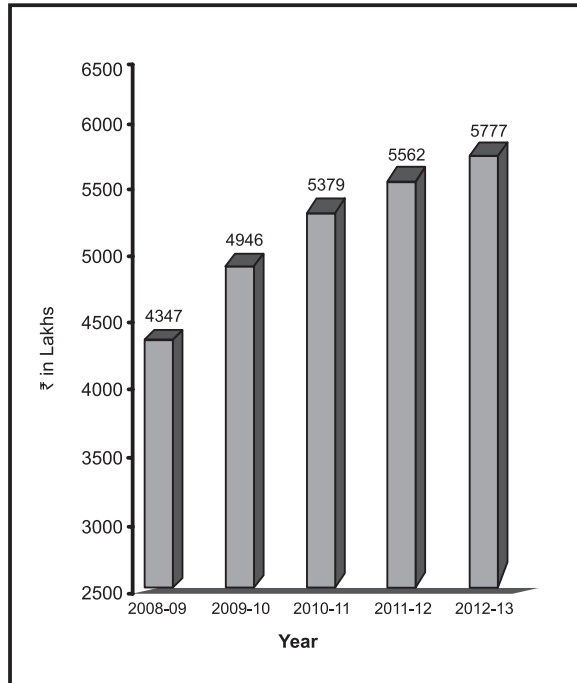
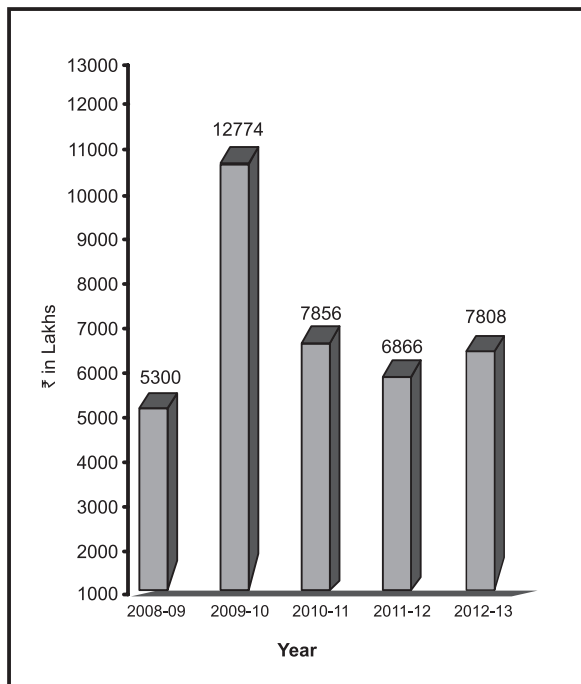


**MUKAND  
ENGINEERS**

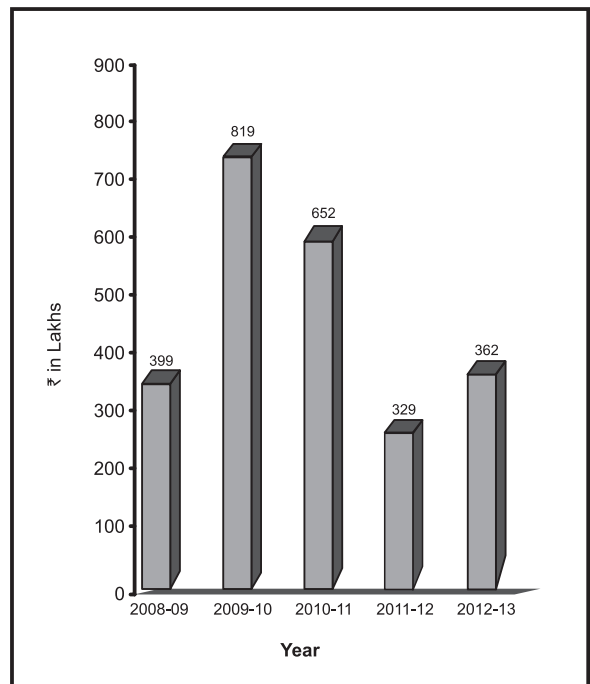
**Net Worth**



**Income from Operations Including Other Income**



**Profit after Tax**



## BOARD OF DIRECTORS

Rajesh V. Shah, *Chairman*  
Niraj Bajaj  
Prakash V. Mehta  
N. Ramanathan  
R. Sankaran

## MANAGER

K. P. Jotwani

## COMPANY SECRETARY

P. R. Dhruva

## AUDITORS

M/s. K. K. Mankeshwar & Co.,  
Chartered Accountants, Mumbai

## REGISTERED OFFICE

Bajaj Bhavan, Jamnalal Bajaj Marg,  
226, Nariman Point,  
Mumbai - 400 021.  
Tel : (022) 61216666 / 6626  
E-mail : [mel@mukand.com](mailto:mel@mukand.com)  
Website : [www.mukandengineers.com](http://www.mukandengineers.com)

## REGISTRAR AND TRANSFER AGENTS

Bigshare Services Pvt. Ltd.  
E-2/3, Ansa Industrial Estate, Saki Vihar Road,  
Sakinaka, Andheri (East), Mumbai - 400 072.  
Tel : (022) 28470652 / 0653 / 40430200  
Fax : (022) 28475207  
E-Mail : [info@bigshareonline.com](mailto:info@bigshareonline.com)  
Website : [www.bigshareonline.com](http://www.bigshareonline.com)

### A Request :

As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copy of the Report to the meeting.

**Cover Picture** - Bunker Mill Structure for Barh Super Thermal Power Project-Stage I (3X660MW) at NTPC Barh, Bihar

## ANNUAL GENERAL MEETING

On Tuesday, 13<sup>th</sup> August, 2013, 11:30 a.m.  
at Kamalnayan Bajaj Hall,  
Bajaj Bhavan, Jamnalal Bajaj Marg,  
226, Nariman Point, Mumbai – 400021.

## CONTENTS

Notice	1
Directors' Report	4
Management Discussion and Analysis	5
Corporate Governance	6
Independent Auditors' Report	12
Balance Sheet	15
Statement of Profit & Loss	16
Cash Flow Statement	17
Notes to the Accounts	19
Financial Highlights	37

## IMPORTANT COMMUNICATION TO MEMBERS

The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that service of Notice / documents including Annual Report can be made by e-mail to their members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send the above information i.e. e-mail address to the Company at [mel@mukand.com](mailto:mel@mukand.com) OR to the Registrar and Transfer Agents of the Company at [info@bigshareonline.com](mailto:info@bigshareonline.com) for registration of their e-mail address.

## NOTICE

TO THE MEMBERS,

NOTICE is hereby given that the **27<sup>th</sup> ANNUAL GENERAL MEETING** of the Members of the Company will be held on **Tuesday, the 13<sup>th</sup> day of August, 2013 at 11:30 a.m. at Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, 226, Nariman Point, Mumbai - 400021**, to transact the following business:-

### ORDINARY BUSINESS:

1. To consider and adopt the audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Niraj Bajaj who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Prakash V. Mehta who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint M/s. K. K. Mankeshwar & Co., Chartered Accountants (Registration No.106009W), retiring Auditors of the Company who are eligible for re-appointment for the period commencing from the conclusion of this annual general meeting till the conclusion of the next annual general meeting and to authorise the Board of Directors to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass the following Resolution as a Special Resolution:

**"RESOLVED THAT** pursuant to Sections 198, 387 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such other approvals as may be necessary, the Company do hereby appoint Shri K. P. Jotwani, as the "Manager" of the Company, as defined under Section 2(24) of the Companies Act, 1956, for a further period of 2 (two) years with effect from 1<sup>st</sup> June, 2013 upon the terms and subject to the conditions as set out in the Draft Agreement between the Company and Shri K. P. Jotwani with further liberty to the Directors from time to time, to alter and vary the said terms and conditions in such manner as may be agreed upon between the Directors and Shri K. P. Jotwani in the best interests of the Company, subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time.

**RESOLVED FURTHER THAT** Shri K. P. Jotwani shall function as a "Manager" within the meaning of Section 2(24) of the Companies Act, 1956 subject to the superintendence, control and direction of the Board of Directors of the Company.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this Resolution."

### NOTES FOR MEMBERS' ATTENTION:

1. The relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Item No.6 is annexed.

2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 06/08/2013 to 13/08/2013, (both days inclusive).
4. Pursuant to Section 205C of the Companies Act, 1956, all unclaimed dividends for the years 1994-1995 to 2000-2001 have been transferred to the Investors' Education and Protection Fund (the Fund) set up by the Central Government. The said Section further provides that amounts remaining unclaimed for a period of seven years from the date of payment shall be transferred to the said Fund. Members are requested to note that no claims shall thereafter lie against the said Fund or the Company in respect of the said amounts so transferred.

However, Members who have neither received nor encashed their dividend warrant(s) for any of the financial year from 2009-2010 upto 2011-2012, are requested to write to the Registrar and Share Transfer Agents of the Company mentioning the relevant Folio Number(s) / DP ID, for issuance of duplicate dividend warrant(s).

In compliance with the provisions of Section 205C of the Companies Act, 1956 and the Notification dated 10<sup>th</sup> May, 2012, issued by the Ministry of Corporate Affairs, the Company has identified the unclaimed amount of dividend for the financial year ended 31<sup>st</sup> March, 2011 and 31<sup>st</sup> March, 2012 and requisite detailed information was uploaded on the Ministry's website through e-form 5 INV and also on the Company's website within the prescribed time limit. Further the Company has identified the unclaimed amount of dividend upto the financial year ended 31<sup>st</sup> March, 2013 and requisite detailed information will be uploaded on the Ministry's website through e-form 5 INV and also on the Company's website within the prescribed time limit.

5. Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc. to their Depository Participant (DP). These changes will be automatically reflected in Company's records, which will help the Company to provide efficient and better service to the Members.
6. The Company's Equity Shares are listed on Bombay Stock Exchange Ltd., Mumbai and National Stock Exchange of India Ltd., Mumbai.
7. Dividend on Equity Shares as recommended by the Directors for the year ended 31<sup>st</sup> March, 2013, when declared at the meeting, will be paid:
  - (i) To those Members whose names appear in the Register of Members of the Company, after giving effect to all valid share transfers in physical form lodged with the Company and its Registrar on or before 05/08/2013.
  - (ii) In respect of shares held in electronic form, to those "Deemed Members" whose names appear on the statements of beneficial ownership furnished by National



Securities Depository Limited (NSD) and Central Depository Services (India) Limited (CDSL), at the end of business hours on 05/08/2013.

- (iii) The Securities and Exchange Board of India (SEBI) vide Circular no. CIR/MRD/DP/10/2013 dated 21<sup>st</sup> March, 2013 has made it mandatory for all the Companies to use bank details furnished by the investors for distributing dividends to them through National Electronic Clearing Services (NECS), wherever NECS and bank details are available. In the absence of NECS facility, the Companies are required to print the bank details, if available, on payment instrument, for distribution of dividends to the investors. Therefore, members holding shares in physical mode are requested to provide their bank details to the Company / Registrar. Members holding shares in demat mode are requested to record the NECS mandate with their Depository Participants.
- (iv) SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are therefore, requested to submit their PAN card numbers / copies of PAN card 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 / Registrar and Share Transfer Agents, M/s. Bigshare Services Private Limited at E - 2/3, Ansa Industrial Estate, Saki Vihar Road, Sakinaka, Andheri (East), Mumbai - 400 072.

**By Order of the Board  
For Mukand Engineers Limited**

**P. R. Dhruva  
Company Secretary**

**Place : Mumbai**

**Date : 23<sup>rd</sup> May, 2013**

#### **ANNEXURE TO THE NOTICE**

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

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

Members of the Company had approved the appointment of Shri K. P. Jotwani as "Manager" of the Company under the Companies Act, 1956 for a period of 2 (Two) years from 1<sup>st</sup> June, 2011 to 31<sup>st</sup> May, 2013 and had also approved the maximum Remuneration payable to him, at their 25<sup>th</sup> Annual General Meeting held on 28<sup>th</sup> July, 2011. The said terms will expire on 1<sup>st</sup> June, 2013.

Therefore, the Board of Directors of the Company at their meeting held on 23<sup>rd</sup> May, 2013 has subject to the approval of the Members appointed Shri K. P. Jotwani, as the "Manager" of the Company effective from 1<sup>st</sup> June 2013 for a further period of 2 (Two) years from 1<sup>st</sup> June, 2013 to 31<sup>st</sup> May, 2015 with liberty to alter/vary the said terms and conditions in conformity with the requirements of Schedule XIII to the Companies Act, 1956 or any amendments thereto.

Shri Jotwani, aged 70 years is a B. E. (Mech.) from M. S. University, Baroda. He joined Mukand Limited in the year 1966 as a Management Trainee and has held various positions in Mukand Limited. Prior to joining the Company, he was in charge of Machine Building Division, and was designated as Vice President (Machine Building) of Mukand Limited.

Shri Jotwani has been associated with the Company since 1<sup>st</sup> February, 1997 as the Chief Executive of the Company and the Board of Directors at its meeting held on 29<sup>th</sup> June, 1998 had appointed him as the Chief Executive and "Manager" of the Company. He resigned on 28<sup>th</sup> January, 2000 to join Mukand Limited to head its Machine Building Division. Since 1<sup>st</sup> February, 2000, he was on the Board as Director of the Company, and resigned on 31<sup>st</sup> May, 2002.

Shri Jotwani, the "Manager" of the Company will be entrusted with substantial powers of the Management and will perform such functions as may, from time to time be decided by the Board of Directors.

The draft agreement between the Company and Shri Jotwani is available for inspection at the Registered Office of the Company between 10.00 a.m. and 12.30 p.m. on all working days of the Company up to and including the day of the Meeting. Remuneration payable per month will be subject to the approval by the Board from time to time within the maximum limit as under. The draft Agreement, inter alia, contains the following terms and conditions effective from 1<sup>st</sup> June, 2013

- |   |   |                      |
|---|---|----------------------|
| (a) Period of Agreement   | : | Two years            |
| (b) Basic Salary  | : | ₹ 60,000/- per month |
| (c) House Rent Allowance  | : | 50% of Basic Salary  |
| (d) Special Allowance   | : | ₹ 40,000/- per month |
| (e) Personal Allowance  | : | ₹ 90,000/- per month |
| (f) Company's contribution to Provident Fund and Superannuation Fund. |   |                      |
- (g) Gratuity at the rate of one month's salary for each completed year of service.
- (h) Leave with full pay as per the Rules of the Company,
- (i) Company will take insurance cover for accident and hospitalization of self and family in India or abroad
- (j) Reimbursement of gas, electricity, water charges, soft furnishings, house repairs, furniture repairs and attire expenses and domiciliary medical expenses.
- (k) Reimbursement of actual traveling expenses for proceeding on leave from Mumbai to any place and return therefrom in respect of self and family in accordance with the rules specified by the Company from time to time.
- (l) Reimbursement of membership fee for clubs in India or abroad including any admission / life membership fee.
- (m) Free use of Company's car and reimbursement of operating and maintenance expenses including driver.

The ceiling for item (i), (j), (k), (l) and (m) is ₹ 330,000/- per annum.

- (n) Telephone, telefax and other communication facilities at the residence.
- (o) Subject to statutory ceiling/s, the "Manager" may be given any other allowance/s, perquisites, benefits and facilities as the Board of Directors from time to time may decide.
- (p) Unutilised leave as on 31<sup>st</sup> May, 2013 will be available for use in future / encashment during the period of continuity of service and balance on termination of service.

In the absence or inadequacy of profits in any financial year, Shri K. P. Jotwani will be paid the above remuneration within the ceiling laid down in Section II (B) of Part II of Schedule XIII to the Companies Act, 1956 upon the Resolution being passed as a Special Resolution.

**Memorandum of Interest:**

None of the Directors of the Company is in any way concerned or interested in the Resolution.

Pursuant to Section 302 of the Companies Act, 1956, this may be treated as abstract of the terms and conditions governing the appointment of Shri K P Jotwani, as the "Manager" of the Company.

Information pursuant to clause (iv) of the proviso to para (B) of Section II, part II of Schedule XIII to the Companies Act, 1956 is furnished hereunder:

**I. GENERAL INFORMATION:**
**(1) Nature of industry**

The Company is engaged in the business of execution of projects in core sectors, handling of all areas of construction, erection and commissioning of equipments, project and design engineering, site fabrication work and giving loans and guarantees on behalf of other corporates.

**(2) Commencement of commercial production**

The Company has no plants as the Company carries out various job at different sites of customers, hence the question of date of commencement of commercial production does not arise.

**(3) Financial performance based on given indicators**

The financial performance of the Company as reflected by total income, profit, earnings per share and dividend recommended for the financial year ended 31<sup>st</sup> March, 2013 is as under:-

Total Income	<b>7808.43</b>
Profit before tax	<b>532.01</b>
Profit after tax	<b>361.59</b>
Earnings per share (Rs.)	<b>2.88</b>
Rate of Dividend (on equity shares)	<b>10%</b>

**(4) Export performance & Net Foreign Exchange Earnings / Outgo:-**

The details of Export performance & Net Foreign Exchange Earnings / Outgo are as under:-

Export performance	<b>Nil</b>
Net foreign exchange earnings	<b>Nil</b>
Foreign exchange expenditure / Outgo	<b>1.64</b>

**(5) Foreign investments or collaborations. :-**

**NIL**

**II. INFORMATION ABOUT THE APPOINTEE:**
**(1) Background details**

The relevant information is already given in the Explanatory Statement of the Notice hereinabove.

**(2) Past remuneration**

The gross remuneration drawn by the appointee during the past 3 years are as under:

Financial Year	(₹ in Lacs)
2010-2011	25.30
2011-2012	34.61
2012-2013	35.26

**(3) Recognition or awards :-**
**(4) Job profile and suitability :-**

Mr Jotwani is responsible for booking orders from Steel, Aluminium and Power sectors and its execution thereof.

Mr. Jotwani is a Mechanical Engineer of 1965 batch with post Graduation in Industrial Engineering in 1975 from University of Mumbai. He has been with Mukand Limited since February 1966 and has worked through design, marketing, planning and execution. He was responsible for development of non-crane business in Machine Building Division. He executed MMSM Project of VSP from 1986 to 1990 and also BOF Project of Rourkela Steel Plant from 1994 to 1997. Since 1997 he has been the Chief Executive with the Company. During his tenure business has been developed with SAIL, IISCO, NTPC, BHEL and Vedanta. He has experience of more than 43 years in procuring orders and execution thereof of engineering business. He is the link between Execution Group and the Board.

**(5) Remuneration proposed**

As mentioned hereinabove

**(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person**

The remuneration proposed takes into consideration nature and size of business operations; the qualifications, experience and contribution of appointee to all-round growth of the Company; present trends and norms observed in the industry for payment of managerial remuneration by companies of comparable size and nature of business.

**(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

He does not have any pecuniary relationship with the Company except as remuneration drawn as "Manager" and as a shareholder to the extent of his share holdings, if any, in the Company.

**III. OTHER INFORMATION:**

The Company is making profits; hence, the question of stating - (1) Reasons of loss or inadequate profits (2) Steps taken or proposed to be taken for improvement (3) Expected increase in productivity and profits in measurable terms does not arise.

**By Order of the Board  
For Mukand Engineers Limited**

**P. R. Dhruva  
Company Secretary**

**Place : Mumbai  
Date : 23<sup>rd</sup> May, 2013**

## DIRECTORS' REPORT

TO THE MEMBERS,

1. Your Directors present the Twenty Seventh Report and the Audited Statement of Accounts of the Company for the year ended 31st March, 2013.

### 2. Financial Results

(₹ in lacs)

	Current Year	Previous Year
Income from operations and other Income	7808.43	6865.78
Profit for the year before tax	532.01	534.23
Add/(Less) : Provision for tax (including deferred tax)	(170.42)	(205.28)
Profit after tax	361.59	328.95
Add/(Less) : Balance brought forward from previous year.	1982.70	1799.88
Balance available for appropriation	2344.29	2128.83

### 3. Dividend

Directors are pleased to recommend dividend of 10% on equity shares. The dividend and tax thereon shall absorb ₹ 146.12 lacs from surplus generated from the operations during the year.

### 4. Operations

#### 4.1 General-

The income from operations, and other income during the year was higher at ₹ 78.08 Cr as compared to ₹ 68.66 Cr in the previous year.

#### 4.2 Engineering

4.21 The income from Engineering operation during the year was ₹ 71.22 Cr as against ₹ 60.55 Cr in previous year, Engineering operations earned profit before interest and tax of ₹ 10.43 Cr during the year under review as compared to profit of ₹ 10.69 Cr in the previous year. Despite higher inflationary pressure witnessed in the economy resulting in higher cost of execution of the contracts during the year, the Company has been able to maintain its profit level through increased turnover.

4.22 During the year major part of income came from power projects, mechanical projects and aluminium projects,

4.23 New orders amounting to ₹ 255.17 Cr were received during the year and the orders on hand as at the end of the year were ₹ 338.12 Cr as against ₹ 90.49 Cr at the beginning of the year. These orders will be executed during the F.Y. 2013-14 and F.Y. 2014-15. The Company has been able to book new orders consistently during this year as well.

#### 4.3 Infotech-

Income from Infotech Segment during the year was ₹ 4.80 Cr as against the previous year ₹ 4.58 Cr.

### 5. Fixed Deposits

The Company held ₹ 19.03 Cr as Public deposits as of 31<sup>st</sup> March 2013. Deposits aggregating ₹ 0.20 Cr have matured but remain unclaimed as at 31<sup>st</sup> March 2013. The Company sends reminder letters to the Fixed Deposit Holders before the date of Maturity of their Fixed Deposits.

### 6. Corporate Governance

Pursuant to Clause 49 of the Listing Agreement, a report

on Corporate Governance, along with Auditor's certificate regarding compliance of conditions of Corporate Governance and Management Discussion and Analysis is separately given in this Report.

### 7. Other Information

7.1 As the Company does not own an undertaking where manufacturing operations are carried out, the information to be furnished under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is not applicable.

7.2 Net foreign exchange earnings Nil  
Foreign exchange expenditure / Outgo ₹ 1.64 lacs

7.3 There are no employees covered under the provisions of Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

### 8. Directors' Responsibility Statement

As required by Section 217 (2AA) of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) appropriate accounting policies have been selected and applied consistently, and have 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 as at 31st March, 2013 and of the profit of the Company for the year ended 31st March, 2013.
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the annual accounts have been prepared on a going concern basis.

### 9. Directors

In accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company Shri Niraj Bajaj and Shri Prakash V Mehta, Directors of the Company retire by rotation and are eligible for re-appointment.

### 10. Cost Compliance

The Company has appointed M/s Joshi Apte & Associates, Cost Accountants to verify cost compliance report for the period 1st April, 2012 to 31st March, 2013 as prescribed under the Companies (Cost Accountants Record) Rules 2011. The compliance report for F.Y. 2011-12 was filed within the stipulated date.

### 11. Auditors

Messrs. K. K. Mankeshwar & Co., Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and are eligible for re-appointment.

### 12. Auditors' Report

The notes referred to in the Auditors' Report are self-explanatory and hence, do not call for any comments under section 217 of the Companies Act, 1956.

**For and on behalf of the Board of Directors**

Place : Mumbai  
Date : 23rd May, 2013

**Rajesh V. Shah**  
Chairman

---

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1 Engineering Construction Division

#### 1.1 Industry Structure and Developments

The business of the Company continues mainly in the areas of Supply and Erection of equipment for Power Generation Plants, Integrated steel Plants, Aluminum Plants and Hydrocarbon Plants. The contracts cover erection of Mechanical Plant, Structural Works, Piping Works and Electrical Works. The Company also undertakes Engineering and Project Management jobs for Steel Plants and Electrical works for Power Plants.

#### 1.2 Opportunity and threats

During the year under review, the Company booked new orders valued at ₹ 255.17 Cr from Power projects and Mechanical projects. The existing recessionary trend may not substantially impact the interest of the Company with ₹ 338.12 Cr of orders on hand.

#### 1.3 Future Outlook

With the healthy orders on hand, the Company expects executable load over the next 2 years. The management perceives that with the economy showing signs of recovery in the current fiscal, the capital investments in the economic sectors of interest to the Company can be reasonably expected. The Company has quoted tenders for jobs in Refineries, Power and Steel Plants.

### 1.4 Risk Management

As the contracts undertaken by the Company are generally in the Public Sector or reputed private sector companies, the risk of payment defaults by the clients is negligible. The Company evaluates project location environment risks before accepting contracts. The provision for escalation in cost due to delays in execution of project is considered while quoting tenders and in escalation clauses in the contract.

### 2 Internal Control System

The Company has instituted a system of internal control to safeguard and protect the assets of the Company. The Company has also appointed an Internal Auditor whose reports are regularly reviewed by the Management, and guidelines and procedures are formulated and monitored for proper controls.

### 3 Human Resource Management Initiatives

The Company has increased the supervisory and managerial staff. Further recruitments have been planned at various levels to successfully complete new large orders and improve profitability.

### 4 Cautionary Statements

Statements made herein describing the Company's expectations or predictions are "forward-looking statements". The actual results may differ from those expected or predicted. Prime factors that may make a difference to the Company's performance include market conditions, input costs, interest costs, Government regulations, economic developments within / outside the country.



## REPORT ON CORPORATE GOVERNANCE

(As required by Clause 49 of the Listing Agreements with Stock Exchanges)

### 1. Company's Philosophy :

The Company believes that good Corporate Governance is carried out from the application of the best and sound management practices and compliance with the various statutory laws which are based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Your Company also believes and places great emphasis on values such as integrity and safety of its employees, sound ethical practices, transparency in decision making process and in the overall operations along with timely disclosures go a long way in enhancing shareholders' value and last but not the least, accountability and safeguarding the interests of long term stakeholders'. It is this conviction that has led the Company to make strong Corporate Governance values intrinsic in all its operations and has also contributed to the Company's sustained growth.

It has been the endeavour of your Company to give fair and equitable treatment to all its stakeholders, including employees, customers and shareholders.

### 2. Board of Directors :

#### (a) Composition and size of the Board :

The Board of Directors of the Company consists of five Directors including the Non-Executive Chairman. All these five Directors are Non-Executive Directors out of which three Directors are Independent Directors. The Company did not have any pecuniary relation or transaction with Non-Executive Directors during the year under review.

#### (b) Board Meetings :

During the year four Board Meetings were held on May 23, 2012, August 13, 2012, November 1, 2012 and February 13, 2013. The Board was presented with the relevant and necessary information. None of the Directors is a member of more than ten Committees or acting as Chairman of more than five Committees across all Companies in which he is a Director. The attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships is given herein below :

Name of the Director	Cate- gory	Attendance Particulars	No. of outside Director- ships in Public Limited Companies	No. of Membership (M) / Chairmanship (C) in other Board Committee(s)	No. of Shares held in the Company as at 31.03.2013
Shri Rajesh V. Shah	C. NED	4 Yes	5	1 (M)	64220
Shri Niraj Bajaj	NED	4 Yes	10	--	411500
Shri Prakash V. Mehta	NED	3 Yes	8	12 (M) / 1(C)	Nil
Shri N. Ramanathan	NED	4 Yes	--	--	200
Shri R. Sankaran	NED	4 Yes	4	--	438

C : Chairman, NED : Non-Executive Director.

#### (c) Re-appointment of Directors :

Shri Niraj Bajaj and Shri Prakash V. Mehta are liable to retire by rotation and being eligible offer themselves for re-

appointment. Information as required under Clause 49 of the Listing Agreement is given hereunder:-

Name of the Director	Shri Niraj Bajaj	Shri Prakash V. Mehta
Date of appointment	July 27, 1992	August 19, 1992
Expertise in Specific Functional areas	Providing valuable guidance on matters relating to strategic planning and performance, expansion, diversification, new business.	Joint Ventures & Foreign Collaborations, Property and Corporate Laws.
List of other Directorships held (in listed Companies)	1) Mukand Ltd. 2) Hind Rectifiers Ltd. 3) Bajaj Auto Ltd. 4) Hindustan Housing Co. Ltd. 5) Zensar Technologies Ltd.	1) Bharat Bijlee Ltd. 2) PCS Technologies Ltd. 3) W. H. Brady & Co. Ltd. 4) JBF Industries Ltd. 5) Hikal Ltd. 6) Advani Hotels and Resorts (I) Ltd. 7) Mukand Ltd. 8) Camphor and Allied Products Ltd.
Chairman / Member of the Committee of the Board of other Companies in which he is a Director	Chairman : Nil Member : Nil	Chairman : A) <u>Remuneration Committee</u> 1) JBF Industries Ltd.  Member : A) <u>Audit Committee</u> 1) Bharat Bijlee Ltd. 2) Advani Hotels and Resorts (I) Ltd. 3) Hikal Ltd. 4) Mukand Ltd. 5) Camphor and Allied Products Ltd.  B) <u>Shareholders and Investors Grievance Committee</u> 1) Bharat Bijlee Ltd. 2) JBF Industries Ltd. 3) Hikal Ltd.  C) <u>Remuneration Committee</u> 1) Bharat Bijlee Ltd. 2) Advani Hotels and Resorts (I) Ltd. 3) Hikal Ltd. 4) Mukand Ltd.

### 3. Audit Committee :

The Audit Committee consists of Shri Rajesh V. Shah, Shri Prakash V. Mehta (Chairman of the Audit Committee), Shri N. Ramanathan and Shri R. Sankaran as Members, all of whom are independent Directors except Shri Rajesh V. Shah. The terms of reference of the Audit Committee specified by the Board are as contained in Clause 49 of the Listing Agreement. All the members of the Audit Committee are financially literate.

During the year under review, the Audit Committee met four times on May 23, 2012, August 13, 2012, November 1, 2012 and February 13, 2013. These meetings were also attended by the Statutory Auditors, Internal Auditors, Shri Niraj Bajaj, Director, Shri S. B. Jhaveri, Advisor to the Board, Shri K.P. Jotwani, "Manager" and Shri J. S. Shrivastav, Chief of Accounts and Shri R. G. Golatkar, Deputy Chief of Accounts as invitees whenever required. Shri P. R. Dhruva, Company Secretary acts as Secretary to the Audit Committee. Apart from considering unaudited and / or audited financial results for the relevant quarter, half year and the year, before submission to the Board for its approval, the Committee focused its attention on other matters which *inter-alia* included key areas impacting the overall performance of the Company

and major accounting policies and practices, review of internal control system, review of current site progress and Management Information System.

The attendance at the Audit Committee Meetings during the year is given herein below :

Name of the Director	Category	Attendance Particulars Number of Meetings Attended
Shri Prakash V. Mehta	C. NED	3
Shri Rajesh V. Shah	NED	4
Shri N. Ramanathan	NED	4
Shri R. Sankaran	NED	4

C: Chairman, NED: Non-Executive Director.

#### 4. Remuneration Committee and Policy :

The Company has not constituted a Remuneration Committee. The decision regarding remuneration of the "Manager" under the Companies Act, 1956, is taken by the entire Board subject to such approvals as may be necessary. The Company does not pay any remuneration to the Non-Executive Directors except payment of sitting fees for attending the Board / Audit Committee meetings, details of which are given below. However, Shri Rajesh V. Shah, Chairman and Shri Niraj Bajaj, Director of the Company have waived their sitting fees w.e.f. June 30, 2003.

Remuneration paid to Shri K. P. Jotwani "Manager" under the Companies Act, 1956 for the year ended 31st March, 2013.

Particulars	(₹)
Salary and allowances	3,056,801
Contribution to Provident Fund and Other Funds	179,860
Perquisites ( <i>including approx. money value</i> )	289,095
<b>TOTAL</b>	<b>3,525,756</b>

The employee wise break up of liability on account of Retirement Schemes based on Actuarial Valuation is not ascertainable. The amounts relating to the 'Manager' will be, therefore, disclosed in the year of payment.

Sitting fees paid to the Directors for the year ended 31st March, 2013 are as under:

Sr. No.	Name of the Director	(₹)
1.	Shri Prakash V. Mehta	60,000
2.	Shri N. Ramanathan	80,000
3.	Shri R. Sankaran	80,000
	<b>TOTAL</b>	<b>220,000</b>

The Company has not issued stock options to any of its Directors.

#### 5. Shareholders' / Investors' Grievance Committee :

The Company has constituted Shareholders' / Investors'

Grievance Committee consisting of Shri Rajesh V. Shah as the Chairman, Shri Niraj Bajaj and Shri R. Sankaran as Members. The Company Secretary acts as Compliance Officer to the Committee. The meeting of the said Committee was held on May 23, 2012 which was attended by all the members.

There were no major complaints from the shareholders. The functions of Investors' Grievance Committee are to review and redress Shareholders' / Investors' query/grievance/complaint on matters relating to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc. Such matters were attended by the Registrar & Transfer Agents within stipulated time and some of the routine complaints were also directly attended by the Company Secretary.

The Committee also oversees the performance of the Registrars and Transfer Agents and recommends measures for overall improvement in the quality of Investors Services.

#### 6. Annual General Meetings :

(a) The last three Annual General Meetings were held on the following dates, time and venue :

Financial Year	Date	Time	Venue
2011-2012	August 13, 2012	11:30 a.m.	Walchand Hirachand Hall, 4th Floor, Indian Merchants' Chamber (IMC), Churchgate, Mumbai 400020
2010-2011	July 28, 2011	3:30 p.m.	Kamalnayan Bajaj Hall, Bajaj Bhavan, 226, Jambhwal Bajaj Marg, Nariman Point, Mumbai 400021
2009-2010	July 29, 2010	3:30 p.m.	

(b) Following Special Resolutions were adopted in the above three Annual General Meetings:

Financial Year	Date of Annual General Meeting	Particulars of Resolution
2011-2012	August 13, 2012	Nil
2010-2011	July 28, 2011	Appointment of Shri K. P. Jotwani as the "Manager" of the Company, as defined under Section 2(24) of the Companies Act, 1956, for a further period of two years with effect from 1st June, 2011
2009-2010	July 29, 2010	Nil

(c) No Resolutions were passed vide Postal Ballot during the year.

#### 7. Disclosures :

No transactions of material significance were entered into by the Company with its Promoters, Directors or their relatives, Company's Management or their relatives during the year, which may have potential conflict with the interests of the Company at large. The details of transactions with related