

CORPORATE GOVERNANCE

Your Company is committed to the highest standards of corporate governance in all its activities.

Company's Philosophy on code of governance:

The Company's Philosophy of corporate governance is aimed at assisting the top management of the company in the efficient conduct of its business and in meeting its obligation to stakeholders.

Board of Directors:

a) Composition

The Board of Directors of the Company consists of 4 Members comprising of.

I. One Promoter Director who is in the Whole time employment of the Company and the other is Non- Executive Director.

I. Two Independent Directors.

Other Directorship / Committee memberships held

| Name of Director | Category | Designation | Memberships held in Other Companies Committee/Member |
|---------------------------|-------------|-------------|--|
| Shri Vijaykumar Agarwal | Promoter | W.T.D. | Nil |
| Smt. Santoshdevi Agarwal | Promoter | Director | Nil |
| Shri Udaybhan V.Tripathi. | Independent | Director | Nil |
| Shri Harish Joshi | Independent | Director | Nil |

DIRECTORS SEEKING RE- APPOINTMENT

Shri Vijaykumar Agarwal and Smt. Santoshdevi Agarwal retires as Directors by rotation and being eligible has offer themselves for re-appointment. The Board has at its meeting dated July 31, 2008, recommended their reappointment to the members.

Shri Vijaykumar Agarwal is a Commerce Graduate having business experience of more than 20 years.

Smt. Santoshdevi Agarwal is a matriculate having business experience of more than 18 years.

a) Board Meetings held during the year:

| S. No. | Date of Board Meeting |
|--------|-----------------------|
| 1. | 13.04.2007 |
| 2. | 04.05.2007 |
| 3. | 04.09.2007 |
| 4. | 23.12.2007 |
| 5. | 17.01.2008 |

d) Attendance of Directors at Board Meetings and Last Annual General Meeting:

| Name of Director | Meetings Attended | Attendance at last AGM |
|---------------------------|--------------------------|-------------------------------|
| Shri Vijaykumar Agarwal | 5 | Yes |
| Smt. Santoshdevi Agarwal | 5 | Yes |
| Shri Udaybhan V. Tripathi | 5 | Yes |
| Shri Harishbhai Joshi | 5 | Yes |

Audit Committee
(a) Terms of Reference

The Audit Committee Provides the Board with additional Assurance as to the adequacy of the Company's internal control systems and financial disclosures. The Audit Committee acts as a link between the Management, Statutory Auditors, Internal Auditors, and the Board of Directors. The Broad terms of reference of the Audit Committee are to review with the Management and / or Internal Auditors and / or Statutory Auditors in the following areas.

- i. Overview of Company's financial reporting process and financial information disclosures.
- ii. Review with Management, external and internal audits, the adequacy of internal control systems.
- iii. Review the adequacy and effectiveness of accounting and financial controls of the Company, compliance with the company's policies and applicable laws and regulations.
- iv. Review with Management, the Annual financial statement before submission to the Board.
- v. Recommending the appointment / removal of external and internal auditors, fixation of Audit fees.

NOTE:- At present the Company has formed the Audit Committee consisting of Mr. Udaybhan V. Tripathi, independent Director as Chairman and Mr. Vijaykumar Agarwal as a member of the Committee.

(b) Composition, name of members and Chairman

The Audit Committee of the Company comprises two members. The names of the members of the Audit Committee are as follows.

1. Shri Udaybhan Tripathi
2. Shri Vijaykumar Agarwal

Mr. Udaybhan Tripathi, the Chairman of Audit Committee.

Meetings and Attendance During the Year

| Name of the Director | No. of Meetings Held | No. of Meetings Attended |
|-----------------------------|-----------------------------|---------------------------------|
| Shri Udaybhan V. Tripathi | 4 | 4 |
| Shri Vijaykumar Agarwal | 4 | 4 |

Remuneration policy

The Company does not have a Remuneration Committee. The Remuneration payable to whole-time Directors and Non-executive Directors are decided by the Board of Directors, subject to the approval of the Members.

Details of Remuneration to Directors paid / payable for the financial year 2007-08 is as follows.

a) Executive Directors (Amount in Rupees)

| Particulars | Designation | Amount in Rs. |
|-------------------------|----------------------|---------------|
| Shri Vijaykumar Agarwal | Whole Time Director. | 14,44,000 |

b) Non-Executive Directors

Non-Executive Directors are not paid sitting fees for attending Board and Committee meetings.

Shareholders / Investors Grievance Committee

As a measure of Good corporate Governance and to focus on the shareholder's grievances and towards strengthening investor relations, an investor's Grievance Committee has been constituted as sub committee of the Board.

a) The functions of the Committee include :

To specifically look into redressing investor's grievances pertaining to;

1. Transfer of shares
2. Dividend
3. Dematerialisation of Shares
4. Replacement of lost / stolen / mutilated Share certificates.
5. Non-receipt of rights / bonus / split share certificates
6. Any other related issues

b) Constitution and composition

The committee was constituted with Two Directors under the Chairmanship of Independent Director as follow.

Shri Harishbhai Joshi
Shri Vijaykumar Agarwal

c) Others

Name and Designation of compliance officer:

Shri Vijaykumar Agarwal

Investor Complaints Received and resolved during the year

| Nature of Complaints | 2007-2008 |
|----------------------|-----------|
| Nil | |

General Body Meetings
a) Particulars of last three Annual General Meetings:

| Venue | Date | Time | No. of Special Resolutions |
|--|----------------------------------|-----------|----------------------------|
| 34, Omkar House, Navrangpura, Ahmedabad-09 | 15 th September, 2005 | 4.00P.M. | 0 |
| 34, Omkar House, Navrangpura, Ahmedabad-09 | 30 th September, 2006 | 4.00P.M. | 0 |
| 34, Omkar House, Navrangpura, Ahmedabad-09 | 29 th September, 2007 | 4.00 P.M. | 0 |

b) Particulars of last three Extraordinary General Meetings

| Purpose | Venue | Date | Time |
|---|-------|------|------|
| NO EXTRA ORDINARY GENERAL MEETING WAS HELD. | | | |

Disclosures

- 1) The company has related party transactions in the ordinary course of business, which are not having any potential conflict with the interest of the company.
- 2) The company has complied with the requirements of regulatory authorities on capital markets and no penalties / strictures have been imposed against it in the last three years.

Share Transfer System

The Company has appointed MCS Ltd. as Registrars and Transfer Agents. Valid Share transfer, complete in all respects were approved and registered within the stipulated period.

Date, time and Venue of the 19th Annual General Meeting:

Thursday, 18th September, 2008 at 04.00 P.M at 34, Omkar House, C.G. Road, Navrangpura, Ahmedabad-09.

Dividend Payment Date

Not applicable

Dematerialisation of Shares :

The company has established connectivity with the depositories.

Financial Calendar (tentative)

| | |
|---|----------------------|
| Financial reporting for the quarter ending June 30th 2008 | End of July, 2008 |
| Financial reporting for the quarter/half year ending September 30, 2008 | End of October, 2008 |
| Financial reporting for the quarter ending December 31st 2008 | End of January, 2009 |
| Financial reporting for the quarter and ended March 31, 2009 | End of June, 2009 |

Means of Communication

Quarterly/ Annual Results published in Western Times & Prabhat News Paper.

Distribution of shareholding (as on 31 March, 2008)
A) On the basis of Share held

| No of Shares | No. of Shareholders | % of Share holders | No. of Shares held | % of Total |
|---------------|---------------------|--------------------|--------------------|---------------|
| Up to 500 | 876 | 76.51 | 229800 | 5.47 |
| 501-1000 | 107 | 9.34 | 91700 | 2.18 |
| 1001-2000 | 54 | 4.72 | 84400 | 2.01 |
| 2001-3000 | 18 | 1.57 | 47500 | 1.13 |
| 3001-4000 | 14 | 1.22 | 50800 | 1.21 |
| 4001-5000 | 18 | 1.57 | 79800 | 1.90 |
| 5001-10,000 | 16 | 1.40 | 113700 | 2.71 |
| 10,001& above | 42 | 3.67 | 3502300 | 83.39 |
| Total | 1145 | 100 | 4200000 | 100.00 |

A) On the basis of Category

| Category | No. of shares held | Voting strength (%) |
|----------------------------------|--------------------|---------------------|
| Promoters, Relatives & Associate | 21,28,700 | 50.68 |
| Companies | 856500 | 20.39 |
| Public | 1214800 | 28.93 |
| NRI/ FII's/ OCB's | - | - |
| Banks and Mutual Funds | - | - |
| Domestic Companies | - | - |
| Others | - | - |
| Total | 42,00,000 | 100 |



Listing on Stock Exchange at :

The Ahmedabad Stock Exchange, Kamdhenu Complex, Panjarapole, Opp. Sahajanand College Ahmedabad. The Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023.

Listing Fees for the year 2007-08 has been paid to the Stock Exchanges.

Stock Code

A.S.E. Code :- 13251

B.S.E. Code :- 531227

Registered Office & Shareholders Correspondence address

34, Omkar House, C.G. Road, Navrangpura, Ahmedabad – 380009.

Factory:

Plot No. 1195, Rajpur, Chhatral-Mehsana Highway, Taluka-Kadi, Gujarat

For and on behalf of the Board

Place : Ahmedabad

Date : 31.07.2008

**Vijaykumar Agarwal
Chairman & Managing Director**

DECLARATION

I hereby declare that all the members of the Board and the senior management personnel of the Company have affirmed compliance with the Code of Conduct.

It is further, declared that the Board of Directors of the Company had at its meeting held on 17.07.2008 taken note of the CEO/ CFO Certificate.

For and on behalf of the Board

Place : Ahmedabad

Date : 31.07.2008

**Vijaykumar Agarwal
Chairman & Managing Director**