

**16TH  
ANNUAL REPORT  
2008-2009**



**RELIABLE VENTURES INDIA LIMITED**

## RELIABLE VENTURES INDIA LIMITED

### REGD. OFFICE:

"Reliable House"  
A-6, Koh-e-fiza, Indore Road  
Bhopal -462001 (MP)

### BOARD OF DIRECTORS :

Mr. Sikandar Hafiz Khan	: Chairman & Mg. Director
Mr. Mohd. Hafiz Khan	: Director
Mr. S. Shankar Narayanan	: Director
Mr. Chandan Mitra	: Director
Mr. Parkash Singh	: Director
Mr. Arun Anand Swarup Bhatnagar	: Director
Mr. Rajendra Malpani	: Director

### COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. S. S. Raghuwanshi

### BANKERS:

Dena Bank, Hamidia Road Branch, Bhopal  
Bank of Baroda, Habibganj Branch, Bhopal  
HDFC Bank Ltd., Arera Colony, Bhopal

### AUDITORS:

M/s. MAK & Associates,  
Chartered Accountants  
Indore, MP.

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**RELIABLE VENTURES INDIA LIMITED**

Regd. Office: "Reliable House", A-6, Koh-e-fiza Indore Road, Bhopal- 462 001 (M.P.)

**NOTICE TO SHAREHOLDERS**

**NOTICE** is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the members of the Reliable Ventures India Limited will be held on Tuesday, the 29<sup>th</sup> day of Sept., 2009 at 4.30 PM. at the Registered Office of the company at "Reliable House" A-6, Koh-e-fiza, Indore Road, Bhopal, 462001, Madhya Pradesh, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March 2009, Profit & Loss Account for 12 months period ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint Director in place of Mr. Chandan Mitra, who retires by rotation and, being eligible, offers himself for re-appointment as such.
3. To appoint Director in place of Mr. Parkash Singh, who retires by rotation and, being eligible, offers himself for re-appointment as such.

4. To appoint MAK & Associates, the retiring Auditors as Auditors of the Company to hold office as such from the conclusion of this meeting till the conclusion of the next Annual General Meeting and fix their remunerations.

**SPECIAL BUSINESS:**

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

**"RESOLVED THAT** pursuant to section 257, and all other applicable provisions if any, of the Companies Act 1956, Mr. Arun Bhatnagar who was appointed a an additional Director of the Company under Section 260 of the Companies Act, 1956, and who holds office till the conclusion of this Annual General Meeting and being eligible offers himself for reappointment and in respect of whom the Company has received a notice in writing from one of the members of the Company pursuant to Section 257 of the Act along with requisite amount signifying his /her intention to propose the candidature of Mr. Arun Bhatnagar for the office of Director, be and is hereby appointed as Director of the company liable to retire by rotation"

By Order of the Board

Place: Bhopal

(Sikandar Hafiz Khan)

Date: 20<sup>th</sup> day of August, 2009

Chairman &amp; Mg. Director

**Notes:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY AND THAT IN ORDER TO BE VALID, THE INSTRUMENT OF PROXIES DULY COMPLETED IN ALL RESPECTS MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 (FORTY EIGHT) HOURS BEFORE THE MEETING.
2. Explanatory Statement required under Section 173(2) is annexed hereto and forms part of this notice.
3. Disclosure pursuant to Clause 49 of the Listing Agreement with respect to the Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting is given in the Annexure to the notice.
4. The Register of members and transfer books of the Company shall remain closed w.e.f. 27<sup>th</sup> Sept 2009 to 29<sup>th</sup> Sept, 2009, both the days inclusive for the purpose of the Meeting.
5. M/s. Sharex Dynamic (India) Pvt. Limited having its registered office at 17/B, Dena Bank Building, Horniman Circle, 2<sup>nd</sup> Floor, Fort, Mumbai 400 001 continue to act as Registrar and Share transfer agents of the Company. The said company at its unit NO.1 located at Luthra Ind. Premises, Andheri Kurla Road, Safed Pool, Andheri (E), and Mumbai-400072 under takes the share registry job.
6. The Company has established connectivity with both the depositories namely NSDL and CDSL, Mumbai and the ISIN allotted to the security of the Company is **INE419H01019**. Shareholders who have not yet opened Dmat account so far are requested to open the account with the depositories of their choice and surrender the physical certificates of the security for dematerialization.
7. Members / duly appointed proxies should bring the enclosed attendance slip, duly filled in, for attending the meeting
8. The members are requested to: (a) quote their Folio Number(s)/ Client ID nos in all correspondence with the Company and (b) notify the Company about changes in their postal addresses, if any.

**EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

The following Explanatory statement sets out all the material facts relating to the special business proposed to be transacted under Item No. 5 of the accompanying notice

**ITEM NO. 5:**

The Board of Directors of the Company appointed Mr. Arun Bhatnagar as an Additional Director pursuant to Section 260 of the Companies Act, 1956 read with Article 80 of the Articles of Association of the Company, the particulars of whom are annexed to this notice. Mr. Bhatnagar holds the office till the conclusion of this Annual General Meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956, from Mr. Khursheed Alam, one of the shareholders of the Company along with requisite payment, signifying his intention to propose at the ensuing General Meeting the candidature of Mr. Arun Bhatnagar for appointment to the office of Director to retire by rotation. The notice is available for inspection of members at the registered office of the Company during business hours on all working days up to the date of the Annual General Meeting.

None of the Directors, except the proposed appointees, is in any way interested in the resolution contained under Item No. 5 of the accompanying notice.

ANNEXURE TO THE NOTICE OF 16<sup>th</sup> ANNUAL GEN. MEETING.

Name of the Director	Mr. Chandan Mitra	Mr. Parkash Singh	Mr. Arun Bhatnagar
Date of Birth	12/12/1954	03/02/1946	10/06/1944
Nationality	Indian	Indian	Indian
Date of Appointment	31/10/2006	31/10/2006	30/09/2008
Qualifications	BA (Hon) Economics MA (History) from DU and D. Phil in Modern History from Oxford University, UK	Master of Commerce CAIIB	Honours degree in Economics from St. Stephens, Delhi- India.
Expertise in Functional Area	Very Sr Journalist & Media person, Expert in Mgt. & journalism, Ex-Member of Parliament.	Banking & Management Retired as Chairman & Managing Director United Bank of India with 40 years of experience	As an IAS Officer of 1967 cadre has held various positions such as Industrial Adviser, Additional Principal Secretaries in Food, Planning, Consumer Food and distribution in State Central Govt/ Ministries in India
No of shares held in the Company	Nil	Nil	Nil
List of Directorships in other Indian Public companies	CMYK Printech Ltd.	Not applicable	Not applicable
Position held in other companies in which he is Director as on 31/3/2009	Chairman-cum-Mg. Director of CMYK Printech Ltd. Publisher of "Pioneer" National Daily.	Not applicable	Not applicable


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## REPORT OF THE DIRECTORS & MANAGEMENT DISCUSSIONS AND ANALYSIS

### For the financial year ended 31<sup>st</sup> March, 2009

Your directors have pleasure in presenting to you their Sixteenth Annual Report together with the audited statement of accounts of the company for the 12 months period ended 31st March 2009

#### FINANCIAL PERFORMANCE:

During the 12 months period under report ended 31<sup>st</sup> March, 2009, your company earned an all-inclusive revenue of Rs. 1114.00 lacs against Rs.1077.85 lacs earned in the corresponding period during the preceding financial year reporting a very meager growth of Rs. 36.15 lacs in term of value and 3.35% in term of percentage over the corresponding period in the preceding. However, the after tax profit of the Company witnessed a surge to Rs. Rs.227.69 lacs from Rs. 120.18 during the preceding financial year. The financial performance of the Company is summarized below:

#### PROFIT & LOSS ACCOUNT

Operating years >	2008-09	2007-08
Net sales	1079.21	1063.18
Other income	34.79	14.67
<b>Total income</b>	<b>1114.00.</b>	<b>1077.85</b>
Profit before Interest and tax	245.41	276.86
Interest payment (net)	3.88	56.58
<b>Profit before extra-ordinary items</b>	<b>241.53</b>	<b>220.28</b>
Extra-ordinary items (Written back prov + prior period adj.)	3.74	-8.22
<b>Profit after extra-ordinary item but before tax</b>	<b>245.27</b>	<b>212.06</b>
Provision for taxes	17.97	91.88
<b>Net profit</b>	<b>227.69</b>	<b>120.18</b>
<b>Total No. of equity shares of Rs. 10/- each</b>	<b>11012900</b>	<b>10043900</b>
<b>Basic earning per shares of Rs. 10/- each</b>	<b>2.07</b>	<b>1.20</b>

#### BALANCE SHEET

Operating years >	2008-09	2007-08
Net fixed assets	2135.19	2138.26
Net current assets	292.29	189.09
Misc. exps	0	1.23
<b>Capital employed</b>	<b>2427.48</b>	<b>2328.57</b>
<b>Represented by</b>		
Equity capital	1101.29	1029.05
Reserve & Surplus	213.89	0
Accu. Losses	0	-135.36
<b>Net worth</b>	<b>1315.18</b>	<b>893.69</b>
Loan fund	615.8	938.38
Share Application money	496.5	496.5
<b>Capital employed</b>	<b>2427.48</b>	<b>2328.57</b>

The growth rate reported by the company during the year under report is very meager as compared to the previous year and seems to confirm the fact that the hotel industry too has been adversely hit by the global slowdown in economy and brings out a need on the part of the company to go far more aggressive marketing strategy to arrest further negative impact of the recession during the ensuing year. However, it is worth noticing that despite the growth being very meager, the company witnessed nearly 89 per

cent surge in its net profit over the previous year. This surge can be attributed to the improved operating efficiency and substantial reduction in interest burden due to almost complete elimination of interest bearing long term funds from the capital structure of the company.

#### SHARE CAPITAL:

During the period under report, the authorized share capital of the company remained at its previous year level of Rs.2500.00 lacs divided into 250, 00,000 Equity shares of Rs. 10/- each. The issued and subscribed capital too remained at its level of previous year at Rs. 1101.29 lacs divided into 110, 12,900 equity shares of Rs. 10/- each.

However, on account of reissue and allotment of 969000 forfeited equity shares to the promoters of the company on preferential basis at a premium of Rs. 10/- per share the paid up equity share capital of the Company increased to Rs. 1101.29 lacs divided into 11012900 fully paid up equity shares of Rs. 10/- each against a previous year figure of 1004.39 lacs divided into 10043900 fully paid up equity shares of Rs. 10/- each. The categories of the shareholdings and its distribution of as at 31<sup>st</sup> March, 2009 have been as under:

#### Category of Shareholdings as at 31<sup>st</sup> March 2009

Category of holders	Nos. held.	Per cent- age of total
Promoters, friends, relatives & persons in concert.	5400300	49.036
Non-resident Indians	1004800	9.124
Indian general public	4607800	41.840
<b>Total</b>	<b>11012900</b>	<b>100.00</b>

#### Distribution of Shareholdings as at 31<sup>st</sup> March 2009

No. of Shares held	No. of Shareholders	% of share Holders	Total Shares held	% of share Holdings
1-100	236	11.71	17723	0.16
101-200	121	6.00	22812	0.21
201-500	998	49.53	482842	4.38
501-1000	321	15.93	295845	2.69
1001-5000	225	11.17	655720	5.95
5001-10000	34	1.69	269892	2.45
10001-100000	62	3.08	2431437	20.08
100001 & above	18	0.89	6836629	62.08
<b>Total</b>	<b>2015</b>	<b>100.00</b>	<b>110129000</b>	<b>100.00</b>

#### CAPITAL EXPENDITURE:

Up to the close of the financial year under report, your company incurred a capital expenditure of Rs. 2715.69, lacs, including work in progress worth Rs. 12.33 lacs against Rs. 2647.31 lacs in proceeding year, representing a capital expenditure of Rs. 68.40 lacs during the period under report.

#### PROJECT IMPLEMENTATION STATUS

As the members are aware, out of the 70 rooms facility planned by the company, till the close of preceding financial year it had completed and opened for commercial use only 57 rooms. Your directors are pleased to report that tailored to the available business potential, your company is making efforts on war footing to see that the remaining 13 rooms are ready and commercially open by the end of the current financial year.

RELIABLE VENTURES INDIA LIMITED

"MANAGEMENT DISCUSSIONS AND ANALYSIS"

Company Approach to the Business:

The company has achieved its objective to be a market leader in the region by the end of fiscal year 2008-09 & further envisages sustaining its position as a market leader by setting bench marks during 2009 – 10. Further, the Company's Vision is to emerge as a high end Hotel with a Convention Centre providing First Class International Quality Services & as an excellent MICE (Meetings, Incentives, and Conventions & Exhibition) destination. We have envisaged achieving our objective & to remain focused on our vision by adding 100 more keys to the present room inventories & to make an 800 persons capacity Convention Centre. The Company is in process to extend its MOU with ITC WelcomHeritage, a leader in hospitality, internationally whereby in addition to the existing Franchise Agreement, ITC WelcomHeritage shall also extend operational & management support services to the company so that the standard ITC Hotel operating policies and procedures be strictly adhered to. Thus, the company would be in a position to further upgrade its product, services & follow the best practices in existence among the leading ITC Hotels.

The Hospitality Industry is undergoing a severe pressure due to recession this year and maintaining the growth shall be a big challenge.

Quality Management:

Continuance in deliverance of Quality Services, constant up-gradations and increasing room inventories along with addition of convention centre in the Hotel so as to achieve excellence will be the strategy that the company will follow. The company is totally committed to provide & maintain quality at all levels. Systems & checks are already in place to ensure that right from planning stage to procurement stage to production stage to service stage to accounting stage, quality is maintained at all levels. Standard operating procedures (SOPs) are being followed at all operational levels for implementation & for strict adherence which would be constantly reviewed to adapt to the changing service trends of hotel industry. The company has ensured activation of most of the modules in the Property Management System (IDS) already installed so that all departments & sub - departments of the hotel are interfaced. A guest comment tracking system has been devised & operated to take regular feed back on product & services from the guests to ensure total quality management.

Performance Review:

The company has registered a modest growth of 1.50 per cent in its Turnover over previous year as against an average hotel industry growth of 10 %... This is inspite of the fact that the industry was one of the worst affected by ongoing global recession and closure of hotel bar. The company has achieved a Net Profit of 227.69 lacs for financial years 2008-09 which is an increase of 89.00% over previous year. Cash & Bank balances as on 31.03.2009 were Rs.187.37 lakhs. The Sundry Debtors as on 31.03.2009 was Rs.65.69 lakhs which is only 6 % of total turnover.

Rs11.15 lakhs were invested in the company during financial year 2008-09 towards up-gradation of rooms. Also a sum of Rs. 20.37 lacs was spent toward purchase of vehicle and Rs. 63.16 lacs towards opening of Za-aqia, our specialty Magalia and Peshwari restaurant.

During 2009 – 10, the company has planned to invest around Rs. 125.00 lacs towards opening up of a new Health Spa which will add a different dimension to the existing property.

Internal Control Systems:

All necessary controls, financial checks and otherwise, due as per statutory requirements as also towards making the company a highly profitable venture are in place. Internal controls as regards operations so that the expenditure is in line with industry norms and regular internal audits of our finances are undertaken and their report submitted to Audit Committee. Proper accounting procedures are being strictly adhered to. Total transparency in all transactions is maintained and all statutory licensing and dues to State and Central Governments have been updated & are made on time. Reduction in cost will be a major focus area for next FY which will further aid in increasing profit margins and end up in a healthy Operating Ratio.

Opportunities

Economic projections appears to come out of recession as the stock markets are continuing to be quite buoyant, a proof enough that the investors are showing high degree of trust and contributing to the economic boom. Hospitality, as an industry is also trying to come out of recession. The Corporate and the Conference segments will grow at decent pace. Extensive travel by low cost carriers shall boost influx into the city apart from good rail connectivity. The company is in process to add a completely new wing with a proposal of 100 brand new rooms to its current inventory. However, it might take 2 to 3 years for its Completion & we plan to execute the same so that by the time IT / BPO sector enters Bhopal (proposed IT Park Project in near vicinity of our Hotel), we are ready to cater to a totally new business profile clientele.

A Multi Product SEZ (Special Economic Zone) has been approved on Bhopal Indore Corridor near Sehore which would attract lots of Investors. Being the closest to the SEZ site, our Hotel would benefit enormously as we being the best Hotel in terms of room & conference sales.

Airports Authority has succeeded in acquiring land & has already started to expand the run way for up gradation of present Domestic Airport to International Airport which would increase International flight connectivity for Bhopal & thus increased business for hotels.

Threats

With the number of flights increasing from a particular destination in to city in morning hours and out of the city the same evening, there will also be a threat perception that corporate night halts at Bhopal would drastically reduce. This would directly affect our room sales and due to a drop in occupancy there could be a drop in Food and Beverage

Revenue. Real Estate Developers have started to show interest in Bhopal. With the influx of companies like DLF, Ansals, Omaxe and the likes into the city, land and raw material prices have rapidly shot up. This has resulted in spiraling of project costs. Current market players in Hospitality Industry in the city also have comprehended the boom in the market and thus have either made additions to their current setup or have made provisions to do the same in the current financial year. This again could make a dent in our market share. With the advent of new players in the market, the competition is growing tougher by the day. Hiring and retaining of skilled and experienced manpower is becoming a challenge in the market today which will only multiply in the coming years. With the increased fuel prices, corporate houses these days are focusing on reducing travel and boarding / lodging expenses thereby adversely affecting the hotels revenue. Some corporate have gone step further and bought / hired / running guesthouses for their traveling executives & their offices in the city generally have a conference room attached to take care of routine and other weekly / monthly conferencing.



**Risks and Concerns:**

The company is hopeful that the current buoyancy in the market will continue for a few years more and we foresee no potential risk to Hospitality Industry as of now. There is definitely a concern about the State Government not doing enough on infrastructure development so as to ease inflow of tourists and corporate.

**Other Disclosures:**

The company is proud to have maintained the Heritage nature of the Hotel to its optimum level. We still are & shall always remain the Best Address in Bhopal. Scheduled up gradation & continuous maintenance of service standards shall be our motto. Major focus shall be on training of staff, to upgrade their skills so that they are able to deliver quality service & maintain high standards. Understanding our commitment to society, we have initiated a mini Green Revolution in the area. A green committee has been constituted among hotel staff to plan, implement & execute all possible eco friendly initiatives like tree plantation, garbage management system (segregation, processing & disposal), and usage of recycle paper products, initiate heavy reduction in use of plastic & energy conservation, etc. Job opportunities have been created for physically challenged local citizens.

**HUMAN RESOURCES DEVELOPMENT:**

Led with the realization of the fact that continuous up-gradation of skills and service delivery systems/ inputs go a long with to make a decisive difference in the hotel industry, as a matter of policy, your company continues to invest in up-gradation of the quality of its human resources and lays emphasis on efforts to tune up the skills of and service delivery by its existing manpower and keep them sponsoring for external training and skill development programmes at select ITC Hotels.

In the matter of employees benefits and compensation, your company is not far behind the industry standards and with the growth of the company it will see that the benefits and compensation package Continue to remain tailored to the industry norms enabling it to hire and retain skilled and professional manpower.

Industrial relations Scenario in the company throughout the year remained cordial. The employees remained committed to higher qualitative productivity. The Management too on its part played its role in maintaining and promoting harmonious relations.

**AUDITORS:**

M/S.MAK & Associates, Chartered Accountants, Indore, the statutory auditors of the company shall hold office as such till the conclusion of the ensuing Annual General Meeting of the Company. A proposal to re-appoint them as such, subject to fulfillment of conditions prescribed under Section 224(1B) of the Companies Act, 1956, is being brought up at the ensuing Annual General Meeting.

**STATUTORY STATEMENTS:****1. Public Deposit**

During the period under report too, your company has not accepted any deposit from public in term of Section 58-A of the Companies Act, 1956 and rules framed and notifications issued there under.

**2. Information as per Sec 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31st March 2009 are given as under: -****(a) Conservation of Energy:**

The basic engineering design of the Hotel is based on optimum energy consumption and provision is made to conserve energy to

the maximum possible extent, which would reduce the liability on energy bills.

**(b) Technology Absorption:**

During the year no amount has been incurred on technology absorption (Previous Year Rs. NIL)

**(c) Foreign Exchange Earnings & Outgo:**

During the period under report, your company has earned Foreign Exchange equivalent to Indian Rupees 53.11 lacs against 93.98 lacs during the preceding accounting period. During the period under report too, your company did not spent any amount in foreign exchange.

**3. Statement pursuant to Sec. 217 (2AA) of the Companies Act 1956:**

Your Directors are pleased to state that the Financial results for the period under report have been compiled observing the Going Concern Concept, Accrual & historical record basis conforming to the accounting standards specified under Section 211(3C) of the Companies Act to ensure that the statements disclose true and fair view of the state of affairs of the operations of the company and that in the said compilation due care has been taken to see that adequate accounting record in accordance with the statutory requirements for safeguarding the assets of the company does exist and that possibilities of fraud and other irregularities, if any, in the company are timely detected, provided for and their recurrence is prevented and that the statements reflect true and fair view of the state of affairs of the Company as at the 31<sup>st</sup> March, 2009 and the profit and loss for the accounting period ended on the said date.

**Constitution of Audit Committee:**

In term of requirements of Section 292 (A) of the Companies Act, 1956, during the period under report the Audit Committee was constituted of four non-executive independent directors namely Mr. S. Shankar Narayanan, Mr. Mohd. Hafiz Khan and Mr. Rajendra Malpani and that Mr. Shankar Narayanan, an independent and non executive director, remained on the Chair. Keeping in view the requirements of Clause 49 of the Listing agreement, the committee was entrusted with greater assignments as brought out under the Corporate Governance Section of this report and that the Board of Directors generally agreed with and adhered to the suggestions made by the committee in the areas assigned to it and that to reply your queries, if any, the Chairman of the Committee shall be with you at the ensuing Annual General Meeting.

**CHANGES IN DIRECTORSHIPS:**

Mr.. Chandan Mitra and Mr. Parkash Singh, two of the Rotational Directors of the Company, shall retire on the conclusion of the ensuing Annual General Meeting. However, being eligible, they offer themselves for reappointment and, therefore, a proposal to re-appoint them as such is being brought up before the members at the ensuing Annual General Meeting. The particulars of directors seeking reappointment is annexed to the notice

Besides during the period under report Mr. Rajendra Malpani who was inducted as Addl. Directors, shall cease to hold the office as such from the conclusion of the ensuing Annual General Meeting.

The Company has received a notice under Section 257 of the Companies Act, 1956, from one of its Shareholders intending to propose the candidature of Mr. Arun Bhatnagar, for appointment as Director liable to retire by rotation. Accordingly, requisite proposals to reappoint the aforesaid gentlemen to the office of Director is being brought up at the ensuing Annual General Meeting.

**RELIABLE VENTURES INDIA LIMITED****DIVIDEND**

Keeping in view the fact that the Company is carrying substantial amount of unsecured borrowings and need further capital outlay to finance its expansion plan, your directors feel that for the present it is not in the long term interest of the company to recommend any dividend during the year under report.

**PARTICULARS OF EMPLOYEES UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.**

During the period under report, the company did not employ any person particulars of whose are required to be reported under the aforesaid provisions of the Act, as amended up to date.

**DEMATERIALISATION OF SHARES**

The Shares of the Company are required to be compulsorily traded in the dematerialized form. It shares are admitted for trading under both the Depository Systems in India- NSDL and CDSL. The International Securities Identification Number (ISIN) allotted to the Company's shares under the Depository System is INE 419H01019. A total of 7927800 amounting to 78.75 per cent of the total paid up shares capital of the company have already been dematerialized as on 31<sup>st</sup> day of March 2009

**SECRETARIAL AUDIT:**

In term of requirement of SEBI and Stock Exchanges, a Secretarial audit by a practicing Company Secretary is carried out to reconcile the total admitted share capital with NSDL and CDSL and the total issued and listed capital. The said audit is carried out on quarterly basis which aims at confirming that the total issued/paid-up capital tallies with the aggregate of shares existing in physical and demat form held with the said depositories.

**REGISTRAR AND SHARE TRANSFER AGENTS:**

M/s. Sharex Dynamic (India) Pvt. Ltd located at 17/B, Dena Bank Building, 2<sup>nd</sup> Floor, Horniman Circle, Fort, Mumbai, continue to hold the office of Share Transfer Agents & Registrar of the Company. This company undertakes securities registry job from its unit NO. 1 Located at Luthra Industrial Premises, Andheri Kurla Road, Safed Pool, Andheri (E), and Mumbai.

**REPORT ON CORPORATE GOVERNANCE IN TERM OF CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGES:****COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

Your company holds the view that the code of the corporate governance serves as a structure based on which the Responsibilities amongst the different participants within the management of the company are distributed culminating into the requisite protection of the interest of all the interested groups, specially the shareholders of the company. It helps the company achieving its corporate objectives and the performance is adequately measured, monitored and controlled.

Your company is fully compliant with the requirements of clause 49 of the Listing Agreement with respect to the Corporate Governance as brought in the following paragraphs:

**BOARD OF DIRECTORS AND MEETINGS:****Composition of Board:**

During the period under report, the Board of Directors of the Company did consist of 7 persons, including 5 independent Directors as defined under clause 49 of the Listing Agreement and that there has been no nominee or institutional director on the Board of the Company. The Chairman being Executive Director, the total strength

of independent directors exceeds one-half of the total strength of the Board. The Board met nine times during the financial year under report and majority of directors attended the meetings.

Two of the directors namely Mr. Sikandar Hafiz Khan and Mr. S Shankar Narayanan had one and two closely held unlisted other public company (ies) respectively under their directorships and, none of them incurred any disqualification contemplated under Section 274(1) (g) of the Companies Act as amended up to date, and that, therefore, the Directors are eligible to continue as such and /or for re-appointment as Directors of the Company

Except sitting fee for attending meeting of the Board/ Committee and reimbursement expenses incidental thereto, which is paid as per the provisions contained in the Articles of Association of the Company, nothing is paid to the non-executive Directors during the period under report.

**Code of conduct:**

The code of conduct laid down by the Company for its Board Members and Senior Management Personnel is available on the website of the company [www.reliable-group.org](http://www.reliable-group.org). A Declaration by the Managing Director affirming compliance of Code of Conduct by the Board members and senior management executives is annexed separately to this annual report.

**AUDIT COMMITTEE:**

In term of Clause 49(II) of the Listing Agreement, The Company has an Audit Committee in conformity with the requirements of Clause 49 (II) of the Listing Agreement read with Section 292A of the Companies Act 1956. The Committee consisted of four independent non-executive directors under the Chairmanship of Mr. S. Shankar Narayanan, an independent and financially literate non-executive Director who possesses enough requisite experience & expertise in corporate finance and accounting aspects. Representatives of Statutory Auditors and CFO of the Company are permanent invitees to the Committee meetings. The Role of the Committee, inter-alia, included-

1. Overseeing company's financial reporting process and disclosure of its financial information to ensure correctness sufficiency and credibility thereof
2. Reviewing the statutory and financial reporting of the company including the reporting under the listing requirements
3. Formulation, application and reviewing the Accounting financial policies and practices
4. Issues related to and incidental to changes in accounting policy of the company,
5. Handling issues relating to internal and external audit programmers and matters arising out of them
6. Examining the adequacy and effectiveness of accounting and financial control with due regard to laws and regulations governing them.
7. Appointment of, changes in and fixation and payment of remuneration to the statutory and tax auditors of the company.
8. Approval of payment for other services rendered by the statutory auditors, if any,
9. Reviewing with the management the annual financial statements before submission to board for approval and compliance with statutory provisions governing the entire gamut of accounting activities and corporate compliance aspects of the Company