

**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 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	NI / E Executive Chairman	10	5	3
2	Mr. Bipin Agarwal	NI / NE Promoter	8	1	1
3	Mr. T. M. Nagarajan [^]	NI / NE	3	1	2
4	Mr. Raj Kumar Mittal	I / NE	4	3	3
5	Mr. R.S. Loona	I / NE	4	3	1
6	Mr. Venkatesan Narayanan	I / NE	1	2	Nil
7	Mr. P.K. Rath	I / NE Representative of LIC of India	Nil	Nil	Nil

NI - Non Independent Director

I - Independent Director

NE - Non-Executive Director

E - Executive Director

[^] Resigned on September 02, 2011 and re-appointed on February 03, 2012.

* Excludes alternate directorships and directorships in foreign companies and private companies and Companies u/s.25 of the Companies Act, 1956.

Excludes Committees other than Audit Committee, Shareholder / Investor Grievance Committee of Public Limited Companies and Chairmanships.

Board Meetings and Annual General Meeting

The 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 2011-2012, 6 Board Meetings were held i.e., on May 20, 2011, May 30, 2011, July 27, 2011, October 20, 2011, November 22, 2011 and February 03, 2012.

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
Dr. B. Samal	6	Yes
Mr. Bipin Agarwal	6	Yes
Mr. T.M. Nagarajan *	4	No
Mr. Raj Kumar Mittal	6	Yes
Mr. R.S. Loona	6	Yes
Mr. Venkatesan Narayanan	6	Yes
Mr. P.K. Rath	5	No

* Resigned on September 02, 2011 and reappointed on February 03, 2012.

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 February 03, 2012.

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, to review significant related party transactions, 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, five meetings of the Audit Committee were held, the dates being May 20, 2011, May 30, 2011, July 27, 2011, October 20, 2011 and February 03, 2012.

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. Raj Kumar Mittal	Chairman	5
Mr. T.M. Nagarajan*	Member	4
Mr. R.S. Loona	Member	5
Mr. P.K. Rath	Member	4

* Ceased to be member of Audit Committee on September 02, 2011 and re-appointed on February 03, 2012.

Ms. Cumi Banerjee, CEO & Company Secretary acts as Secretary to the Committee and attends the meetings.

Each member of the Committee has relevant experience in the field of accounts and finance, with the Chairman of Committee being a Chartered Accountant.

**b) Remuneration Committee (Non-Mandatory):**

The Remuneration Committee was constituted 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 last reconstituted on October 20, 2011.

Main functions of the Remuneration Committee include recommendation to the Board of Directors, salary, perquisites, commission and retirement benefits and finalisation of package payable to the Company's Executive Chairman or Whole-Time Directors.

During the year under review, one meeting of the Remuneration Committee was held on October 20, 2011.

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

Remuneration Committee Members	Status	No. of Remuneration Committee Meetings Attended
Mr. P. K. Rath	Chairman	1
Mr. Raj Kumar Mittal	Member	1
Mr. R. S. Loona	Member	1
Mr. T. M. Nagarajan*	Member	NIL

* Ceased to be member of Remuneration Committee on September 02, 2011.

On the recommendation of the Remuneration Committee, the Board in its meeting held on October 20, 2011 accorded its consent for the re-appointment of Dr. B. Samal as Executive Chairman for a further period of one year i.e. from January 24, 2012 to January 23, 2013, subject to approval of the members in the ensuing general meeting.

Apart from fixed components set by the Remuneration Committee, no performance linked incentives are paid to Dr. B. Samal.

Details of remuneration paid to the Executive Chairman for the year 2011-2012 are given below:

Name	Salary	Perquisites	Contribution to P.F and other funds	Total
	₹	₹	₹	₹
Dr.B.Samal	21,00,000	—	2,52,000	23,52,000/-

Details of remuneration to Non-Executive Directors for the year 2011-2012 are given below:

Sitting Fees

Name	Board Meetings	Committee Meetings	Total
	₹	₹	₹
Mr. Bipin Agarwal	90,000	15,000	1,05,000
Mr. T.M. Nagarajan	60,000	37,500	97,500
Mr. Raj Kumar Mittal	90,000	1,20,000	2,10,000
Mr. R.S. Loona	90,000	1,12,500	2,02,500
Mr. Venkatesan Narayanan	90,000	Nil	90,000
Mr. P.K. Rath	75,000	75,000	1,50,000
Total	4,95,000	3,60,000	8,55,000

During the year, the Non-Executive Directors are paid sitting fees at the rate of ₹15,000/- for attending each meeting of the Board and ₹ 7,500/- for attending each Committee meeting thereof.

The Board in its meeting held on May 24, 2012, has accorded its approval for increase in payment of sitting fees from ₹ 7,500/- to ₹15,000/- for attending each Meeting of the Committees of the Board, by the Non-Executive Directors of the Company w.e.f. June 01, 2012.

Mr. Bipin Agarwal holds 25,000 equity shares in the Company and none of the remaining Directors hold any equity shares of the Company as on March 31, 2012.

Presently, the Company does not have a practice of granting stock options.

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

The Board had constituted Share Transfer & Shareholders' / Investors' Grievance Committee (STIGC) on January 16, 2002. The Committee was last re-constituted on October 20, 2011.

The Committee as on March 31, 2012 consisted of 4 members, namely:

Mr. Raj Kumar Mittal	- Non Executive Director - Chairman
Mr. T.M. Nagarajan*	- Member
Mr. R.S. Loona	- Member
Mr. P.K. Rath	- Member

* Ceased to be member of STIGC on September 02, 2011.

This Committee:

- (1) approves and monitors transfers, transmissions, splitting and consolidation of shares and the issue of duplicate share certificates; and
- (2) looks into various issues relating to shareholders, including redressing of complaints received from shareholders, relating to transfer of shares, non-receipt of balance sheets, dividends etc.

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, 9 meetings were held. Transfer formalities have been attended at least once in a fortnight.

- Name and designation of Compliance Officer: Ms. Cumi Banerjee, CEO & Company Secretary
- No. of shareholders complaints received: 26
- No. of complaints not resolved to the satisfaction of the shareholders: Nil
- Pending complaints as on 31.03.2012: Nil

The Company attends to investors' & shareholders' grievances within 10 days from the date of its receipt.



d) Risk Management Committee (RMC)

The Board had constituted Risk Management Committee on June 2, 2006. It was last reconstituted on October 20, 2011.

The Committee as on March 31, 2012 consisted of 4 members, namely:

Dr. B. Samal	- Chairman
Mr. Bipin Agarwal	- Member
Mr. T.M. Nagarajan*	- Member
Mr. Raj Kumar Mittal	- Member
Mr. P.K. Rath	- Member

* Ceased to be member of Risk Management Committee on September 02, 2011

The objective of this Committee is to identify the risk involved 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.

During the year under review, the Risk Management Committee met twice on May 20, 2011 and October 20, 2011 to review risk assessment and minimisation procedures.

e) Committee for Investment and Loans

The Board had constituted 'Committee of Directors' on March 05, 2008 to deal with matters concerning investments and granting loans. On July 20, 2010, the nomenclature of Committee of Directors was changed to 'Committee for Investment and Loans'. The said Committee was last re-constituted on October 20, 2011.

During the year under review, no meetings were held of Investment and Loans Committee.

The Committee as on March 31, 2012 consisted of 3 members, namely:

Dr. B. Samal	- Chairman
Mr. Bipin Agarwal	- Member
Mr. Raj Kumar Mittal	- Member

f) ADR/GDR/ FCCB/FPO/QIP Committee

The Board had constituted QIP Committee on September 17, 2010, which was re-designated as ADR/GDR/ FCCB/ FPO/QIP Committee in its meeting held on February 03, 2011.

The ADR/GDR/ FCCB/FPO/QIP Committee was entrusted with raising the funds through one or more routes viz. ADR/GDR/ FCCB/FPO/QIP etc. and other ancillary matters relating to the above.

During the year under review, no meetings were held of ADR/GDR/ FCCB/FPO/QIP Committee.

The Committee as on March 31, 2012 consisted of 3 members, namely:

Dr. B. Samal	- Chairman
Mr. Raj Kumar Mittal	- Member
Mr. R.S. Loona	- Member

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 Companies

Under clause 49 of the Listing Agreement, an Independent Director of the Company is required to be appointed as Director on the Board of the material unlisted Indian subsidiaries.

Mr. Raj Kumar Mittal has been appointed as Director of IIT Investrust Limited (material unlisted subsidiary) w.e.f. June 27, 2009. Further, Mr. R.S. Loona has been appointed as Director of IIT Insurance Broking and Risk Management Private Limited (material unlisted subsidiary) w.e.f. January 24, 2009 and IIT Media and Entertainment Private Limited (non-material unlisted subsidiary) w.e.f. January 27, 2010.

The Audit Committee of the Company reviews the financial statements, including the investments made, of its material unlisted subsidiaries.

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

Disclosures - Related party transactions

Statements in summary form of transactions with related parties are periodically placed before the Audit Committee.

Disclosure of Accounting Treatment

The Company has followed Accounting Standards laid down by the Companies (Accounting Standards) Rules, 2006 in preparation of financial statements.

Disclosure on Risk Management

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

Code of Conduct

As required by the 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 Certification

In terms of the requirements of Clause 49 (V) of the Listing Agreement, the Executive Chairman, Dr. B. Samal, and CEO & Company Secretary, Ms. Cumi Banerjee, have submitted necessary certificate to the Board of Directors stating the particulars specified under the said clause.

This certificate has been reviewed and taken on record by the Board of Directors at its meeting held on May 24, 2012.

5. GENERAL BODY MEETINGS

Location and time where last three AGMs were held :

Sr. No.	Date	Location	Time	Special Resolution passed
1	September 10, 2011	M.C. Ghia Hall, 18/20, K. Dubash Marg Mumbai - 400 001	3.00 p.m.	Nil
2	September 17, 2011	M.C. Ghia Hall, 18/20, K. Dubash Marg Mumbai - 400 001	3.30 p.m.	1) Alteration of Articles of Association of the Company 2) Approval under Section 81(1A) of the Companies Act, 1956
3	August 28, 2009	M.C. Ghia Hall, 18/20, K. Dubash Marg Mumbai - 400 001	3.00 p.m.	Nil

Postal Ballot I:

During the previous year i.e. Financial Year 2010-2011, the members of the Company passed the following special resolution through postal ballot:

1. Special Resolution for Approval under Section 81(1A) of the Companies Act, 1956 for raising of funds through QIP or through FPO, ADRs, GDRs, FCCBs, and / or convertible bonds, convertible debentures, or a combination of one or more of the above methods.

Voting Pattern and Procedure for Postal Ballot:

The Board of Directors of the Company at their meeting held on January 08, 2011 approved the postal ballot notice, form and calendar of events. The postal ballot notice along with postal ballot form and self-addressed pre-paid postage envelope were sent to the shareholders on January 18, 2011. The last date for receipt of the Postal Ballot form from the shareholders was February 17, 2011.

Ms. Chandanbala Jain, Practicing Company Secretary, was appointed as the scrutinizer for conducting the Postal Ballot and based on the report, the postal ballot results were declared.

Out of the net valid postal ballot forms, 99.99% of the postal ballots were assenting to the resolution and 0.01% of the postal ballot forms were dissenting to the resolution.

Ms. Chandanbala Jain, Practicing Company Secretary submitted her report on February 19, 2011 to the Executive Chairman and based on the said report, results of Postal Ballot were declared on February 21, 2011.

Postal Ballot II:

The Company had posted notice pursuant to Section 192A (2) dated July 02, 2012 to the Members of the Company to consider and if thought fit to pass Special resolutions through postal Ballot for the following items:

- i) Raising of Funds through Issue of Equity Shares of the Company on Preferential Basis.
- ii) Alteration of Articles of Association of the Company for increase in Authorised Share Capital.
- iii) Raising of Funds through Issue of 8% Cumulative Redeemable Non Convertible Preference Shares

Voting Pattern and Procedure for Postal Ballot:

The Board of Directors of the Company at their meeting held on July 02, 2012 approved the postal ballot notice, form and calendar of events. The postal ballot notice along with postal ballot form and self-addressed pre-paid postage envelope were sent to the shareholders on July 05, 2012. The last date for receipt of the Postal Ballot form from the shareholders was August 04, 2012.

Ms. Chandanbala Jain, Practicing Company Secretary, was appointed as the scrutinizer for conducting the Postal Ballot and based on the report, the postal ballot results were declared as under:

Item Nos.	Total No. of Valid Postal Ballot Received	Total No. of votes in favour of the resolution	Total No. of votes against the resolution
1	40 representing 65,53,749 Shares (33.14% of total paid up capital)	26,561 (0.41% of Total Votes Polled)	65,27,188 (99.59% of Total Votes Polled)
2	38 representing 65,50,349 Shares (33.12% of total paid up capital)	23,621 (0.36% of Total Votes Polled)	65,26,728 (99.59% of Total Votes Polled)
3	38 representing 65,50,349 Shares (33.12% of total paid up capital)	23,521 (0.36% of Total Votes Polled)	65,26,828 (99.59% of Total Votes Polled)

Ms. Chandanbala Jain, Practicing Company Secretary submitted her report on August 06, 2012 to the Executive Chairman and based on the said report, results of Postal Ballot were declared on August 07, 2012.

6. 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 2.21 to the Accounts in the Annual Report.
- b) No penalties or strictures have been imposed on the Company by SEBI, Stock Exchanges or any other statutory authority, for non-compliance of any laws, on any matter related to the capital markets, during the last three years.



- c) There are no inter-se relationships between Directors of the Company.

7. MEANS OF COMMUNICATIONS

- a) Quarterly and Annual financial results of the Company are forwarded to the BSE Limited and National Stock Exchange of India Limited and published in Free Press Journal (English) and Navshakti (Marathi). Half yearly report is not sent to each shareholder. 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 has launched its website www.iitlgroup.com. Annual Report of the Company shall be available on the website in a user friendly and downloadable form. The quarterly / half yearly results are also available on the Company's website.

8. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Date & Time : Thursday, September 20, 2012 at: 3.30 p.m.
Venue : M.C. Ghia Hall, 2nd Floor, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, Mumbai 400 001.

b) Financial Calendar : 2012-2013

Adoption of Quarterly Results for

Quarter ending	In the month of (Tentative)
June 2012	: On or before August 14, 2012
September 2012	: On or before November 14, 2012
December 2012	: On or before February 14, 2013
March 2013	: On or before May 30, 2013

(Audited annual results)

- c) **Dividend Payment Date** : On or before October 19, 2012

- d) **Book Closure period** : September 13, 2012
September 20, 2012

- e) **Listing on Stock Exchange** : BSE Limited (BSE)
Dalal Street,
Mumbai 400 001
National Stock Exchange of
India Limited (NSE)
BKC, Bandra (E),
Mumbai 400 051

Listing fees, as prescribed, have been paid to the BSE and NSE up to March 31, 2013.

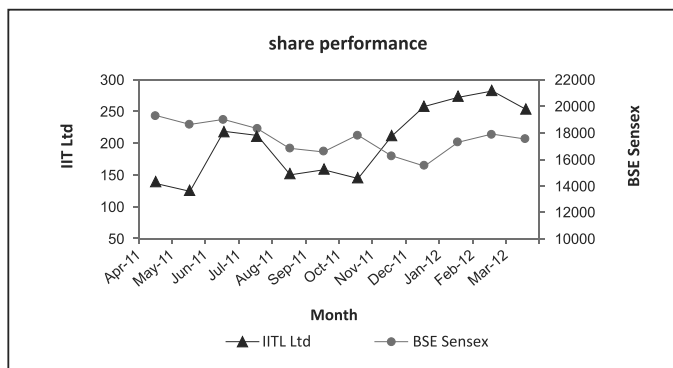
- f) **Stock Code at BSE** : 501295
NSE Stock Symbol : IITL

g) Stock price data at the BSE and NSE

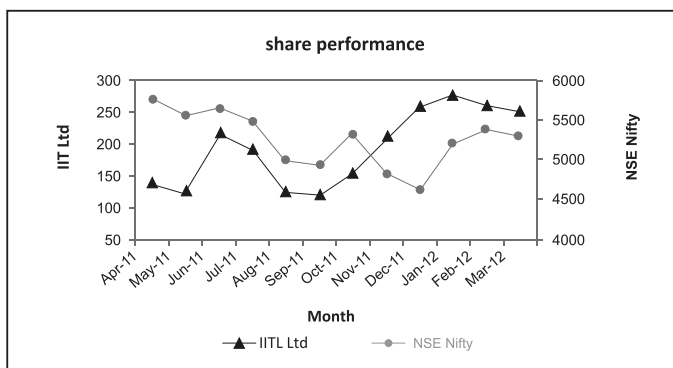
Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April, 2011	158.85	123.55	142.50	135.00
May, 2011	134.45	112.35	134.90	109.60
June, 2011	215.05	117.65	215.45	117.00
July, 2011	230.00	190.60	233.75	187.85
August, 2011	199.05	130.60	182.70	126.00
September, 2011	157.50	126.10	131.25	120.95
October, 2011	157.00	131.60	165.35	130.05
November, 2011	221.00	142.60	220.00	147.15
December, 2011	262.00	182.00	267.25	181.05
January, 2012	280.00	245.00	280.00	245.60
February, 2012	281.00	257.00	288.70	260.00
March, 2012	278.00	207.65	273.00	228.00

h) Graph

Share Price / BSE (Monthly Closing)



Share Price / NSE (Monthly Closing)



**i) Registrar and Transfer Agents**

Link Intime India Private 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 Link Intime India Private Limited and is approved by the Share Transfer Committee / CEO & 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, 2012

Grouping of Shares	No. of Shareholders	% of total Shareholders	No. of Shares per Category	% of total shares
1 – 500	1516	72.61	2,62,448	2.63
501 – 1000	231	11.06	2,04,147	2.04
1001 – 2000	136	6.51	2,19,427	2.19
2001 – 3000	75	3.59	1,93,715	1.94
3001 – 4000	23	1.10	81,765	0.82
4001 – 5000	37	1.77	1,81,020	1.81
5001 – 10000	36	1.73	2,62,101	2.62
10001 – 10000000	34	1.63	85,95,377	85.95
TOTAL	2088	100.00	1,00,00,000	100.00

Shareholding pattern as on March 31, 2012

Category	No. of Shareholders	No. of shares held	% of shareholding
Promoters	6	65,51,387	65.51
Foreign Company	-	-	-
Non Resident (Individual & Companies)	35	91,502	0.92
Foreign Institutional Investors	-	-	-
Insurance Companies	3	12,43,311	12.43
Financial Institutions/ Banks	17	1,19,150	1.19
Mutual Funds	-	-	-
Central Government / State Government(s)	2	37,200	0.37
Resident Individuals	1,942	13,92,824	13.01
Clearing Member	11	37,074	0.37
Trust	5	45,500	0.46
Other bodies corporate	67	4,82,052	4.82
TOTAL	2088	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, 2012, a total of 90,78,499 shares, which forms 90.78% of the share capital of the Company stands dematerialized and 9,90,161 shares which forms 9.22% of the share capital are in physical form.

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

The Company has issued 48,88,775 Global Depository Receipts representing two Equity Shares of ₹ 10/- each, on June 15, 2012. The GDRs issued by the Company are listed on the Luxembourg Stock Exchange. The Company has also received Listing and Trading approval from Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

n) Plant Location

The Company does not have a manufacturing plant.

o) 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

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078.
Tel. No.: 022 2596 3838

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

Address of Registered Office

14 E Rajabhadur Mansion, 2nd Floor
28, Bombay Samachar Marg,
Fort, Mumbai - 400 001

Contact Person

Ms. Cumi Banerjee - CEO & Company Secretary
Tel. No.: 022 2266 5453 / 022 4325 0100

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: August 9, 2012