



**Madhusudan**  
Industries Limited

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# **ANNUAL REPORT**

## **2013-14**



**Madhusudan**  
**Industries Limited**

## ***Annual Report 2013-2014***

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### **Board of Directors**

Shri Rajesh B. Shah  
Shri Sanwarmal Agarwal  
Shri P. K. Shashidharan  
Shri P. C. Surana

### **Auditors**

M/s. H. V. Vasa & Co.,  
Chartered Accountants,  
B-2, "Usha Kiran", Opp. Khanpur Gate,  
Ahmedabad - 380 001.

### **Registered Office**

Rakhial Station - 382 315  
Taluka - Dehgam,  
Dist. Gandhinagar, Gujarat.  
Phone : (02716) 267409, Fax : 079-26427287  
E-mail : madhusudan\_i@yahoo.in  
CIN : L29199GJ1945PLC000443

### **Ahmedabad Office**

"Madhusudan House", Opp. Navrangpura Telephone Exchange, Ahmedabad - 380 006.

### **Registrar & Share Transfer Agent**

MCS Limited,  
101, Shatdal Complex, 1st Floor,  
Opp. Bata Show Room, Ashram Road,  
Ahmedabad - 380 009.

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**Annual General Meeting at 11.30 a.m. on Friday,  
the 26th day of September, 2014 at the Registered Office.**

## NOTICE

NOTICE is hereby given that the Annual General Meeting of the Members of **MADHUSUDAN INDUSTRIES LIMITED** will be held at 11.30 a.m. on Friday, the 26<sup>th</sup> day of September, 2014 at the Registered Office of the Company at Rakhial Station, Taluka Dehgam, District Gandhinagar – 382 315, to transact the following business :

### ORDINARY BUSINESS

1. To receive, consider and adopt the financial statements of the Company for the year ended 31<sup>st</sup> March, 2014 including statement of Audited Profit and Loss for the year ended 31<sup>st</sup> March, 2014 and Balance Sheet as at that date and the Directors' and Auditors' Reports thereon.
2. To appoint a director in place of Shri Sanwar Mal Agarwal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration.

### SPECIAL BUSINESS

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

“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Rajesh B. Shah (DIN 00607602) Director of the Company who retires by rotation at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company (who will not retire by rotation) to hold office for five consecutive years for a term up to 31<sup>st</sup> March, 2019.”
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 the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Shri Prem Chand Surana (DIN 06508125) Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company (who will not retire by rotation) to hold office for five consecutive years for a term up to 31<sup>st</sup> March 2019.”
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an ordinary resolution:  

“RESOLVED that Smt. Rutva Acharya (DIN 06933478), who was appointed as an Additional Director of the Company by the Board of Directors w.e.f. 28.07.2014 in terms of section 161 of the Companies Act, 2013 and Article 131 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company (who will not retire by rotation) pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 to hold office for five consecutive years for a term up to 31<sup>st</sup> March 2019.”

Regd. Office :  
Rakhial Station – 382 315  
Taluka - Dehgam, Dist. Gandhinagar.  
28<sup>th</sup> July, 2014

By Order of the Board of Directors

Rutu Shah  
Company Secretary

### NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. A person can act as proxy on behalf of members not exceeding fifty and holding in aggregate not more than ten percent of total share capital of the Company.
2. Members are requested to notify immediately the change of address, if any, to the Company or MCS Limited, Registrar and Share Transfer Agent.
3. The Register of Members and Share transfer book of the Company will remain closed from 19.09.2014 to 26.09.2014 (both days inclusive).
4. Members / Proxies should bring the attendance slip sent herewith duly filled in for attending the meeting.
5. Members are requested to send their queries at least ten days before the date of the meeting so that the information can be made available at the meeting.
6. Explanatory Statement pursuant to provisions of section 102 of the Companies Act, 2013 is annexed hereto.
7. Unpaid / Unclaimed Dividend, Share application money received and due for refund and matured deposits unclaimed and unpaid for a period of seven years up to the financial year 2005-06 have been transferred to the Investor Education and Protection Fund pursuant to the provisions of Section 205C of the Companies Act, 1956.

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8. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company or to the registrar.
9. Electronic copy of the Annual Report for 2013-14 is being sent to all the members whose email IDs are registered with the Company/ Depository Participants(s) for communication purposes, unless any member has requested for a hard copy of the same and physical copy of Annual report 2013-14, who have not registered their email address. Members who have not registered their email address are requested to get your email address registered with the Company / Depository Participants and update the same, if required.
10. All the documents, if any, referred to in this notice and explanatory statement are available for inspection of the members at the registered office of the Company on any working day except Saturday, between 10:00 a.m. to 1:00 p.m. up to the conclusion of this meeting.
11. Voting through electronic means

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules 2014, the Company is pleased to provide members facility to exercise their right to vote at the ensuing Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by National Securities Depository Limited (NSDL):

The instructions for e-voting are as under:

- A. In case a Member receives an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)]:
  - (i) Open email and open PDF file viz; "Madhu [e-Voting.pdf](#)" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for e-voting. Please note that the password is an initial password.
  - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
  - (iii) Click on Shareholder – Login
  - (iv) Put user ID and password as initial password / PIN noted in step (i) above. Click Login
  - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/ characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
  - (vi) Home page of e-voting opens. Click on e-Voting: Active Voting Cycles.
  - (vii) Select "EVEN" of Madhusudan Industries Limited.
  - (viii) Now you are ready for e-voting as Cast Vote Page opens.
  - (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
  - (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
  - (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
  - (xii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [mil.scrutiniser@gmail.com](mailto:mil.scrutiniser@gmail.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
- B. In case a Member receives physical copy of the Notice of AGM [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy]:
  - (i) Initial password will be provided separately:

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN
------------------------------	---------	--------------
  - (ii) Please follow all steps from Sl. No. (ii) to Sl. No.(xii) above, to cast vote.
- II. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the Downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
- III. If you are already registered with NSDL for e-voting then you can use your existing user ID and password/PIN for casting your vote.
- IV. Members are required to vote only through the electronic system or through ballot only at Annual General Meeting (AGM) and in no other form. In the event a member casts his votes through both the processes, the votes in the electronic system would be considered and the ballot vote would be ignored.
- V. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

- VI. The e-voting period commences on 20<sup>th</sup> September, 2014 (10.00 am) and ends on 22<sup>nd</sup> September, 2014 (6.00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 22<sup>nd</sup> August, 2014 may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- VII. The e-voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 22<sup>nd</sup> August, 2014.
- VIII. Shri Umesh Parikh, partner of Parikh Dave & Associates, Companies Secretaries, (Membership No.FCS:4152) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- IX. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Director of the Company.
- X. The Results will be declared at the AGM of the Company on 26.09.2014. The Results declared along with the Scrutinizer's Report shall be placed on the website of NSDL within two(2) days of the AGM of the Company and communicated to the BSE Limited.
12. **MEMBERS HOLDING EQUITY SHARES IN ELECTRONIC FORM AND PROXIES THEROF, ARE REQUESTED TO BRING THEIR DPID AND CLIENT ID FOR IDENTIFICATION.**
13. Brief resume of directors, who are proposed to be appointed / re-appointed at this meeting are given below:

Name of Director	Shri Sanwar Mal Agarwal	Shri Rajesh B. Shah	Shri Prem Chand Surana	Smt. Rutva Acharya
Date of Birth	11.07.1953	11.11.1958	12.09.1960	05.07.1976
Date of appointment	07.08.2006	07.08.2006	30.07.2013	28.07.2014
Expertise in specific functional areas	Commercial	Finance and Accounts	Accounts and Commercial	Administration & Commercial
List of other directorships held	Gujarat Soaps Pvt. Ltd.	Madhusudan Cybernetic Pvt.Ltd Goodluck Ceramics Pvt. Ltd.	Gujarat Soaps Pvt. Ltd.	—
Chairman / Member of the Committees of the Board of other Companies	—	—	—	—
Shareholding in the Company	200	—	—	250

#### **Explanatory Statement Pursuant to the Provisions of Section 102 of the Companies Act, 2013.**

##### **Item No.4**

Shri Rajesh B. Shah is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in August, 2006. He is the Chairman of the Audit committee, remuneration committee, share transfer committee and Investors' grievance committee of the Board of Directors of the Company. He is a commerce graduate and fellow member of The Institute of Chartered Accountants of India. He is having very rich experience of more than 25 years in the fields of accountancy, corporate finance, project implementation, taxation etc. He is an expert in Corporate Financial Management. He is a Director in three other companies. He does not hold by himself or by any other person any share in the company.

Shri Rajesh B. Shah retires by rotation at the ensuing Annual General Meeting under erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and rules made there under, Shri Rajesh B. Shah being eligible and offering himself for reappointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31<sup>st</sup> March, 2019. A notice has been received from a member proposing Shri Rajesh B. Shah being appointed as Director of the Company.

In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the company and it is desirable to continue to avail his services as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Shri Rajesh B. Shah as an Independent Director for passing by the members of the Company.

Except Shri Rajesh B. Shah, none of your Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution as per item No.4 of the notice. This explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with BSE Limited.

##### **Item No.5**

Shri Prem Chand Surana, is a Non Executive Independent Director of the Company. He joined the Board of Directors of the Company in July, 2013. He is a member of the audit committee, remuneration committee, share transfer committee and investors' grievance committee of the Board of Directors of the Company. He is a Master of Commerce with specialization in financial management. He is having to his credit vast experience of more than 30 years in middle and senior management cadre in a manufacturing organization, having actively involved in the areas of budgeting, planning, costing, operation and management. He is a director in one private company. He does not hold by himself or by any other person any share in the Company.

Shri Prem Chand Surana is a director, whose period of office is liable to determination by retirement of directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956. In terms of Section 149 and other applicable provisions of the Companies Act, 2013 and rules made there under, Shri Prem Chand Surana being eligible and offering himself for appointment, is proposed to be appointed as an

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Independent Director for five consecutive years for a term up to 31st March, 2019. A notice has been received from a member proposing Shri Prem Chand Surana being appointed as Director of the Company.

In the opinion of the Board, he fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to receive his services as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Shri Prem Chand Surana as an Independent Director for passing by the members of the Company.

Except Shri Prem Chand Surana, none of your Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution as per the item No.5 of the notice. This explanatory statement may also be regarded as a disclosure under clause 49 of the listing agreement with the BSE Limited.

### **Item No.6**

The Board of Directors at their meeting held on 28.07.2014 has appointed Smt. Rutva Acharya as an additional director of the Company w.e.f. 28.07.2014 u/s 161 of the Companies Act, 2013 and article 131 of the Articles of Association of the Company. She is a member of the Audit committee and remuneration committee of the Board of Directors of the Company. She is a Science graduate with Chemistry as principle subject and is having experience in handling various aspects of business. She is not a director in any other Company. She holds 250 equity shares in the Company through her relatives.

As per the provisions of Section 161 of the Companies Act, 2013, read with Article 131 of the Articles of Associations of the Company, she will hold office till this Annual General Meeting. However, being eligible and offering herself for reappointment, is proposed to be appointed as an Independent Director for five consecutive years for a term up to 31<sup>st</sup> March, 2019 in terms of Section 149 and other applicable provisions of the Companies Act, 2013. A notice has been received from a member proposing Smt. Rutva Acharya being appointed as Director of the Company.

In the opinion of the Board, Smt. Rutva Acharya fulfils the conditions specified in the Companies Act, 2013 and rules made there under for her appointment as an Independent Director of the Company and is independent of the management.

The Board considers that appointment of Smt. Rutva Acharya would be of immense benefit to the Company and it is desirable to avail her services as an Independent Director. Accordingly, the Board recommends the resolution for appointment of Smt. Rutva Acharya as an Independent Director for passing by the members of the Company.

Except Smt. Rutva Acharya, none of your Directors or Key Managerial Personnel of the Company or their relatives are concerned or interested in the resolution as per item No.6 of the notice. This Explanatory Statement may also be regarded as a disclosure under clause 49 of the listing agreement with the BSE Limited.

Regd. Office :  
Rakhial Station – 382 315  
Taluka - Dehgam, Dist. Gandhinagar.  
28<sup>th</sup> July, 2014

By Order of the Board of Directors

Rutu Shah  
Company Secretary

## Directors' Report

To

The Members,

The Directors have pleasure in submitting the Annual Report together with the Statement of Accounts of your Company for the year ended 31<sup>st</sup> March, 2014.

### Performance

The summary of your Company's financial performance is given below:

	Year ended March 31, 2014 (Rs. in lacs)	Year ended March 31, 2013 (Rs. in lacs)
Profit before Depreciation and Taxes & Exceptional item	86.99	86.92
Deducting therefrom Depreciation	12.89	15.33
Profit / Loss before tax and Exceptional item	74.10	71.59
Less : Exceptional Item	16.00	—
Profit before tax	58.10	71.59
Deducting therefrom taxes of:		
- Current Tax	—	—
- Deferred Tax	—	—
Profit after tax	58.10	71.59
Add: Balance brought forward from previous year	(-) 750.08	(-) 821.67
Amount available for Appropriations	(-) 691.97	(-) 750.08
The proposed appropriations are :		
1. Proposed Dividend	—	—
2. Tax on proposed Dividend	—	—
3. Debenture Redemption Reserve	—	—
4. Balance Carried forward	(-) 691.97	(-) 750.08
Total	(-) 691.97	(-) 750.08

### Review of Company's Performance

The company continued with the horticulture operations during the year. Production of colour capsicum continued till May, 2013. Thereafter we started to produce only green capsicum. The life of the green houses are over and it got damaged due to storm and rain. The total production of colour capsicum and green capsicum during the year was 7.47 MT and 17.64 MT respectively. We have also cultivated vegetables and Golden Rod in the open space available at the factory premises. The rental income of godowns was Rs.79.41 lacs during the year. The rental income will continue to be a recurring source of revenue in the coming years.

### Management Discussion and Analysis

#### a) Industry structure and developments

The Company has existing infrastructure readily available for undertaking suitable manufacturing activity in future.

#### b) Opportunities & threats

The future of horticulture industries remains bright, but the extreme weather conditions and poor quality of water available in our factory premises continue to be a threat.

#### c) Segment-wise/Product-wise performance

During the year, the income from horticulture was Rs.6.71 lacs. The total production of Capsicum was 25.11 MT. While turnover from horticulture division decreased from Rs.6.89 lacs to Rs.6.71 lacs, the overall profit also decreased from Rs.71.59 lacs to Rs.58.10 lacs. This was mainly due to the loss of Rs.15,99,600/- on sale of entire share holding of wholly owned subsidiary – Madhusudan Fiscal Limited during the year. This loss is shown as exceptional item. Madhusudan Fiscal Limited has now ceased to be a subsidiary or a group company and hence no consolidated accounts are prepared as on 31<sup>st</sup> March, 2014.

#### d) Outlook

The Company has decided to continue growing Green Capsicum and vegetables in open areas.

#### e) Risks and concerns

It is a challenging task to market the horticulture products as the commodity is a perishable item and the market is volatile. We supply our produce directly to the main Vendor.

#### f) Internal control system and their adequacy

The Company has computerized its accounting system since many years. The system of internal control of the Company is commensurate with the size and complexity of the Company's business. The operations are subject to periodic internal audit by independent Auditors.

#### g) Financial performance with respect to Operational Performance is discussed in the main part of the report.

#### h) Material development in Human Resources /Industrial Relations

The Company values and nurtures its human resources and Company would continue to adopt and implement the best HRD practices in future.

### Corporate Governance

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, Report on Corporate Governance has been included in this Annual Report as a separate annexure.

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### Directors' Responsibility Statement

In compliance of Section 217 (2AA) of the Companies Act, 1956, Directors of your Company confirm:

- that the applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departures;
- that such accounting policies have been selected and applied consistently and such judgements and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2014 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual accounts have been prepared on a going concern basis.

### Dividend

Your Directors have not recommended any dividend, as consolidation and restructuring process is underway.

### Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo

The details required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are annexed to this report.

### Exchequer

The Company has contributed Rs.10.14 lac to the exchequer by way of Income tax, VAT and other fiscal levies.

### Fixed Deposits

During the year, the company has repaid Fixed Deposits of Rs.1.80 lacs. There is no Fixed Deposit outstanding as on 31.03.2014.

### Subsidiary Company

During the year, the company has sold its entire shareholding (12,90,000 shares – 100%) in the wholly owned subsidiary company viz. Madhusudan Fiscal Limited on 22.08.2013. Madhusudan Fiscal Limited has now ceased to be a subsidiary company or a group company.

### Finance

The Company has obtained credit facilities from Bank of Baroda.

### Employees

The Company has no employee as specified under Section 217(2A) of the Companies Act, 1956, hence, there is no information required to be provided in this regard.

### Directors

Shri S. N. Mohata has resigned as director w.e.f. 30-07-2013. Board of Directors places on record their appreciation for the contribution made by him to the Company. Shri Prem Chand Surana has been appointed as an Additional Director w.e.f. 30-07-2013.

Shri Sanwamal Agarwal and Shri Rajesh B. Shah, directors are due to retire at the end of ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Brief resumes of directors as required under clause 49 of the Listing Agreement executed with the Stock Exchange are provided in the notice convening the Annual General Meeting.

### Auditors

M/s. H.V. Vasa & Co., Statutory Auditors of the Company retire at the end of forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Board recommends their re-appointment at the ensuing Annual General Meeting.

### Insurance

The Company has adequately insured all its assets.

### Industrial Relations

The Company's relations with its employees remained cordial during the year.

The Company has taken adequate steps for the health and safety of its employees.

### Appreciation

Your Directors would like to place on record their gratitude for the co-operation and assistance given by Bank of Baroda and various departments of both State and Central Governments.

For and on behalf of the Board of Directors,

Ahmedabad  
29<sup>th</sup> May, 2014

**Rajesh B. Shah**  
**Sanwamal D. Agarwal**  
**P. C. Surana**  
Directors

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### Annexure to the Directors' Report

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Report of the Board of Directors for the year ended 31<sup>st</sup> March, 2014.

<b>A. Conservation of Energy</b>	
Form - A	: Nil
<b>B. Technology Absorption</b>	
Form B	: Nil
<b>C. Foreign Exchange earnings and outgo</b>	
Total foreign exchange used	: Rs. Nil
Total foreign exchange earned	: Rs. Nil



## Annexure to the Directors' Report

### CORPORATE GOVERNANCE REPORT

(As required by Clause 49 of the Listing Agreement of BSE Ltd.)

#### 1) Company's Philosophy

The Company believes in the practice of good Corporate Governance and acting as a good corporate citizen. The spirit of Corporate Governance has been prevailing in the Company for years together. The Company believes in the values of transparency, professionalism and accountability. The Company recognizes the accountability of the Board and importance of its decisions on its customers, dealers, employees, shareholders, and with every individual, who comes in contact with the Company.

#### 2) Board of Directors

The Board comprises of two non-executive independent directors and two non-executive directors. The Company did not have any pecuniary relationship or transactions with the non-executive directors during the period under review.

During the year, 5 Board Meetings were held – on 11.04.2013, 27.05.2013, 30.07.2013, 28.10.2013 and 07.02.2014.

None of the directors on the Board are members in more than ten committees and they do not act as Chairmen of more than five committees across all companies in which they are directors.

The composition of Board of directors and their attendance at the Board meetings during the year and at the last Annual General Meeting as also number of other directorships and Committee Memberships are given below:

Sr. No.	Name of Director	Category of Directorship	No. of Board Meetings attended	Attendance At last AGM	No. of Other directorships	No. of Other Committee Memberships
1.	Shri Rajesh B. Shah	Non-Executive Independent Director	5	YES	3	-
2.	Shri Shree Narayan Mohata *	Non-Executive Director	-	-	2	-
3.	Shri Sanwamal Agarwal	Non-Executive Director	5	YES	1	-
4.	Shri P. K. Shashidharan	Non-Executive Director	2	NO	-	-
5.	Shri Prem Chand Surana**	Non-Executive Independent Director	2	YES	1	-

\* Resigned w.e.f. 30.07.2013.

\*\* Appointed w.e.f. 30.07.2013.

#### Code of Conduct

The Company has in place model code of conduct for the Board members and senior Officers of the Company.

#### CEO/CFO certification

The Board of Directors of the Company comprises only non-executive directors. No CEO/CFO was appointed by the Company for the period upto 31.03.2014.

#### Whistle Blower Policy

The Company has finalized a whistle-Blower policy and it will be implemented shortly.

#### 3) Audit Committee

The Audit Committee consists of 4 (four) independent directors, Shri Rajesh B. Shah – Chairman, Shri P. K. Shashidharan, Shri

Prem Chand Surana and Shri S. M. Agarwal. The Company Secretary is also Secretary to the Audit Committee. During the year under review, 4 (four) Committee Meetings were held on – 27.05.2013, 30.07.2013, 28.10.2013 and 07.02.2014.

#### Terms of reference:

The role and terms of reference of the Audit Committee cover the matters specified for Audit Committee under Clause 49 of Listing Agreement and section 292A of the Companies Act, 1956.

#### 4) Remuneration Committee

The Remuneration Committee consists of Shri Rajesh B. Shah – Chairman, Shri P. K. Shashidharan, Shri Prem Chand Surana and Shri S. M. Agarwal.

The Committee fixes the Remuneration of Executive / Whole-time Directors, which include all elements of remuneration package i.e. salary, benefits, bonus, pension, retirement scheme, share options and such other benefits.

The Committee also decides the fixed component and performance linked incentives, performance criteria, service contracts, notice period, severance fees etc. of the remuneration package of working directors, as and when necessary. Presently the Company has no Executive / whole time director. No committee meeting was held during the year.

#### 5) Remuneration Policy

Remuneration of employees largely consists of basic remuneration and perquisites.

The component of the total remuneration varies for different grades and is governed by Industry pattern, qualifications and experience of the employee, responsibilities handled by him and his individual performance, etc.

The objectives of the remuneration policy are to motivate employees to excel in their performance, recognize their contribution and to retain talent in the organization and accord merit.

#### 6) Details of remuneration for the year ended 31.03.2014

##### (i) Whole-time Directors

The Company has no Whole-time Director

##### (ii) Non-Executive Directors

Remuneration by way of sitting fees for attending Board Meetings are paid to the non-executive directors. Due to inadequate profit for the year ended 31.03.2014 no commission was paid to the Non-Executive Directors. The details of remuneration paid to them during the year are as under:

Name	Sitting Fees (Rs.)
Shri Rajesh B. Shah	10,000
Shri Prem Chand Surana	4,000
Shri Sanwar Mal Agarwal	10,000
Shri P. K. Shashidharan	4,000
<b>Total</b>	<b>28,000</b>

##### (iii) Shareholding of Non-Executive Directors

Name	No. of Shares held	% of total shareholding
Shri Rajesh B. Shah	NIL	NIL
Shri Sanwar Mal Agarwal	200	0.00
Shri Prem Chand Surana	NIL	NIL
Shri P. K. Shashidharan	NIL	NIL