

*Where legend and technology mingle*

*Annual Report 2011-2012*



**P G Foils Limited**



Founder Chairman - late Shri Parasraj G. Shah  
(18.8.1933 - 16.3.1982)



**BOARD OF DIRECTORS**

SHRI PANKAJ P SHAH  
SHRI ABHAY P SHAH  
SHRI SAHIL P SHAH  
SHRI VIMAL DHADDA  
SHRI HEMANT NEMA  
SHRI UDHAN KUMAR CHORDIA

MANAGING DIRECTOR  
WHOLE TIME DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR  
DIRECTOR

**SENIOR EXECUTIVES**

SHRI R M JAIN  
SHRI M R JAIN  
SHRI SANJAY TIWARI

EXECUTIVE DIRECTOR (FINANCE)  
ADDITIONAL DIRECTOR (OPERATION)  
GENERAL MANAGER (MARKETING)

**COMPANY SECRETARY**

SHRI RAMDEV SINGH JETMAL

**STATUTORY AUDITORS**

M/s H M SINGHVI & CO., Chartered Accountants, Johari Bazar, Jaipur.

**COST AUDITORS**

M/s RAJESH & COMPANY, Cost Accountants, Jaipur.

**BANKERS**

IDBI Bank Ltd.  
State Bank of Bikaner & Jaipur

**REGISTERED OFFICE**

6, Neptune Tower, Ashram Road, Ahmedabad-380 009 (Gujarat)

**WORKS & HEAD OFFICE**

P.O. : Pipalia Kalan, Dist.Pali, Rajasthan – 306 307  
Tel. : 02937-287151-56 • Fax : 02937-287150 • Mobile : 93516-00444  
e-mail: pgfoils@pgfoils.in, pgfoils.investor@gmail.com

**SALES OFFICES**

MUMBAI : 80, Neelam Building, 1st Floor, E-Road, Marine Lines, Mumbai-400 002  
Tel. : (022) 32428026, 32188889 • Fax : (022) 22813502  
Mobile : 093231-10405 • e-mail : anil@pgfoils.in, mumbaisales@pgfoils.in

CHENNAI : Sri Durga Ashirwad, 25/2 Periyar Nagar, Near Sri Valli Mahal, Moolakadai,  
Chennai – 600 060 • Mobile : 093830-25913 • e-mail : pgf\_chennai@pgfoils.in

AHMEDABAD : 6, Neptune Tower, Ashram Road, Ahmedabad – 380 009  
Tel. : 079-26587606, 26584187 • Fax : 079-26584187  
Mobile : 093282-73642, e-mail : pgf\_ahm@pgfoils.in

DELHI : 3058/3063, 1st Floor, D. B. Gupta Road, Pahar Ganj, Delhi-110 055  
Tel. : 011-32537032 • Mobile : 093106-91444, 093111-20685  
e-mail :- shamshad@pgfoils.in, gmvarma@pgfoils.in

BANGALORE : No.43, 3rd Floor, Opposite Ganesh Temple, Near BRV Public School,  
10th Main Road, Prashanthi Nagar, ISRO Layout, Bangalore – 560 078  
Tele/Fax:- 080-26664956 • Mobile : 093417-61014 • e-mail : pgf\_blr@pgfoils.in

HYDERABAD : House No.10-5-3/2/3, Masab Tank, Opp. Gardan Tower, Hyderabad – 500 028  
Tel. : 040-23323576, 32577774 • Mobile : 093947-59180, 098495-14572  
e-mail :- pgf\_hyd@pgfoils.in

JAIPUR : Mayur Apartment, Flat No. T-3&4, 40-41, Mahampura, Raj Bhawan Road, Civil Line,  
Jaipur • Mobile : 093144-34912 • e-mail : gagan@pgfoils.in

KOLKATA : 228, A.C.R. Avenue, Near Girish Park, Kolkata – 700 006  
Tel.: 033-22359293 • Mobile 093320-06400 • e-mail : sanjay@pgfoils.in

## NOTICE



NOTICE is hereby given that the 33rd Annual General Meeting of the Members of P G Foils Limited will be held at Ahmedabad Textile Mills' Association, Ashram Road, Navrangpura, Ahmedabad – 380 009 on Friday, the 28th day of September 2012, at 11:00 A.M. to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as at 31st March 2012 and the Statement of Profit & Loss for the year ended on that date and the report of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Sahil P Shah, who retire by rotation and being eligible, offers himself for re-appointment.
3. To appoint a director in place of Mr. Hemant Nema, who retire by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration.

### SPECIAL BUSINESS

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

“RESOLVED THAT the consent of the Company be and is hereby accorded in terms of Section 293 (1) (d) and other applicable provisions, if any, of the Companies Act, 1956 to the Board of Directors (“the Board”) of the Company to borrow from time to time, any sum or sums of money for the purpose of the Company, upon such terms and conditions as the Board of Directors may in its discretion think fit, notwithstanding that the money or moneys to be borrowed by the Company (apart from the ordinary loans obtained or to be obtain from the Company's bankers in the ordinary course of business) together with the moneys already borrowed by the Company may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say reserves not set apart for any specific purpose, provided that maximum amount of the moneys so borrowed by the Board and remaining outstanding shall not at any time, exceed ₹ 150 Crores (₹ One Hundred Fifty Crores only).”

“RESOLVED FURTHER that the Board be and is hereby authorised to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.”

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

“RESOLVED that the consent of the Company be and is hereby accorded in terms of Section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, to the Board of Directors (“the Board”) of the Company to create such charges, mortgages and hypothecation in addition to the existing charges, mortgages and hypothecation created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, in favour of Banks/Financial Institutions to secure rupee/foreign currency loans, working capital loans, Term Loans/ FITL and/or the issue of debentures whether partly/ fully/non convertible provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payments or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of said loans, shall not, at any time exceed the limit of ₹ 150 Crores (₹ One Hundred Fifty Crores only).

“RESOLVED FURTHER that the Board (including any Director/ Executive so authorised in this behalf) be and is hereby authorised to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required.”

### REGISTERED OFFICE

6, Neptune Tower,  
Ashram Road,  
AHMEDABAD-380 009

By order of the Board  
For P G Foils Limited

Place : Jaipur  
Date : September 1, 2012

( PANKAJ P SHAH )  
Managing Director

**1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ABOVE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

2. The proxies in order to be valid, must be received by the Company at its Registered Office / Head Office of the Company not less than 48 hours before the commencement of the meeting.

3. Members / Proxies should bring the admission slip sent herewith, duly filled in and signed and hand over the same at the entrance of the hall for attending the meeting. Members are requested to indicate, without fail, their Folio No. or as the case may be DP ID and Client ID numbers in the admission slip.

4. Members are requested to bring their copies of the Annual Report with them.

5. The register of members and share transfer books of the company will remain closed from 24th September, 2012 to 28th September, 2012 (both days inclusive).

6. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956, relating to the special business to be transacted at the Annual General Meeting is attached hereto.

7. The information and the details of the directors to be reappointed, to be provided in terms of clause 49 of the Listing Agreement with Stock Exchanges is annexed hereto.

8. Members are requested to notify any changes in their address and mandates, if any, immediately at the Registered Office of the Company in writing.

9. Members holding shares, in physical form, in identical order of names in more than one Folio, are requested to write to the **Share Department of the Company / Share Transfer Agents** enclosing the relevant Share Certificates requesting consolidation of such Folios into one Folio.

10. Members are requested to note that in case of transfers, deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents at the time of lodgment of request for these transactions, is now mandatory.

11. Non-Resident Indian Shareholders are requested to inform the company immediately about:

a. The Change in the residential status on return to India for permanent settlement.

b. The particulars of NRO Bank Account in India, if not furnished earlier.

12. Pursuant to the provisions of Section 205A read together with 205C of the Act, dividends for the financial year ended 31st March, 2005 and thereafter, which remain unpaid or unclaimed for a period of 7 years will be transferred to the '**Investor Education and Protection Fund**' ("IEPF") constituted by the Central Government.

Members, who have not encashed their **dividend warrant(s)** for the financial year ended 31st March, 2005 or any subsequent financial year(s) are urged to claim such amount from the **Share Department of the Company/Share Transfer Agents**.

**Once an unclaimed dividend amount is transferred to the IEPF as above, no claim shall lie either against the Company or the IEPF in respect of such amount.**

13. The last dates of claim for the following dividends are as follows:

Dividend for the financial year ended	Date of declaration of Dividend	Last date of claiming unpaid Dividend
31st March, 2005	30th September, 2005	29th October, 2012
31st March, 2008	29th September, 2008	28th October, 2015
31st March, 2011	30th September, 2011	29th October, 2018

14. The Company has appointed M/s Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Mumbai – 400 072 having its branch office at 416-420, 4th Floor, Devnandan Mall, Opp. Sanyash Ashram, Ellisbridge, Ahmedabad – 380 006 as the common agency to handle electronic connectivity and the shares in physical mode. Therefore, the members are requested to send all their communications to them or at the Share Division Office of the Company at 6, Neptune Tower, Ashram Road, Ahmedabad – 380 009.

**15. In terms of the Green Initiative in Corporate Governance of the Ministry of Corporate Affairs, communication vide General Circular No. 14/2011 dated 21-04-2011 read with General Circular No. 18/2011 dated 29-04-2011, the Annual Reports, notice of meetings and other statutory documents required to be furnished by the Company to the Members can be sent in electronic mode. For this purpose, the Members are requested to register their e-mail addresses with the RTA, for receiving the aforesaid information in electronic mode.**

#### REGISTERED OFFICE

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By order of the Board  
For P G Foils Limited

Place : Jaipur  
Date : September 1, 2012

( PANKAJ P SHAH )  
Managing Director

**Details of Directors seeking reappointment at the forthcoming Annual General Meeting**

(as required under clause 49 of the Listing Agreement)

**ITEMS NO. 2**

Name of the Director Date of Birth Date of Appointment Experience	Mr. Sahil P Shah 18/03/1985 11/08/2007 Young and energetic entrepreneur having 5 year's experience
Directorship in other Public Limited Companies As on 31st March, 2012	None
Chairmanship/Membership of committees of Other Public Limited Companies as on 31st March 2012	I. Shareholders / Investor Grievance Committee :- A. Chairman:- None B. Member:- None  II. Audit committee: A. Chairman:- None B. Member:- None

**ITEMS NO. 3**

Name of the Director Date of Birth Date of Appointment Experience	Mr. Hemant Nema 10/11/1954 31/10/2000 37 Year Vast Business Experience
Directorship in other Public Limited Companies As on 31st March, 2012	None
Chairmanship/Membership of committees of Other Public Limited Companies as on 31st March 2012	I. Shareholders / Investor Grievance Committee :- A. Chairman:- None B. Member:- None II. Audit committee: A. Chairman:- None B. Member:- None

**Explanatory Statement under section 173 (2) of the Companies Act 1956**

**ITEM NO. 5**

At the earlier Annual General Meeting / Extraordinary General Meeting of the Company, the Shareholders of the Company had authorised the Board of Directors to borrow to the extent of ₹ Seventy Five Crores in excess of the paid up Share Capital and Free Reserves of the Company (excluding temporary loans obtained from the Company's Bankers in the ordinary course of the business). Taking into account the additional financial requirements for the continuous modernization and expansion/ diversification activities, the Company proposes to increase the borrowing limits to ₹ One Hundred Fifty Crores.

None of the Directors of the Company is interested in the Resolution No. 5.

The Board of Directors recommends the passing of the Ordinary Resolution at item No. 5.

**ITEM NO. 6**

The shareholders at the earlier Annual General Meeting / Extraordinary General Meeting had given their consent under Section 293 (1) (a) of the Companies Act, 1956 to the Board of Directors of the Company to create mortgage/charge over the Company's properties to secure borrowings. The Board of Directors may need to resort to further borrowings by way of loans from time to time to meet its requirements of funds for various working capital requirements, capital expenditure programmes, repayment or pre-payment of the existing debts, as well as for various other corporate purposes up to a sum of ₹ 150 Crores. These borrowings may have to be secured by mortgage/charge of Company's properties.

Mortgaging/Charging of the Company's immovable/movable properties in favour of the lenders in certain events may be considered as disposal of the whole or substantially the whole of Company's undertakings in terms of Section 293 (1) (a) of the Companies Act, 1956 and the same requires the consent of the Shareholders.

**REGISTERED OFFICE**

6, Neptune Tower,  
Ashram Road,  
AHMEDABAD-380 009

Place : Jaipur

Date : September 1, 2012

**By order of the Board  
For P G Foils Limited**

**( PANKAJ P SHAH )  
Managing Director**

## DIRECTOR'S REPORT

Dear Shareholders,

The Board presents its 33rd Annual Report and the Audited Statements of Accounts of the Company for the year ended 31st March, 2012.

### FINANCIAL HIGHLIGHTS

(₹ in Lacs)

Particulars	2011-12	2010-11
Total Revenue	20184.79	14512.15
Total Expenses	19255.65	13200.42
Profit/(Loss) before Depreciation,		
Tax and Extraordinary Items	929.14	1311.73
Less: Depreciation	359.52	332.27
Profit/(Loss) before Tax and		
Extraordinary Items	569.62	979.45
Add: Extraordinary Items	263.00	279.33
Profit before Tax	832.62	1258.79
Less: Current Tax	228.38	365.24
Less/(Add): Deferred Tax	0.53	-44.22
Profit for the year	603.71	937.77

### DIVIDEND AND TRANSFER TO RESERVES

The Board of Directors of your Company has decided to retain and plough back the profits into the business of the Company, thus no dividend is being recommended for this year.

### OPERATIONS (GENERAL REVIEW)

During the year your company achieved a Gross turnover of ₹ 20748.82 Lacs as against ₹ 15444.35 Lacs in the previous year.

Profit before tax was decreased to ₹ 832.62 Lacs from profit of ₹ 1258.79 Lacs of previous year mainly pressure on margin due to new entrants in industry and cheaper import.

Exports have decreased to ₹ 571.20 Lacs from ₹ 1053.82 Lacs.

### ISO 9001-2008 CERTIFICATION

The company have been awarded ISO 9001:2008 certificate on 01st May 2012 by BVQI.

### PUBLIC DEPOSITS

The Company has not invited/accepted any deposit from the public within the meaning of the section 58A of the companies Act, 1956 and the rules made there under.

### DIRECTORS

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Sahil P Shah and Mr. Hemant Nema retires by rotation at the forthcoming Annual General Meeting of the Company and being eligible, offer themselves for reappointment.

Brief resume of the Director(s) proposed to be re-appointed, nature of his expertise in specific functional areas and names of companies in which he hold directorship and membership/chairmanship of Board Committees, as stipulated under clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the annexure of Notice of Annual General Meeting.

Brief resume of the Directors proposed to be re-appointed, nature of his expertise in specific functional areas and names of companies in which he hold directorship and membership/chairmanship of Board Committees, as stipulated under clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in the annexure of Notice of Annual General Meeting.

### INDUSTRIAL RELATIONS

The company continues to maintain cordial relation with its Workers, Supervisors & Officers in all divisions to enable it to achieve better performance.

### DEMAT TRADING

As per the directives of The Securities and Exchange Board of India (SEBI), the Company's shares are being compulsorily traded in the dematerialization mode with effect from 2nd of April, 2001. Necessary agreements have been entered by the Company with NSDL, CDSL and with M/s Sharepro Services (India) Private Limited, who is registrar for transfer of shares (Demat and physical) of the company.

### DIRECTORS RESPONSIBILITY STATEMENT

According to provision of Section 217 (2AA) of the Companies Act, 1956 your Directors would like to inform the members that the audited accounts for the financial year 31st March 2012 are in full conformity with the requirements of the Companies Act, 1956. The financial results are audited by the statutory auditors M/s H M Singhvi & Co. The Directors further confirm that:-

- The applicable accounting standards have been followed in the preparation of the Annual Accounts



and proper explanations have been furnished, relating to material departures, if any;

- b. Accounting Policies have been selected and applied consistently and reasonably, and prudent judgments have been made so as to give a true and fair view of the state of affairs of the Company as at 31st March 2012 and of the profit of the Company for the year ended on that date;
- c. 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 detecting fraud and other irregularities.
- d. The annual account has been prepared on a going concern basis.

#### **CORPORATE GOVERNANCE**

Your Company has been practicing the principals of good corporate governance over the years and lays strong emphasis on transparency, accountability and integrity.

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement(s) with the Stock Exchange(s) forming part of the Annual Report.

#### **PARTICULARS OF EMPLOYEES**

For the year under review there are no employees covered as per the requirement of section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employee) rules 1975 as amended.

#### **ACCOUNTS**

For the year under review there are no employees covered as per the requirement of section 217 (2A) of the Companies Act, 1956 read with Companies (particulars of employee) rules 1975 as amended.

#### **AUDITORS**

M/s H M Singhvi & Co., Chartered Accountants, Jaipur the Auditors of the Company hold office up to the forthcoming Annual General Meeting and are recommended for re-appointment to audit the accounts of the Company for the Financial Year 2012-13. As required under the provisions of the Section 224 (1B) of the Companies Act, 1956, the Company has obtained written confirmation from M/s H M Singhvi & Co. that their appointment if made would be in conformity with the limits specified in the Section.

#### **AUDITOR'S REPORT**

Observations in the Auditor's Report read with relevant notes forming part of the accounts are self-explanatory and give the required information.

#### **COST AUDIT**

As per the requirement of Central Government and pursuant to Section 233B of the Companies Act, 1956, the Company has appointed M/s Rajesh & Company, Cost Accountants, Jaipur, as Cost Auditors to audit the cost accounts of the Company for the Financial Year 2012-13.

The cost audit report for the Financial Year 2011-12 which was due to be filed with the Ministry of Corporate Affairs on September 30, 2011.

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

Information in accordance with the provision of the section 217 (1) (e) of Companies Act 1956, read with Companies Disclosure of particulars in the report of Board of Directors Rules 1988, regarding conservation of Energy, Technology absorption & Foreign Exchange earnings and outgo is given in the Annexure "A" forming part of this report.

#### **ACKNOWLEDGEMENTS**

The Board gratefully acknowledges the understanding and support received by the Company from its employees. It also places on record its deep gratitude for the unstinted support the Company has received from the Banks, Institutions, the Central Government, the various State Governments and the local authorities during the year.

Specific acknowledgement is also made for the confidence and understanding shown by the Members in the Company.

#### **REGISTERED OFFICE**

6, Neptune Tower,  
Ashram Road,  
AHMEDABAD-380 009

Place : Jaipur  
Date : September 1, 2012

**By order of the Board  
For P G Foils Limited**

**( PANKAJ P SHAH )  
Managing Director**

## ANNEXURE "A" TO DIRECTOR'S REPORT

STATEMENT OF PARTICULARS UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

### (A) CONSERVATION OF ENERGY

#### (1) POWER & FUEL CONSUMPTION

	CURRENT YEAR	PREVIOUS YEAR
<b>(a) ELECTRICITY</b>		
(a) Purchased ( Unit KWH)	8429025	8292993
Total Amount (Rs.)	43045783	37649229
Rate per unit (Rs.)	5.11	4.54
(b) Own generation		
(i) Through Diesel/		
LDO Generator (Units)	48555	32142
Unit per liter of Diesel/LDO	3.69	3.62
Diesel/LDO Cost per liter	37.52	37.52
(ii) Through steam Turbine	N.A.	N.A.
Generator Unit		
<b>(b) COAL</b>	N.A.	N.A.
<b>(c) FURNACE OIL</b>	N.A.	N.A.
Quantity(Liters)	N.A.	N.A.
Total amount (₹In lacs)	N.A.	N.A.
Average rate (per liter)	N.A.	N.A.
<b>(d) OTHER/INTERNAL GENERATION</b>	N.A.	N.A.

#### (2) CONSUMPTION PER UNIT OF PRODUCTION

Aluminium Foil including Poly coated Cable wrap & laminated flexible packaging

Electricity	1785 Kwh Per MT	1492 Kwh Per MT
Furnace Oil	N.A.	N.A.

### (B) TECHNOLOGY ABSORPTION

Efforts made in technology absorption are mentioned in form "B"

### (C) FOREIGN EXCHANGE EARNING AND OUTGO

The company has made Export worth ₹ 571.20 Lacs during the year. Total foreign exchange utilized ₹ 7520.32 Lacs.

### FORM 'B'

#### FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO ABSORPTION RESEARCH & DEVELOPMENT

##### Research and Development (R&D) and benefits derived thereon :

##### (1) Specific areas in which R&D carried out by the company :-

- Development of multi-laminates suitable for packaging of Pan Masala.
- Manufacturing of thin & ultra thin gauge (light gauge) aluminium foil of finer thickness from 6 micron to 200 micron and in widths from 10mm to 1000 mm.
- Better control in process for improving quality of output
- Finding out ways and means for saving energy and cost.
- Development of imported foil substitute.
- Establishment of ultra modern quality control equipments.

##### 2) Benefits derived as result of the above R&D :-

- Maintaining competitive position in domestic market.
- Maximum orders for laminate foil suitable for packaging of Pan Masala having higher profit margin.
- Cost reduction.
- Reduction in scrap percentage.
- High Product Quality.

##### 3) Future plan of Action :-

- To achieve zero defect quality.
- Development of ultra light gauge and other foils as substitute of cheaper imported foil.
- To create unique product range using different specifications.

##### 4) Expenditure on R & D :-

Capital Expenditure as well as recurring expenditure incurred from time to time during the year on laboratory equipments, tools, spares, handling equipments and salaries of research personnel remain merged with various heads as per established accounting policy and expenditures incurred during the year under review on Research & Development are as follows :

- Capital Expenditure : NIL
- Recurring expenditure : ₹ 62,54,453/-
- Total research & Development expenditure : ₹ 62,54,453/-
- Total R&D Expenditure as a percentage of total turnover : 0.32%

### REGISTERED OFFICE

6, Neptune Tower,  
Ashram Road,  
AHMEDABAD-380 009

Place : Jaipur  
Date : September 1, 2012

**By order of the Board  
For P G Foils Limited**

**( PANKAJ P SHAH )  
Managing Director**

## COMPANY'S PHILOSOPHY OF CORPORATE GOVERNANCE

Your Company is committed to the philosophy of good corporate governance. The affairs of the company are conducted with the highest levels of integrity, accountability and transparency. It constantly endeavors to follow the practices of good corporate governance by conducting the business operation for the benefit of its stakeholders. The compliance report, as prepared and given herewith is in conformity with the requirements of the Listing Agreement with the Stock Exchanges.

## CODE OF CONDUCT & ETHICS

Company's Board has laid down a code of conduct for all Board members and senior management of the Company. All Board members and senior management personnel have affirmed compliance with the Code of Conduct.

## BOARD OF DIRECTORS

The Board comprises of eminent persons with considerable experience in diverse fields.

The Company has a policy of having optimum combination of executive and non executive directors, to ensure the independent functioning of the Board. The Board consists of six members, three of whom are independent directors. None of the Directors on the Board is a Member of more than ten committees and chairman of more than five committees across all the Companies in which they are directors. All necessary disclosures regarding the directorship have been made by the directors. The members on the Board have adequate experience, expertise and skills necessary for efficiently managing the affairs of the company.

Names and categories of directors on the Board, their attendance at Board meetings during the year and at the last Annual General Meeting held on 30th September 2011, and also the number of directorship in other committees is as follows:

Name	Category	No. of Board Meeting attended during the year	AGM Attended	No. of Directorship in Other Companies in India	No of Committee positions in other Public companies*	
					Chairman	Member
Shri Pankaj P Shah	Promoter & Managing Director	9	Attended.	1	NIL	NIL
Shri Abhay P Shah	Promoter & Whole Time Director	9	Attended	1	NIL	NIL
Shri Sahil P Shah	Non Executive, Non Independent	9	Attended	NIL	NIL	NIL
Shri Vimal Dhadda	Independent & Non-Executive	9	Attended	NIL	NIL	NIL
Shri Hemant Nama	Independent & Non-Executive	9	Attended	NIL	NIL	NIL
Shri Udhan Kumar Chordia	Independent & Non-Executive	7	Attended	NIL	NIL	NIL

### Note

\* Only two Committees viz., the Audit Committee and the Shareholders'/Investors' Grievance Committee have been considered for this purpose.

### Pursuant to good Corporate Governance the Independent Directors on Board

- Apart from receiving Sitting Fees, if any, Directors are do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management & associates which may affect independence of the Director.
- Are not related to promoters or persons occupying management positions at the board level or at one level below the board.
- Have not been an executive of the company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or an executive during the preceding three years of the:
  - Statutory audit firm or the internal audit firm that is associated with the Company.
  - Legal firm(s) and consulting firm(s) that have a material association with the company.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

### Information Supplied to the Board

The Board has complete access to all information with the Company, inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting:

- Quarterly results for the Company.
- Quarterly report on receivables and recovery efforts made.
- Minutes of the meetings of the audit committee and other committees of the Board.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Any significant development in human resources.
- Compliance status of various regulatory, statutory or listing requirements and shareholders service such as payment of dividend, share transfer, etc.

### Meeting of Board

Nine Board Meeting were held during the Financial Year ended 31st March, 2012 - on 30th April 2011, 14th May 2011, 12th August 2011, 25th August 2011, 04th October 2011, 25th October 2011, 02nd January 2012, 30th January 2012 and 14th February 2012.

The maximum gap between any two Board meetings was less than 4 months.

Shri Pankaj P Shah, Shri Abhay P Shah, Shri Sahil P Shah, Shri Vimal Dhadda, Shri Hemant Nema and Shri Udhan Kumar Chordia attended the 32nd Annual General Meeting of the company held on 30th September, 2011.

### AUDIT COMMITTEE

The Audit Committee has been mandated with the same terms of reference as specified in Clause 49 of the Listing Agreements with the Stock Exchanges. The terms of reference also conform to the requirements of Section 292A of the Act.

The Audit Committee functions with the following objectives:

- To provide directions and oversee comprehensively the operations of the internal & external audit functions and financial reporting
- To review the internal control systems with special emphasis on the accounting system, its quality and its effectiveness in terms of follow up.
- To approve the draft of advertisement for publishing in the newspaper in terms of requirement of listing agreements.
- To discuss and approve the budget of the company for all its division along with capital expenditure Budget.