

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your company has been upholding the core values in all facets of its corporate working, with due concern for the welfare of shareholders of the company. The Management has consistently followed the principles of Corporate Governance, based on fairness, transparency, integrity, accountability and the compliance with laws in all corporate decisions.

2. BOARD OF DIRECTORS

Composition of the Board, Category of Directors, Other Directorships, Committee Memberships and Chairmanships of other companies as on March 31, 2008 are given in the table below:

Sr. No	Name of the Directors	Category	No. of other Directorships held*	No. of Committee Memberships of other Companies#	No. of Committee Chairmanships of other Companies
1	Dr. B. Samal	I / NE Chairman	9	2	2
2	Mr. Bipin Agarwal	NI / NE Promoter	6	-	-
3	Mr. Swaran Singh	NI / NE Promoter	3	-	-
4	Mr. T. M. Nagarajan	I / NE	3		
5	Mrs. Thankom Mathew	I / NE Representative of LIC of India	Nil	Nil	Nil

NI - Non Independent Director

I - Independent Director

NE - Non-Executive Director

E - Executive Director

* Excludes alternate directorships and directorships in foreign companies and private companies.

Excludes committees other than Audit Committee, Shareholder / Investor Grievance Committee of Public Limited Companies.

During the year, Dr. B. Samal, Mr. Bipin Agarwal, Mr. Swaran Singh and Mr. T.M. Nagarajan have been appointed on the Board of the Company. Mr. C.P. Khandelwal, Mr. Sanjay Dangi, Mr. N.R. Suresh and Mr. P.H. Arvindh Pandian have resigned from the Board of the Company.

Board Meetings and Annual General Meeting

The regular meetings of the Board are scheduled well in advance. The Board meets at least once in a quarter inter alia to review the performance of the company. For each meeting, a detailed agenda is prepared in consultation with the Chairman.

During the year 2007-2008, 9 Board Meetings were held i.e., on May 16, 2007, June 30, 2007, July 25, 2007, August 16, 2007, October 26, 2007, January 8, 2008, January 24, 2008, March 5, 2008 and March 19, 2008

Attendance at the Board Meetings and at the Annual General Meeting (AGM)

Name of the Director	No. of Board Meetings attended	Attendance at the last AGM
Mr. C.P. Khandelwal **	8	Yes
Mr. Sanjay Dangi **	8	Yes
Mr. N.R. Suresh *	2	Yes
Mr. P.H. Arvindh Pandian **	6	—
Mrs. Thankom Mathew	6	—
Dr. B. Samal ****	2	—
Mr. Bipin Agarwal ***	3	—
Mr. Swaran Singh ***	3	—
Mr. T.M. Nagarajan ****	2	—

* Resigned as Director with effect from January 8, 2008

** Resigned as Director with effect from March 5, 2008

*** Appointed with effect from January 8, 2008 as Additional Director

**** Appointed with effect from March 5, 2008 as Additional Director

3. BOARD COMMITTEES

The Board has constituted the following Committees of Directors:

a) Audit Committee:

The Audit Committee was constituted on March 14, 2001. It was last reconstituted on March 5, 2008.

A brief description of the terms of reference of the Audit Committee is as follows:

To review Internal Auditors' Report, the Statutory Auditors' Report on the financial statements and quarterly results, to select and establish accounting policies, reviewing the impact of these on financial statements, have discussions with the auditors periodically about internal control system, to appoint and decide the remuneration of the internal auditor.

During the year under review, 6 meetings of the Audit Committee were held, the dates being May 16, 2007, June 30, 2007, July 25, 2007, August 16, 2007, October 26, 2007 and January 24, 2008.

The composition and attendance of members at the Audit Committee Meetings are as follows:

Audit Committee Members	Status	No. of Audit Committee Meetings Attended
Mr. N.R. Suresh *	Chairman	2
Mr. P.H. Arvinth Pandian**	Member / Chairman	6
Mr. C.P. Khandelwal **	Member	6
Mrs. Thankom Mathew	Member	4
Dr. B. Samal ****	Chairman	N.A.
Mr. Bipin Agarwal ***	Member	N.A.
Mr. T.M. Nagarajan ****	Member	N.A.

Mrs. Cumi Banerjee, V.P. (Legal) & Company Secretary acts as Secretary to the Committee and attends the meetings.

* Resigned as Director with effect from January 8, 2008

** Resigned as Director with effect from March 5, 2008

*** Appointed as Additional Directors w.e.f. January 8, 2008 and as members of Audit Committee w.e.f. March 5, 2008

**** Appointed as Additional Directors and members of Audit Committee w.e.f. March 5, 2008

b) Remuneration Committee (Non-Mandatory):

Company constituted a Remuneration Committee on June 19, 2002 consisting of three Non – Executive and Independent Directors, which was subsequently dissolved on June 11, 2004 and reconstituted on January 13, 2005. The Committee was once again reconstituted on March 5, 2008.

Main functions of the Remuneration Committee includes recommendation to the Board of Directors, Salary, perquisites, commission and retirement benefits and finalisation of package payable to the Company's Managing or Whole-time Directors.

Since, no remuneration is being paid to any of the Directors of the Company, no meeting of the Remuneration Committee was held during the year under review.

The composition of members at the Remuneration Committee Meeting is as follows:

Remuneration Committee Members	Status
Mr. C.P. Khandelwal *	Chairman
Mr. Sanjay Dangi *	Member
Dr. B. Samal**	Chairman
Mr. T.M. Nagarajan **	Member
Mrs. Thankom Mathew	Member

* Resigned as Director with effect from March 5, 2008

** Appointed as Additional Director with effect from March 5, 2008

Sitting Fees

Name	Board Meetings Rs.	Committee Meetings Rs.	Total Rs.
Mr. C.P. Khandelwal	40,000	38,000	78,000
Mr. Sanjay Dangi	40,000	26,000	66,000
Mr. N.R. Suresh	10,000	4,000	14,000
Mr. P.H. Arvinth Pandian	30,000	12,000	42,000
Mrs. Thankom Mathew	30,000	8,000	38,000
Dr. B. Samal	10,000	2,000	12,000
Mr. Bipin Agarwal	15,000	—	15,000
Mr. Swaran Singh	15,000	—	15,000
Mr. T.M. Nagarajan	10,000	2,000	12,000
Total	1,82,000	1,10,000	2,92,000

c) Share Transfer & Shareholders' / Investors' Grievance Committee (STIGC)

This Committee:

- (1) approves and monitors transfers, transmissions, splitting and consolidation of shares and the issue of duplicate certificates; and
- (2) looks into various issues relating to share holders including redressing of complaints from shareholders relating to transfer of shares, non-receipt of balance sheets, dividends etc. The committee as on March 31, 2008 consists of 3 members, namely:

Dr. B. Samal - Non-Executive Director – Chairman
 Mr. T.M. Nagarjan - Member
 Mrs. Thankom Mathew - Member

To expedite share transfer process, the Board has authorised the Company Secretary of the Company to approve share transfer / transmissions up to one thousand shares. Share transfers for more than one thousand shares are approved by the STIGC. During the year 11 meetings were held. Transfer formalities have been attended at least once in a fortnight.

- Name and designation : Mrs. Cumi Banerjee of Compliance Officer Vice President (Legal) & Company Secretary
- No. of shareholders : 13 complaints received
- No. of complaints not resolved to the satisfaction of the shareholders : Nil
- Pending complaints : Nil as on 31.3.2008

The company attends to investor & shareholders grievances within 10 days from the date of receipt of the same.

d) Risk Management Committee (RMC)

The Board of Directors of the Company have constituted Risk Management Committee of Directors on June 2, 2006. It was last reconstituted on March 5, 2008. The committee as on March 31, 2008 consists of 4 members, namely:

- Dr. B. Samal - Chairman
- Mr. Bipin Agarwal - Member
- Mr. Swaran Singh - Member
- Mr. T.M. Nagarajan - Member

The objective of this Committee is to identify the risk and control it through means of properly defined framework. The Committee regularly reviews the procedures for risk assessment and minimisation and the Board is informed accordingly.

4. COMPLIANCE WITH OTHER MANDATORY REQUIREMENTS

Management Discussion and Analysis

A Management Discussion and Analysis Report forms part of the Annual report and includes discussions on various matters specified under clause 49(IV)(F) of the Listing Agreement.

Subsidiary Company

Under the revised clause 49, Dr. B. Samal and Mr. T.M. Nagarajan, being Independent Directors of the Company have been inducted as the Directors of IIT Investrust Limited which is a non - listed subsidiary of the Company.

The Audit Committee of the Company reviews the financial statements, in particular, the investments made by its subsidiary.

The Minutes of the meetings of the Board of Directors of the subsidiary Company are been regularly placed before the Board of Directors of the Company. A statement containing the significant transactions and arrangements entered into by the unlisted subsidiary are periodically placed before the Board of Directors of the company.

Disclosures

As required by revised clause 49, a statement in summary form of transactions with related parties are being periodically placed before the Audit Committee.

Disclosure of Accounting Treatment

Disclosure of Accounting Treatment wherever applicable have been made in the audited financial accounts for the year ended March 31, 2008.

Disclosure on Risk Management

The Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. The Board shall periodically review the same.

Code of Conduct

As required by the revised clause 49 of the Listing Agreement, the Board of Directors of the Company have adopted a Code of Conduct for all Board members and Senior Management of the Company. The members of the Board of Directors and Senior Management have affirmed compliance of the said Code during the period under review. A declaration to this effect signed by the Chairman of the Company is given elsewhere in the Annual Report.

CEO / CFO Certification

A Certificate from the Promoter Director Mr. Bipin Agarwal on the financial statements of the Company was placed before the Board.

5. COMPLIANCE WITH NON-MANDATORY REQUIREMENTS

- a) The Company has not yet fixed any tenure for the Independent Directors on the Board of the Company.
- b) The Board has set up a Remuneration Committee, details thereof are furnished earlier in the Report.
- c) The quarterly/half-yearly financial results are published in the newspapers and also they are electronically filed on EDIFAR website www.sebiedifar.nic.in within the time frame prescribed in this regard.
- d) Strategic decisions were taken during the year resulting in unqualified financial statements of the Company.
- e) The Company has not yet adopted any training programme for the members of the Board.
- f) The Company has not adopted any Whistle Blower policy.

6. GENERAL BODY MEETINGS

a) Location and time where last three AGMs were held :

Sr. No.	Date	Location	Time	Special Resolution passed
1	September 27, 2007	M.C. Ghia Hall, 18/20, K. Dubash Marg Mumbai – 400 001	2.30 p.m.	Approval for keeping statutory records at a place other than the Registered Office of the Company
2	September 1, 2006	M.C. Ghia Hall, 18/20, K. Dubash Marg Mumbai – 400 001	3.30 p.m.	Increase in Borrowing Limits of the Company
3	September 29, 2005	M.C. Ghia Hall, 18/20, K. Dubash Marg Mumbai – 400 001	3.00 p.m.	1) Appointment of MCS Limited as the Registrar and Transfer Agent 2) Re-appointment of Mr. C.K. Thanawala as Managing Director of the Company

During the year under review, the Company has not passed any resolution which was to be decided by postal ballot.

**7. OTHER DISCLOSURES:**

- a) There were no materially significant transactions with the related parties during the year, which had or could have potential conflict with the interests of the company at large. Transactions with the related parties are disclosed in Note Number 5 of Schedule M to the accounts in the annual report.
- b) No penalties or strictures have been imposed on the Company by SEBI, Stock Exchange or any other statutory authority, for non-compliance of any laws, on any matter related to the capital markets, during the last three years.

8. MEANS OF COMMUNICATIONS

- a) Quarterly / Half yearly financial results of the company are forwarded to the Bombay Stock Exchange Limited and published in Free Press Journal and Navshakti. Half yearly report is not sent to each household of shareholders. However, the results of the company are published in the Newspapers.
- b) The Company has not made any presentation to any institutional investors or to any analysts during the year.
- c) All items required to be covered in the Management Discussion and Analysis Report have been included in the Directors' Report to Members.
- d) The Company does not have a website.

9. GENERAL SHAREHOLDER INFORMATION**a) Annual General Meeting**

Date & Time : September 27, 2008 at:3.00 p.m.
Venue : M.C. Ghia Hall, 18/20,
K. Dubash Marg,
Mumbai – 400 001

b) Financial Calendar : 2008-2009

Adoption of Quarterly Results for
Quarter ending : in the month of
June 2008 : July 2008
September 2008 : October 2008
December 2008 : January 2009
March 2009 : June 2009
(Audited annual results)

- c) **Dividend** : On or before
Payment Date : October 26, 2008

- d) **Book Closure period:** September 20, 2008 to
September 27, 2008

- e) **Listing on Stock Exchange** : Bombay Stock Exchange
Limited (BSE),
Dalal Street,
Mumbai – 400 001

Listing fees, as prescribed, have been paid to the BSE up to March 31, 2009.

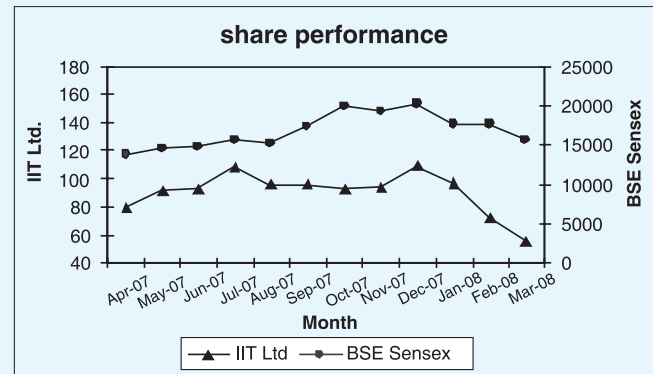
- f) **Stock Code at BSE** : 501295

g) Stock price data at the BSE

Month	High Rs.	Low Rs.
April, 2007	96.95	76.70
May, 2007	113.00	79.00
June, 2007	104.90	78.55
July, 2007	118.00	89.00
August, 2007	114.00	81.30
September, 2007	99.90	91.75
October, 2007	102.00	89.00
November, 2007	98.95	88.10
December, 2007	117.80	92.00
January, 2008	139.00	79.05
February, 2008	104.00	64.65
March, 2008	73.75	38.00

h) Graph

- Share Price / BSE (Monthly Closing)

**i) Registrar and Transfer Agents**

Intime Spectrum Registry Limited
C - 13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078.
Tel. No.: 2596 3838

j) Share Transfer System

The transfer of shares held in physical mode is processed by Intime Spectrum Registry Limited and is approved by the Share Transfer Committee/ Vice President (Legal) & Company Secretary of the Company as the case may be. The transfer of shares is effected and share certificates are despatched within a period of 30 days from the date of receipt, provided that the relevant documents are complete in all respects.

k) Distribution of shareholding as on March 31, 2008

Grouping of Shares	No. of Share-holders	% of total share-holders	No. of Shares per Category	% of total shares
1 – 100	1,117	39.07	74,696	0.75
101 – 500	963	33.68	3,02,528	3.03
501 – 1,000	329	11.51	2,89,257	2.89
1,001 – 5,000	357	12.49	8,84,966	8.85
5,001 – 10,000	48	1.68	3,51,967	3.52
10,001 - 1,00,00,000	45	1.57	80,96,586	80.97
TOTAL	2,859	100.00	1,00,00,000	100.00

Shareholding pattern as on March 31, 2008

Category	No. of Share-holders	No. of shares held	% of share-holding
Promoters	6	60,21,266	60.21
Foreign Company	-	-	-
Non Resident (Individual & Companies)	32	97,525	0.98
Foreign Institutional Investors	-	-	-
Insurance Companies	4	13,12,311	13.12
Financial Institutions / Banks	17	1,20,650	1.21
Mutual Fund	-	-	-
Central Government / State Government(s)	2	37,200	0.37
Resident Individuals	2,656	20,40,175	20.40
Other bodies corporate	142	3,70,873	3.71
TOTAL	2,859	1,00,00,000	100.00

l) Dematerialisation

The Company has entered into agreements with National Security Depository Limited and Central Depository Services Limited for the dematerialisation of shares. As on March 31, 2008, a total of 89,28,004 shares of the company which form 89.28 % of the share capital of the company stand dematerialised.

m) Outstanding GDRs / ADRs / Warrants or any convertible instruments

As of date, the Company has not issued these types of securities.

n) Address for Correspondence

Shareholders can correspond with the Registrars & Share Transfer Agents or at the Registered Office of the Company.

Address of the Registrar & Share Transfer Agents

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078.
Tel. No.: 2596 3838

For the convenience of the investors, transfer requests are also accepted at the Registered Office of the Company.

Address of Registered Office

Rajabhadur Mansion, 2nd floor
28, Bombay Samachar Marg,
Fort, Mumbai – 400 001

Contact Person

Mrs. Cumi Banerjee
Vice President (Legal) & Company Secretary
Tel. No.: 2266 5453

Auditor's Certificate on Corporate Governance

The Auditor's Certificate on compliance of Clause 49 of the Listing Agreement relating to corporate Governance is published as an annexure to the Directors' Report.

Declaration on compliance with Code of Conduct

It is hereby affirmed that all the directors and the senior management personnel have complied with the Code of Conduct framed by the Company and a confirmation to that effect has been obtained from the directors and senior management.

On behalf of the Board of Directors

DR. B. SAMAL
Chairman

Place : Mumbai
Date: June 30, 2008