 times on the following dates namely 28<sup>th</sup> April, 2012, 6<sup>th</sup> August, 2012, 8<sup>th</sup> November, 2012 and 9<sup>th</sup> February, 2013.

| Name of Member               | Designation | Attendance |
|------------------------------|-------------|------------|
| Shri Farindra Bihari Rai     | Chairman    | 4          |
| Shri Rajshekhar Ganiger      | Member      | 2          |
| Shri Kailash Nath Bhandari   | Member      | 3          |
| Shri Mahesh Prasad Mehrotra* | Member      | 1          |

\*1. Shri Mahesh Prasad Mehrotra has resigned from Membership of the Audit Committee w.e.f. 16/07/2012.