

## 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.

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

\* Two Independent Directors.

#### b) 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
Shri Vishal V. Agarwal	Relative to Promoter	Director	Nil
Shri Udaibhan V. Tripathi	Independent	Director	Nil
Shri Harishbhai Joshi	Independent	Director	Nil

### DIRECTORS SEEKING RE- APPOINTMENT

Shri Harishbhai Joshi retires as Directors by rotation and being eligible has offers themselves for re-appointment. He is qualified with an experience of about 20 years.

Vishal Agarwal was appointed as a Additional Director by the Board of Director of the Company ("the Board") during the year.

Pursuant to Section 260 of the companies Act, 1956 ( "the Act") Vishal Agarwal holds office upto the date of ensuing Annual General Meeting of the Company. Due notice Under Section 257 of the Act has been received from a member proposing the appointment of Vishal Agarwal as a Directors of the Company whose period of office shall be liable to determination by retirement of Directors by rotation. Mr Vishal Agarwal is MBA with an Experience of about 10 years in marketing and finance.

#### c) Board Meeting held during the year:

S. No.	Date of Board Meeting
1	31.07.2008
2	01.08.2008
2	25.08.2008
3	25.10.2008
4	05.12.2008
5	31.01.2009
6	31.03.2009

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

<b>Name of Director</b>	<b>Meetings Attended</b>	<b>Attendance at last AGM</b>
Shri Vijaykumar Agarwal		Yes
Smt. Vishal Agarwal		Yes
Shri Udaybhan V. Tripathi		Yes
Shri Harishbhai Joshi		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. Vijay 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 Vijay Agarwal

Mr. Udaybhan Tripathi, the Chairman of Audit Committee.

**Meetings and Attendance During the Year**

<b>Name of the Director</b>	<b>No. of Meetings Held</b>	<b>No. of Meetings Attended</b>
Shri Udaybhan V. Tripathi	4	4
Shri Vijay 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 2008-09 is as follows.

**a) Executive Directors (Amount in Rupees)**

Particulars	Designation	Amount in Rs.
Shri Vijay Agarwal	Whole Time Director.	2970512

**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 Vijay Agarwal

**c) Others**

Name and Designation of compliance officer:

Shri Vijay Agarwal

**Investor Complaints Received and resolved during the year** 2008-09

**Nature of Complaints** 2008-2009

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	30 <sup>th</sup> September, 2006	4.00P.M.	0
34, Omkar House, Navrangpura, Ahmedabad-09	29 <sup>th</sup> September, 2007	4.00P.M.	0
34, Omkar House, Navrangpura, Ahmedabad-09	18 <sup>th</sup> September, 2008	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.

**Risk Assessment & Minimization Procedure**

The Company has laid down procedures to inform the Members of the Board about the risk assessment and minimization procedure. A Risk Management Committee consisting Managing and Whole-time Director periodically reviews the procedure to ensure that Executive Management controls risk through properly defined framework. The risk assessment framework encompassed, inter alia, methodology for assessing risks on ongoing basis, risk prioritization, risk mitigation plan and comprehensive reporting system.

**Legal Compliance Reporting**

As required under Clause 49 of Listing Agreement, the Board periodically reviews compliances of various laws applicable to the Company.

**Disclosure**

During the year no material transactions with the Directors or the Management, or relatives etc. have taken place, which have potential conflict with the interest of the Company.

**Compliance**

There has been no non-compliance of the provisions/requirements of Stock Exchanges/ SEBI.No penalties/strictures have been imposed on the Company by the Stock

Exchanges or SEBI or any other statutory authority on any matter relating to Capital Market.

### Share Transfer System

The Company has entered in to an agreement with MCS Ltd. to carry out the activities of Registrar and Transfer agents.

### Annual General Meeting (AGM)

<b>Day &amp; Date</b>	<b>Thursday, 31<sup>st</sup> December, 2009</b>
<b>Time</b>	<b>04.00 P.M</b>
<b>Date of Book Closure</b>	<b>12.12.2009 to 19.12.2009</b>
<b>Venue</b>	<b>34, Omkar House, Near Swastik Char Rasta, Navrangpura, Ahmedabad – 380009.</b>

### Dividend Payment Date

Not applicable

### Financial Calendar

Deco Mica Limited. follows the financial year from April to March. The Un-audited Financial Results for the first three quarters and the Audited Financial Results for the year ended 31<sup>st</sup> March, 2009 were taken on record and approved by the Board in its meeting(s) held on the following dates:

<b>Quarter Ended</b>	<b>Date of Board Meeting</b>
April – June, 2008	31.07.2008
July – September, 2008	25.10.2008
October – December, 2008	31.01.2009
Year Ended	
31 <sup>st</sup> March, 2009	19.11.2009

### Financial Calendar (tentative)

*Financial reporting for the quarter ending June 30, 2009	19.11. 2009
*Financial reporting for the quarter/half year ending September 30, 2009	19.11. 2009
Financial reporting for the quarter ending December 31, 2009	12.01. 2010
Financial reporting for the quarter and ended March 31, 2010	End of June, 2010

\*Finalisation of the Annual Accounts for the Financial Year 2008-09 was delayed due to search and seizure

Operation was conducted on 15/10/08 by the Income Tax Department u/s 132 of the Income Tax Act, 1961 at the business and factory premises of the Company as well as residential premises of director's of the company and certain documents, records, materials, computer data were seized by the Income Tax Department. Income Tax Department has also recorded statement of the various persons during the course of search operation. The Company is in process of getting the copies of documents,

materials, computer data which were seized by the Income Tax Department and copies of statements recorded during the course of search. Accordingly the reconciliations of seized materials and verification of statements recorded during the course of search are pending. Accordingly the Company has not been able to comply with the provisions of section 159/160 and 220 of Companies Act,1956.

**Means of Communication**

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

**Distribution of shareholding (as on 31 March, 2009 )**
**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	875	76.51%	196900.00	4.70%
501 to 1000	107	9.34%	91700.00	2.18%
1001 to 2000	54	4.72%	84400.00	2.01%
2001 to 3000	18	1.57%	47500.00	1.13%
3001 to 4000	14	1.22%	50800.00	1.21%
4001 to 5000	18	1.57%	79800.00	1.90%
5001 to 10000	16	1.40%	113700.00	2.71%
10001 to 50000	22	1.92%	618800.00	14.73%
50001 to 100000	9	0.79%	657900.00	15.66%
100001 & above	10	0.96%	2258500.00	53.77%
<b>Total</b>	<b>1143</b>	<b>100</b>	<b>4200000</b>	<b>100.00</b>

**A) On the basis of Category**

Category	No. of shares held	Voting strength (%)
Promoters, Relatives & Associate Companies	2310000	55
Public	1890000	45
NRI/ FII's/ OCB's	-	-
Banks and Mutual Funds	-	-
Domestic Companies	-	-
Others	-	-
<b>Total</b>	<b>42,00,000</b>	<b>100</b>

**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 2008-09 has been paid to the Stock Exchanges

**Listing on Stock Exchange(s)**

Name on Stock Exchanges	Stock Code
The Stock Exchange, Mumbai (BSE)	531227
The Ahmedabad Stock Exchange (ASE)	13251

**CEO/CFO Certification**

A certificate from the Managing Director & CEO and Director (Finance & Commercial) on the Financial Statement of the Company in terms of Clause 49 of Listing Agreement was placed before the Board, who took the same on record.

**Related Party Transactions**

The details of all significant transaction with related parties are periodically placed before Audit Committee.

**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

Place : Ahmedabad  
Date : 19.11.2009

**For and on behalf of the Board**

**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 19.11.2009 taken note of the CEO/ CFO Certificate.

**For and on behalf of Board**

Place : Ahmedabad  
Date: 19.11.2009

Vijaykumar Agarwal  
Chairman & Managing Director