

3rd Annual Report / 2010-11



**KESAR TERMINALS & INFRASTRUCTURE LTD.**

# **KESAR TERMINALS & INFRASTRUCTURE LTD.**

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# **KESAR TERMINALS & INFRASTRUCTURE LTD.**

(Incorporated under the Companies Act, 1956)

## **COMPANY INFORMATION**

<b>BOARD OF DIRECTORS</b>	:	H. R. KILACHAND (Chairman) SMT. M. H. KILACHAND A. S. RUIA K. KANNAN J. N. GODBOLE R. S. LOONA J. K. DEVGUPTA (Executive Director)
<b>COMPANY SECRETARY</b>	:	Bhautesh Shah
<b>BANKERS</b>	:	Allahabad Bank Yes Bank Ltd.
<b>AUDITORS</b>	:	M/s. Haribhakti & Co., Chartered Accountants
<b>TERMINALS</b>	:	Kandla (Gujarat)
<b>REGISTERED OFFICE</b>	:	Oriental House, 7, Jamshedji Tata Road, Churchgate, Mumbai - 400 020.
<b>REGISTRAR &amp; TRANSFER AGENTS</b>	:	SHAREX DYNAMIC (INDIA) PVT. LTD. Unit No. 1, Luthra Industrial Premises, Andheri Kurla Road, Andheri (East), Mumbai - 400 072.
<b>AUDIT COMMITTEE MEMBERS</b>	:	A. S. RUIA (Chairman of the Committee) K. KANNAN J. N. GODBOLE R. S. LOONA H. R. KILACHAND

# Annual Report 2010-2011

## NOTICE

NOTICE is hereby given that the 3rd Annual General Meeting of the Members of **KESAR TERMINALS & INFRASTRUCTURE LIMITED** will be held on **Wednesday, 29th June, 2011** at **3:00 p.m.** at **M. C. Ghia Hall, Bhogilal Hargovindas Building, 2nd Floor, 18/20, Kaikhushru Dubash Marg, Mumbai 400001** to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Directors and Auditors thereon.
2. To declare final dividend on Equity Shares.
3. To appoint a Director in place of Shri A. S. Ruia, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint a Director in place of Shri K. Kannan, who retires by rotation and being eligible offers himself for reappointment.
5. To consider and, if thought fit, to pass with or without modification/s, the following Resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Haribhakti & Co., Chartered Accountants, be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors plus reimbursement of travelling and other out of pocket expenses incurred by them in performance of their duties including auditing of the accounts of the Company.”

### **SPECIAL BUSINESS:**

6. To consider and, if thought fit, to pass with or without modification/s, the following resolution as a **Special Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and the provisions of the Foreign Exchange Management Act (FEMA), Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 as amended, the Securities and Exchange Board of India (SEBI) Regulations and in accordance with the rules, regulations, guidelines, notifications, circulars and clarifications issued thereon from time to time by the Government of India (GOI), the Reserve Bank of India (RBI), SEBI and any other competent or concerned authority and the provisions of the Memorandum and Articles of Association of the Company, the Listing Agreement entered into by the Company with the Stock Exchanges on which the Company's shares are listed and subject to necessary approvals, permissions, consent and sanctions of the concerned statutory and other authority(ies) and subject to such conditions and modifications as may be prescribed by any of them while granting such approvals, permissions, consent and sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”), which term shall be deemed to include any Committee thereof, which the Board may have constituted or hereafter constitute for the time being exercising the powers conferred on the Board by this resolution, the Board be and is hereby authorised on behalf of the Company with powers to delegate such authority to such person or persons as the Board may deem fit, to offer, issue and allot either in India or in the course of international offering(s), in one or more foreign markets, such number of Equity Shares, Global Depository Receipts (GDRs), American Depository Receipts (ADRs), Foreign Currency Convertible Bonds (FCCBs), Qualified Institutional Placements (QIPs), Equity Shares (through Depository Receipt Mechanism), or any other Financial Instruments convertible into Equity Shares or otherwise, in the registered or bearer form, any security convertible in or linked to Equity Shares and / or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares (hereinafter collectively referred to as “Securities”) or any one or combination of such Securities, in one or more tranches, whether rupee denominated or denominated in foreign currency, to foreign / resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), Foreign Institutional Investors, Indian / Multilateral Financial Institutions, Mutual Funds, Banks, Insurance Companies, Pension Funds, Qualified Institutional Buyers (QIB's), Non-Resident Indians and / or any other eligible investors/employees, whether they be holders of shares of the Company or

## **KESAR TERMINALS & INFRASTRUCTURE LTD.**

not (collectively called the “Investors”) through Public Issue(s), Rights Issue(s) Preferential Issue(s), Private Placement(s) or a combination thereof through prospectus, offer document, offer letter, offer circular or otherwise, at such time or times, at such price or prices, at a discount or premium to market price or prices in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of all other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with Lead Managers, **upto an amount not exceeding Indian Rupees 25 crore (approximately) or equivalent foreign currency inclusive of such premium** as the Board at its absolute discretion may deem fit and appropriate.”

**“RESOLVED FURTHER THAT** without prejudice to the generality of the above, the aforesaid Securities may have such features and attributes or any terms or combination of terms in accordance with international practice and to provide for the tradability or free transferability thereof as per the prevailing practices and regulations in the capital market including but not limited to the terms and conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever including terms for issue of additional Equity Shares or variation of the conversion price of the GDRs during the duration of the Depository Receipts and the Board be and is hereby authorised at its absolute discretion, in such manner as it may deem fit, to dispose off such of the Securities as are not subscribed.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to issue and allot such number of Equity Shares as may be required to be issued and allotted upon conversion, redemption or cancellation of any Securities or as may be necessary in accordance with the terms of the offering(s), all such shares ranking *pari passu* with the existing Equity Shares of the Company in all respects.”

**“RESOLVED FURTHER THAT** the pricing of the Securities shall be made subject to compliance with applicable laws and regulations and, further that the pricing of any GDRs/ FCCBs / ADRs that may be issued, shall be made at a price not less than the higher of the following two averages:

- i. The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the six months preceding the relevant date;
- ii. The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during the two weeks preceding the relevant date;

The “relevant date” means the date thirty days prior to the date on which the meeting of the general body of shareholders is held, in terms of Section 81(1A) of the Companies Act, 1956, to consider the proposed issue.

**“RESOLVED FURTHER THAT** the issue to the holders of the Securities of the Equity Shares underlying the Securities shall be, *inter alia*, subject to the following terms and conditions:

- (a) in the event of the Company making a bonus issue by way of capitalisation of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;
- (b) in the event of the Company making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders and
- (c) in the event of merger, amalgamation, takeover or any other re-organisation or restructuring, the number of shares, the price and the time period as aforesaid shall be suitably adjusted.”

**“RESOLVED FURTHER THAT** the Board be and is hereby authorised to appoint Lead Managers, Underwriters, Guarantors, Depositories, Custodians, Registrars, Trustees, Bankers, Advisors and all such Agencies as may be involved or concerned in such offering(s) of Securities and to remunerate them by way of commission, brokerage, fees or the like and also to enter into and execute all such arrangements, agreements, memoranda, documents etc. with such agencies and to seek the listing of such Securities on one or more National and / or International Stock Exchange(s).”

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**“RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue and allotment of Securities or Equity Shares, as aforesaid, the Board be and is hereby authorised on behalf of the Company to do all such acts, deeds, matters and things as it may at its absolute discretion deem necessary, desirable or expedient including the obtaining of permissions / approvals from various authorities as may be required and to settle any questions, difficulties or doubts that may arise in regard to any such offer, issue and allotment.”

**“RESOLVED FURTHER THAT** the acts, deeds, and things already done by the Board, or any persons designated by the Board, in this regard be and are hereby confirmed, approved and ratified.”

## Registered Office:

Oriental House, 6th Floor,  
7, Jamshedji Tata Road,  
Churchgate,  
Mumbai-400020.

16th May, 2011

By Order of the Board of Directors

**Bhautesh Shah**  
Dy. Company Secretary

## Notes:

- a) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A 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.**
- b) The register of members and share transfer books of the Company shall remain closed from Wednesday, 22.6.2011 to Wednesday, 29.6.2011 (both days inclusive) for the purpose of payment of the final dividend. The Shareholders are requested to inform of change in address, if any, at the earliest.
- c) The Members may lodge their shares for transfer / transmission with the office of M/s. SHAREX DYNAMIC (INDIA) PVT. LTD., the Registrar and Share Transfer Agents at Unit No.1, Luthra Industrial Premises, Andheri-Kurla Road, Safed Pool, Andheri (East), Mumbai 400072 or with the Company.
- d) All documents referred to in the accompanying Notice and the Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Sundays between 11:00 a.m. and 1:00 p.m. upto the date of the ensuing Meeting.
- e) Members are informed that in case of joint holders attending the Meeting, only such joint holder who is higher in order of the names will be entitled to vote.
- f) Members / Proxies should fill the Attendance Slip for attending the Meeting. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID numbers for easy identification for attendance at the Meeting.
- g) **The members of the Company are requested to provide their email address for serving by electronic mode the notice/documents as a part of the Green Initiative in Corporate Governance introduced by the Ministry of Corporate Affairs vide Circular No. 17/2011 & 18/2011 dated 21.4.2011 and 29.4.2011 respectively. The said information/request can be sent by members to M/s. SHAREX DYNAMIC (INDIA) PVT. LTD., the Registrar and Share Transfer Agents email id at [sharexindia@vsnl.com](mailto:sharexindia@vsnl.com) or at the Company's email id at [bhauteshshah@kesarindia.com](mailto:bhauteshshah@kesarindia.com) (Please refer Page 42 & 43).**
- h) An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to the Special Business to be transacted at the meeting is annexed hereto.
- i) As per Clause 49(IV)(G) of the Listing Agreement, the information in detail about Shri A. S. Ruia and Shri K. Kannan, the retiring Directors at the ensuing Annual General Meeting, is given in para 2 of the Corporate Governance Report.

# KESAR TERMINALS & INFRASTRUCTURE LTD.

## ANNEXURE TO THE NOTICE

### Explanatory Statement as required by Section 173 of the Companies Act, 1956

#### **Item No. 6:**

The proposed resolution is an enabling resolution, which relates to the proposal of the Company to offer, issue and allot either in India or in the course of an international offering in one or more foreign markets, by way of equity shares / depository receipts / foreign currency convertible bonds (FCCB) / fully convertible debentures / partly convertible debentures / qualified institutional placements (QIP's) or any other financial instruments convertible into or linked to equity shares or otherwise, or any one or combination of such securities, in one or more tranches through Public Issue(s), Rights Issue(s), Preferential Issue(s), Private Placement(s) or a combination thereof and on the terms and conditions as may be decided by the Board of Directors or any Committee thereof, at its absolute discretion, for an amount not exceeding Indian Rupees 25 crore (approximately) or equivalent foreign currency inclusive of premium payable on conversion, if any.

The objects of this issue is to enhance financial flexibility of the Company to fund the capital expenditure plans of the Company and/or to part finance expansion/modernization and/or acquisition/investments. The Company is exploring alternatives to mobilise resources from various available sources. Presently, it is proposed to raise a sum upto Indian Rupees 25 crore (approximately) or equivalent foreign currency.

The detailed terms and conditions for the offer will be determined in consultation with Advisors, Lead Managers, Underwriters and such other authority or authorities and agencies as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors. The pricing of the international offering(s), if any, will be free market pricing and may be at a premium or discount to the market price in accordance with international practice, subject to applicable rules, regulations etc. As the pricing of the offering(s) will be decided at a later stage, the exact number of securities or shares to be issued will depend upon the price so decided. For the aforesaid reasons, an enabling resolution is being proposed to give adequate flexibility and discretion to the Board to finalise the terms of the issue. However, it may be noted that according to the Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, (the FCCB Scheme) the pricing of GDR /FCCB issues should be made at a price not less than the higher of the following two averages:

- (i) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date;
- (ii) The average of the weekly high and low of the closing prices of the related shares quoted on a stock exchange during two weeks preceding the relevant date.

The relevant date means the date thirty days prior to the date of this Annual General Meeting.

Securities issued pursuant to the international offering(s), if any, will be listed on the Luxembourg Stock Exchange and / or London Stock Exchange and / or Singapore Stock Exchange and / or other Exchange(s) outside India and may be represented by Securities outside India.

The Special Resolution seeks to give the Board powers to issue Securities in one or more tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies, individuals or otherwise as the Board may at its absolute discretion deem fit. Section 81(1A) of the Companies Act, 1956 provides, *inter alia*, that when it is proposed to increase the issued capital of the Company by allotment of further shares, such further shares shall be offered to the existing shareholders of the Company in the manner laid down in Section 81(1A) unless the shareholders in a general meeting decide otherwise.

The Listing Agreement entered into by the Company with the Bombay Stock Exchange/National Stock Exchange of India Ltd. on which the Company's shares are listed provides, *inter alia*, that the Company in the first instance should offer all the shares to be issued by the Company for subscription on a pro rata basis to the equity shareholders unless the shareholders in a general meeting decide otherwise.

The said Special Resolution, if passed, shall have the effect of allowing the Board on behalf of the Company to offer, issue and allot the Securities otherwise than on pro rata basis to the existing shareholders.

The Board of Directors believes that such issue is in the interest of the Company and therefore recommends the resolution for your approval. No Director of the Company is interested or concerned in the said resolution.

#### **Registered Office:**

Oriental House, 6th Floor,  
7, Jamshedji Tata Road,  
Churchgate,  
Mumbai-400020.  
16th May, 2011.

#### **By Order of the Board of Directors**

**Bhautesh Shah**  
**Dy. Company Secretary**



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## DIRECTORS' REPORT

To  
The Shareholders  
Kesar Terminals & Infrastructure Ltd.

Dear Members,

Your Directors present to you the 3rd Annual Report and the audited Statement of Accounts for the year ended 31st March, 2011.

### COMPLETION OF DEMERGER PROCESS

The Hon'ble High Court of Bombay on 12.3.2010 had passed an Order pursuant to Sections 391 to 394 of the Companies Act, 1956, sanctioning the Scheme of Arrangement by way of Demerger for transfer of the undertaking, business, activities and operations pertaining to the Storage Division / Undertaking of the erstwhile 100% Holding Company viz. Kesar Enterprises Ltd. [KEL] into the Company as a going concern with effect from the Appointed Date i.e. 1st January, 2009. Consequent to which on 1.6.2010, the Company had issued and allotted 47,53,113 Equity Shares of Rs.10/- each aggregating to Rs.4,75,31,130/- for consideration other than cash to every member of KEL, whose name appeared in the Register of Members of KEL on the Record Date i.e. 14.5.2010, in the ratio of 10:7 i.e. for every 10 Equity Shares of Rs.10/- each held in KEL, 7 Equity Shares of Rs.10/- each of the Company either in dematerialized or physical form. After the said allotment, the Share Capital of the Company is 52,53,113 Equity Shares of Rs.10/- each aggregating to Rs.5,25,31,130/-. The Company appreciates the support extended by the members for approving the Scheme of Arrangement for Demerger, its Directors and employees for the successful implementation and completion of the Demerger process.

### LISTING OF SHARES

Subsequent to the completion of the Demerger process, the shares of the Company were listed at both the bourses i.e Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE) on 22.12.2010. The Company got an overwhelming response on its debut at both the bourses. The shares of the Company reached an all time high of Rs.129.40 on the BSE and Rs.127.45 on the NSE in January, 2011.

### FRACTIONAL SHARES

Pursuant to the shares allotted by KETIL to the shareholders of KEL on 1.6.2010, it resulted in some shareholders becoming entitled to fractional share. In accordance with the terms of the said Scheme, all such fractional shares were consolidated into 510 Equity shares which were allotted in favour of the Trustee of the Company, who in turn, sold the same in the open market through BSE. The proceeds from the sale of the said 510 shares were distributed / dispatched to all the eligible shareholders in the proportion to which they were so entitled.

### FINANCIAL RESULTS

	(Rs.in Lac)	
	2010-11	2009-10
<b>Profit before interest, depreciation &amp; taxation</b>	<b>1106.90</b>	1070.80
<b>Less:</b> Interest and Finance Charges	<b>96.22</b>	123.47
Profit before Depreciation & taxation (Cash Profit)	<b>1010.68</b>	947.33
<b>Less:</b> Depreciation	<b>276.47</b>	241.84
<b>Profit before tax</b>	<b>734.21</b>	705.49
<b>Less: Provision for Taxation</b>		
(i) Income Tax - Current	<b>249.64</b>	162.08
(ii) Income Tax – Deferred	<b>(7.77)</b>	110.03
<b>Profit after tax and available for appropriation</b>	<b>492.34</b>	433.38
<b>Appropriation:</b>		
<b>Less:</b>		
(i) Transfer to General Reserve	<b>49.23</b>	50.00
(ii) Interim Dividend on Equity Shares	<b>78.80</b>	-
(iii) Proposed Dividend on Equity Share	<b>52.53</b>	105.06
(iv) Corporate Tax on Dividends	<b>21.61</b>	17.45
<b>Profit after appropriation</b>	<b>290.17</b>	260.87
<b>Add:</b> Balance brought forward from previous year	<b>341.95</b>	81.08
<b>Balance carried forward to Balance Sheet</b>	<b>632.12</b>	341.95

For the year 2010-2011, there is a profit after tax of Rs.492.34 lac as against Rs.433.38 lac in the previous year.



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## **DIVIDEND**

The Company has paid an Interim Dividend of 15% i.e Rs.1.50 per share during the year. The Directors are pleased to recommend a final dividend of 10% i.e Re. 1 per share. Thus the aggregate dividend for the year 2010-11 works out to 25% i.e Rs.2.50 per share (as against the dividend of 20% i.e Rs.2 per share declared in the previous year). The total payout will be Rs.131.33 lac, excluding dividend distribution tax of Rs.21.61 lac.

## **WORKING FOR THE CURRENT YEAR**

The Company has done well during the year. The revenue generated was much higher at Rs.2052.18 lac as against Rs.1832.30 lac in the previous year. The increase was mainly on account of improvement in the average commercial utilization charges of tanks by 15% YoY from 75% to 90%. There was also upward revision in terminal tankage charges from select customers alongwith the collection of other ancillary charges being introduced.

## **SUBSEQUENT FINANCIAL YEAR 2011-2012**

With the upturn in economic activities, the demand for tankage is on the rise leading to firming up of terminal cargo. Hence, the revenue of the Storage Terminals will go up further in the current financial year. The Company has also plans for putting up additional tanks in Terminal No.I subject to receipt of statutory clearances for which applications have already been submitted to the concerned authorities.

## **EXPANSION / MODERNISATION**

The Company has taken possession of about 10 acres of land at Kakinada port in Andhra Pradesh and initial site development work has commenced. The Company plans to put up both dry cargo and bulk liquid cargo handling facilities at Kakinada shortly.

The Company has purchased about 16 acres of land at Pipavav port in Gujarat and is planning to put up a Bulk Liquid Storage Terminal and a Container Freight Station [CFS] at Pipavav subject to receipt of statutory clearances for which applications have already been submitted to the concerned authorities.

As informed earlier, the Company has been exploring opportunities for putting up Bulk Liquid Storage Terminals at other ports and also examining putting up other inland port based facilities such as Container Freight Station, Inland Container Depots and Multi Modal Hubs at different locations in the country.

## **DIRECTORS**

Shri A. S. Ruia, Director and Shri K. Kannan, Director of the Company retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The brief profile pursuant to Clause 49 of the Listing Agreement of the Directors retiring by rotation at the ensuing Annual General Meeting and being eligible, for reappointment forms part of the Corporate Governance Report.

Pursuant to the provisions of Sections 198, 269, 309, 316, Schedule XIII read with Section III thereto and other applicable provisions, if any, of the Companies Act, 1956, approval of the Shareholders was granted for the appointment of Shri H. R. Kilachand as Whole-time Director designated as Executive Chairman of the Company with substantial powers of management, for a period of 3 years with effect from 14.9.2010 on a remuneration as approved by the Shareholders at the last Annual General Meeting.

Your Company was also informed that the shareholders of Kesar Enterprises Ltd. (KEL), the erstwhile Holding Company had appointed Shri H. R. Kilachand as Chairman & Managing Director for a period of 3 years with effect from 14.8.2010 at their Annual General Meeting held on 23.12.2010. However, the total remuneration drawn and retained by Shri H. R. Kilachand from both the Companies shall not exceed the higher maximum limit admissible from any one of the Companies i.e. the Company or KEL as per the provisions of the Companies Act.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act 2000, the Directors state as under:

- i) that in preparation of the annual accounts for the financial year ended on 31st March, 2011, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit for that year;
- iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the Assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the Annual Accounts for the financial year ended on 31st March, 2011 on a going concern basis.

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## MANAGEMENT DISCUSSION & ANALYSIS REPORT AND CORPORATE GOVERNANCE REPORT

The Management Discussion & Analysis Report, is annexed and forms part of this Annual Report.

The Company has complied with the Corporate Governance requirements as stipulated under Clause 49 of the Listing Agreement with the stock exchanges. A separate section on Corporate Governance, along with a certificate from the auditors confirming the compliance, is also annexed and forms part of the Annual Report.

### INSIDER TRADING

In compliance with the SEBI regulation on prevention of Insider Trading, your Company has framed a comprehensive code which lays down guidelines and advises the Directors and employees of the Company on procedures to be followed and disclosures to be made, while dealing in securities of the Company.

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

Section 217(1)(e) of the Companies Act, 1956 with respect to conservation of energy, technology absorption is not applicable to the Company.

During the year under review, there were no foreign Exchange Earnings and outgo.

### FIXED DEPOSITS

The Company has not accepted any deposits from the public within the meaning of section 58A of the Companies Act, 1956 during the year under review.

### AUDITORS

M/s Haribhakti & Co., Chartered Accountants, who holds office until the conclusion of the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

### INTERNAL CONTROL SYSTEM & INTERNAL AUDITORS

The Company has an adequate Internal Control System, all transactions are properly authorised, recorded and reported to the Management. The Company has Independent Auditors M/s. Ashok Jayesh & Co., Chartered Accountants to review critical areas of operations. The Audit Reports are reviewed periodically by the management and the Audit Committee of the Board and appropriate measures are taken to improve the process.

### CORPORATE SOCIAL RESPONSIBILITY

Your Company has continued to play its role as a responsible corporate citizen, adding value to society and addressing the contemporary societal needs and challenges. The Corporate Social Responsibility (CSR) philosophy ensures that while business objectives are met and shareholder value is enhanced, the Company equally focuses on engaging with the wider community and sustainably addressing environmental concerns in its sphere of operations.

### EMPLOYEES

Relation with the employees remained cordial throughout the year. None of the employees fall under the criteria mentioned in Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and further amended Companies (Particulars of Employees) Amendment Rules, 2011.

### ACKNOWLEDGEMENT

Your Directors would like to express their grateful appreciation for the assistance and cooperation extended by the Banks & Financial Institutions during the year under review. Your Directors wish to place on record their deep sense of appreciation for the devoted services of the employees of the Company for its success.

By Order of the Board of Directors

**H. R. KILACHAND**  
Chairman

Mumbai  
16th May, 2011