

## **REPORT ON CORPORATE GOVERNANCE**

### **BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The SEYA group has always been committed to the pursuit of excellence to achieve growth and long term shareholder wealth creation, while at the same time preserving the interests of other stakeholders, - its employees, partners, customers, suppliers and the society at large. Though Corporate Governance contains a set of principles, process and systems to be followed by Directors, Management and all Employees of the Company as binding principles, your Company believes in using it as a framework that is inherent to the value systems that drives business practices. Timely disclosures, transparent business practices and a Board which is driven by the ideals of pursuing excellence and modern ongoing research have become a culture of your Company. Accordingly both mandatory and non-mandatory principles are being followed in the interest of good corporate governance. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, customers, suppliers, the employees and other stakeholders.

#### **I BOARD OF DIRECTORS**

##### **a) Composition and Category of Directors:**

- As on 31st March, 2012 Board of Directors of the Company consisted of four members.
- The Chairman and Managing Director and Executive Director are the only Executive Directors.
- Out of the remaining two Directors both are non Executive Directors.
- The composition of the Board is in conformity with Clause 49 of the Listing Agreement which stipulates that at least 50% of the Board should consist of independent Directors, if the Chairman of the Board is an Executive Director.
- All the Directors are liable to retire by rotation.
- None of the Directors are nominee Directors representing any lender institution or equity investor.

##### **b) Board Meetings**

- The Board of Directors met 5 times during the year on 28th April, 2011, 30th July, 2011, 27th August, 2011, 11th November, 2011 and 9th February, 2012.
- The maximum time gap between any two consecutive meetings did not exceed four months.

##### **c) Directors' attendance record**

- As mandated by Clause 49, none of the Directors are members of more than 10 Board level committees, nor are any of them is a Chairman of more than five such committees.
- Details of attendance

Name of Director	Position	Meetings held	Meetings attended	Whether attended last AGM	Pecuniary or business relation with company
Ashok Rajani	Executive	5	5	Yes	
V S Khurana	Non Executive	5	4	Yes	Nil
R N Arora	Non Executive	5	4	Yes	Nil
A K Bhowmik	Executive	5	4	Yes	Nil

- As mandated under Clause 49, the independent directors on a company's board:-
- a) Do not have any material pecuniary relationship or transaction with the Company which may affect their independence to act as a Director;
- b) Are not related to promoter or persons occupying management position at the Board level or at one level below the Board;
- c) Have not been an Executive of the Company in the preceding three financial years;
- d) Are not partners or executives or were not partners or executives during the preceding three years;

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- e) That Statutory audit firm or the internal audit firm is not associated company;
- f) Legal firms and consulting firms that have a material association with the Company are not material suppliers, service providers or customers or lessors or lessee of the company which may affect their independence to act as a Director;
- g) Are not substantial shareholders of the Company i.e. do not own 2% or more of the block of voting shares;
- h) Are not less than 21 years of age.

**d) Information Placed before the board**

As a policy all major decisions involving investments and capital expenditures in addition to matters which statutorily require the approval of the Board are put up for consideration of the Board, inter alia such information as may be applicable and/or required, 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 Meetings.

**e) Code Of Conduct**

The Board of Directors has laid down two separate categories of Codes of Conduct - one for the Non-Executive Directors and the other for the Executive Directors and the designated employees in the senior management. All the Board members and senior management executives of the Company have affirmed compliance with the Code of Conduct as applicable to them. The same is also available on the Company's website [www.seya.in](http://www.seya.in).

## **II BOARD COMMITTEES**

Company has three (3) Board-Level committees -Audit Committee, Remuneration Committee, Shareholder's / Investors Grievance Committee. All decisions pertaining to the constitution of Committees, appointment of members and fixing of terms of reference of the Committees are taken by the Board of Directors. Details on the role and composition of these committees including the numbers of meetings held during the financial year and the related attendance are provided below:

**(a) Audit Committee**

- As on 31st March, 2012 the Audit Committee consisted of three members and two of them are independent Directors. Mr. V. S. Khurana is the Chairman of the Committee and Company Secretary of the Company is the Secretary of the Committee. The terms of reference of the Audit Committee are in conformity with those mentioned in Clause 49 of the Listing Agreement of the stock exchange as well as Section 292A of the Companies Act 1956.
- The Audit Committee met four (4) times during the year, 30th July, 2011, 27th August, 2011, 11th November, 2011 and 9th February, 2012. The minutes of the meetings of the Audit Committee are reviewed and noted by the Board. The composition of the committee and the attendance at the meeting of the Committee are as under

Name of the Member	Category	No. of Meetings Held	No. of Meetings Attended
Ashok Rajani	Executive Director	4	4
V S Khurana	Non Executive Director	4	4
Ram Nath Arora	Non Executive Director	4	4
Haresh R Joshi	Practicing Chartered Accountant (Special invitee)	4	3

The Directors responsible for the finance function, the President and Chief Operating Officer, Group Chief Financial Officer, the head of internal audit and the representative of the Statutory Auditors are regularly invited by the Audit Committee at its Meetings.

All members of the Audit Committee have accounting and financial management expertise. The Chairman of the Audit Committee attended the Annual General Meeting (AGM) held on 29th September, 2011 to answer shareholder's queries.

The functions of the Audit Committee of the Company include the following:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

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- Recommending to the Board, the appointment, re-appointment and , if required, the replacement or removal of the Statutory Auditor and the fixation of audit fees;
- Approval of payment to Statutory Auditors for any other services rendered by them;
- Reviewing with the management, the annual financial statements before submission to the Board for approval with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of Clause (2AA) of Section 217 of the Companies Act, 1956
  - Changes, if any, in accounting policies and practices and reasons for the same;
  - Major accounting entries involving estimates based on the exercise of judgment by the management ;
  - Significant adjustments made in the financial statements arising out of audit findings;
  - Compliance with listing and other legal requirements relating to financial statements;
  - Disclosure of any related party transactions; and
  - Qualification in the draft audit report
- Reviewing with the management, quarterly, half yearly, and yearly financial statements before submission to the Board for approval;
- Reviewing with the management, performance of the statutory and internal auditors and adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with the Internal Auditors of any significant findings and follow-up there on;
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussions with the statutory auditors before the audit commences, about the nature and scope of the audit as well as post audit discussions to ascertain any areas of concern;
- To look into the reasons for substantial defaults if any with regard to the payment to depositors, shareholders (in case of non-payment of declared dividends) and Creditors;
- Carrying out any other functions as mentioned in the terms of reference of the Audit Committee;

The Audit Committee is empowered, pursuant to its terms of reference, to:

- Investigate any activity within its terms of reference;
  - It can seek information from any employees; and
  - It can obtain outside legal or other professional advice.
  - To secure attendance of outsiders with relevant expertise, whenever considered necessary;
- SEYA has systems and procedures in place to ensure that the Audit Committee conducts mandatory reviews and in particular participate and/or consider the following:
- Management discussion and analysis of financial condition and results of operations;
  - Statement of significant related party transactions (as defined by the audit committee) submitted by management;
  - Management letters / letters of internal control weakness issued by the statutory auditors;
  - Internal audit reports relating to internal control weakness;
  - The appointment, removal and terms of remuneration of the internal Auditor;
  - The uses/applications of funds raised through public issues, right issues, preferential issues if it is by major category (Capital expenditure, working capital etc.) as part of the quarterly declarations of financial results;

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- If applicable, on an annual basis, statements certified by the Statutory Auditors. Detailing the use of funds raised through public issues, right issues, preferential issues for purposes other than those stated in the offer documents / Prospectus / notices;

The Audit Committee is also apprised on information with regard to related party transactions and periodically presented with the following statements / details:

- 1) Statement in summary form of transactions with related parties in the ordinary course of business;
- 2) Details of material individual transactions with related parties in the ordinary course of business; and
- 3) Details of material individual transactions with related parties or others, which are not on an arm's length basis along with management's justification for the same.

### **(b) Remuneration Committee**

- Although it is a non-mandatory recommendation under Clause 49 of the Listing Agreement, the Company has a Remuneration Committee comprising three (3) Directors namely Mr Ashok Rajani, Mr. V S Khurana and Mr. Ram Nath Arora. Mr. Ashok Rajani is the Chairman of the Committee.
- The Committee is appointed with the terms of reference of deciding the remuneration of executive and non- executive Directors of the Company.
- The Remuneration Committee met once during the financial year on 2nd December 2011. The composition of the Committee and the attendance of the Members at the meeting of the Committee as under

Name of the member	Category	No. of Meetings held	No. of Meetings attended
Ashok Rajani	Executive Director	1	1
V S Khurana	Non Executive Independent Director	1	1
R N Arora	Non Executive Independent Director	1	1

- Remuneration Policy: The Company pays remuneration by way of salary, allowances and perquisites to the Chairman & Managing Director as approved by the Board of Directors and shareholders of the Company. Remuneration by way of Commission is approved by the Shareholders from time to time and the same is distributed equally to all the Non-Executive Directors of the Company. Apart from that, each Non-Executive Director is paid a sitting fee of Rs. 5000/- for every board meeting and Rs.1000/- for every Committee Meeting attended by them.
- The Company does not have any Stock Option Scheme.

### **(c) Shareholders' / Investor Grievance Committee**

- The Shareholder's /Investors' Grievance Committee of the Company comprises of three members; namely,Mr. Ashok Rajani, Mr. R N Arora, and Mr. V S Khurana. Mr. R N Arora is the chairman of the Committee. The Secretary of the Company, is the Compliance Officer.
- The Shareholder'/Investors' Grievance Committee deals with various matters relating to:
- Noting of transfer / transmission of shares
- Monitors expeditious redressal of investors' grievance received from Stock Exchanges, SEBI, ROC, etc
- Non- receipt of Annual Reports and dividend
- All other matters related to Shares / Debentures

During the year 2011-12 the committee met four (4) times on 28th April, 2011, 27th August, 2011, 11th November, 2011 and 9th February, 2012. The Minutes of the Shareholder/ investors' Grievance Committee are reviewed. The details of attendance at the meeting of the Committee as under:-

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Name of the member	Category	No. of Meetings held	No. of Meetings attended
Mr. V S Khurana	Non-executive Independent Director	4	4
Mr. Ashok Rajani	Executive Director	4	4
Mr. R N Arora	Non-executive Independent Director	4	4

- Details of queries and grievances received and addressed by the Company during the year 2011-12 are as under:

Sr. No.	Nature of Queries / Complaints	Pending as on 01st April 2011	Received during the year	Redressed during the year	Pending as on 31st March 2012
1.	Transfer /Transmission / Issue of duplicate share Certificates	14	2	15	1
2.	Non-receipt of Dividend	*	*	*	*
3.	Dematerialisation / Rematerialisation of Shares	*	*	*	*
4	Complaints received from Stock Exchange(s) / NSDL/CDSL	*	*	*	*
5	Others	*	*	*	
<b>Grand Total*</b>		<b>14</b>	<b>2</b>	<b>15</b>	<b>1</b>

### III MANAGEMENT

#### Management Discussions and Analysis Report

Management discussions and Analysis is given in a separate section forming part of the Directors' Report in this Annual Report

#### Disclosures

##### (a) Related Party Transactions

Details of materially significant related party transactions i.e. transactions of the Company of material nature with its promoters, Directors or the management, their relatives, etc are presented in Note no. 22 of the Annual Accounts. All details on the financial and commercial transactions, where Directors may have a potential interest, are provided to the Board. The interested directors neither participated in the discussion, nor voted on such matters.

##### (b) Accounting treatment in preparation of financial statements

The Company has followed the guidelines of accounting standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.

##### (c) Risk Management

The company has established a well-documented and robust risk management framework. Under this framework, risks are identified across all business process of the company on an on-going basis. Once identified, these risks are systematically categorized as strategic risks, business risks or reporting risks. The former looks at all risks associated with the long term interests of the company. The latter looks at risks associated with the regular functioning of each of the processes and the risks associated with incorrect or untimely financial and non-financial reporting. The management also regularly carries out a SWOT analysis with relation to the company's business which has been proving effective during its implementation of results of its continuing in-house research. To address these risks in a comprehensive manner, each risk is mapped to the concerned department for further action. Based on this framework, the company has set in place various procedures for Risk Management.

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### **(d) Code for Prevention of Insider Trading Practices**

Pursuant to the Securities and Exchange Board of India, (Prohibition of Insider Trading) Regulations 1992 a comprehensive code for prevention of insider trading is in place. The objective of the code is to prevent purchase and /or sale of shares of the company by an insider on the basis of unpublished price sensitive information. Under this Code, Directors and designated employees are completely prohibited from dealing in the Company's Shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of compliance officer is mandated. All the designated employees are also required to disclose related information periodically as defined in the Code. The Company Secretary of the company, has been designated as Compliance Officer.

### **(e) Pledge of equity shares**

No pledge has been created over the equity shares held by the Promoters and/or Promoter Group as on 31st March, 2012

The aggregate shareholding of the Promoters and persons belonging to the Promoter Group as on 31st March, 2012 comprised of 78,67,300 equity shares of Rs. 10/- each representing 71.52% of the Paid -up Equity Share Capital of the company.

## **IV SHAREHOLDERS**

### **(a) Disclosures regarding appointment & re-appointment of Directors**

At the ensuing Annual General Meeting, Mr. Ram Nath Arora Director of the Company, retires by rotation and being eligible offers himself for re-appointment.

### **(b) Communication to Shareholders**

Effective communication of information is an essential component of Corporate Governance. The company has policy of regularly interacting with the shareholders through multiple channels of communication such as publication of results, Annual Report, Press Releases and the Company's Website.

Quarterly, half yearly and annual results are being published in prominent daily newspapers Free Press Journal (English) and Navshakti (Marathi)

The Company has also informed Stock Exchange in a pro manner, all price sensitive and all such other matters which in its opinion, are material and relevant for the shareholders and subsequently issues a press release of the said matters.

Annual Report, Quarterly Results, Shareholding Pattern etc. of the Company are also posted on the website : [www.bseindia.com](http://www.bseindia.com)

Website of the Company : [www.seya.in](http://www.seya.in)

## **GENERAL BODY MEETINGS**

### **Details of AGM/EGM held and Special Resolutions passed thereat, during the last three financial years:**

- The Company convenes the Annual General Meeting (AGM) generally within six months of the close of the financial year. The details of the AGM held in last three years are given below:

Financial year	Day, Date & Time	Venue	Special Resolution passed
2008-09	Thursday, 24th September, 2009 11.30 am	Registered Office	Nil
2009-10	Wednesday, 22nd September, 2010 11.30 am	Registered Office	Nil
2010-11	Thursday, 29th September, 2011 4.00 pm	Registered Office	Nil

- There was One Extra-ordinary General Meeting held during the last three financial years.
- No Resolution was passed through postal ballot during the year.

**Compliance:**

**i) Mandatory requirements**

Company has fully complied with the applicable mandatory requirements of Clause 49 of the listing agreement executed with the Stock Exchanges.

**ii) Adoption of non-mandatory requirements**

Although it is not mandatory, the Board of Company has constituted a remuneration committee. Details of the committee have been provided under Section 'Remuneration Committee'.

**iii) Auditors' Qualifications on Financial Statements**

The Company's financial statements are free from any qualifications by the Auditors

**iv) Instances of non-compliance by the company**

No penalty /strictures were imposed on the company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to the capital market during the last three years.

**Auditor's Certificate on Corporate Governance**

The company has obtained a certificate from its Statutory Auditors testifying to its compliances with the provisions relating to Corporate Governance laid out in Clause 49 of the Listing Agreement executed with the Stock Exchanges. The certificate is annexed to the Directors' Report and the same will be sent to the Stock Exchanges along with the Annual Report to be filed by the company.

**Additional Shareholder's Information**

**I) ANNUAL GENERAL MEETING**

- Date : 26th September, 2012
- Day: Wednesday
- Time : 3.00 p.m
- Venue : T-14, MIDC Tarapur, Boisar, ,  
District-Thane. PIN 401 506

**Last date of Receipt of Proxies**

Monday 24<sup>th</sup> September, 2012 (before 3:00 p.m. at the Registered Office of the Company)

**II) FINANCIAL YEAR**

3rd Quarterly Results : published

4th Quarterly & Annual Results : published

The tentative dates of the Board Meetings for Consideration of financial results for the year ending are as follows:

1st Quarterly Results : Last week of July , 2012

2nd Quarterly Results : Last week of October, 2012

3rd Quarterly Results: Last week of January, 2013

4th Quarterly & Annual Results : Last week of April, 2013

**III) BOOK CLOSURE**

Tuesday, 25<sup>th</sup> September, 2012 to Thursday, 27<sup>th</sup> September, 2012 (both days inclusive)

**IV) LISTING**

At present, the Equity Shares of the Company are listed on the Bombay Stock Exchange Ltd. (BSE), Ahmedabad Stock Exchange Ltd, Delhi Stock Exchange Ltd, Calcutta Stock Exchange Ltd and the National Stock Exchange of India Ltd (NSE). The Annual Listing fees for the year 2011-12 have been paid to some stock exchanges

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### **V) STOCK CODES**

Table 1 : Stock Codes

Bombay SE Code	524324
National SE Code	SRIMAN
Ahmedabad SE	56490
Delhi SE	19313
Calcutta SE	29151

### **VI) STOCK MARKET DATA**

Table 2: High, Lows and Volumes of for 2011-12 at BSE and NSE

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volumes (No. of Share)	High (Rs.)	Low (Rs.)	Volumes (No. of Share)
Not applicable as trading of shares of the Company is suspended by Stock Exchanges						

### **VII) DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2012**

DISTRIBUTION RANGE OF SHARES	NO. OF SHARES	% OF SHARES	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS
< 500	17,47,800	15.89	10,786	94.99
500-1000	2,78,700	2.53	278	2.45
1000-2000	1,97,500	1.80	128	1.13
2000-3000	1,21,000	1.1	48	0.42
3000-4000	73,300	0.67	21	0.18
4000-5000	1,34,200	1.22	27	0.24
5000-10000	2,10,900	1.92	27	0.24
> 10000	82,36,600	74.88	39	0.34

### **VIII) SHAREHOLDING PATTERN AS ON 31ST MARCH, 2012**

	as on 31st March, 2012	as on 31st March, 2012	as on 31st March, 2011	as on 31st March, 2011
Categories	No of Shares	Percentage	No. of shares	Percentage
Promoters, Directors	78,67,300	71.52	78,67,300	71.52
Relatives and Associates				
Bodies corporate	3,55,300	3.23	3,55,300	3.23
Nationalized and other Banks	2,600	0.03	2,600	0.03
NRI/OBCs	4,20,400	3.82	4,20,400	3.82
GDC's				
Indian Public	23,54,400	21.4	23,54,400	21.4

**IX) OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS**

There are no outstanding GDRs/ADRs. During the year no conversion took place and hence there was no effect on Equity capital of the Company.

**X) REGISTRAR & TRANSFER AGENT:**

The Company has appointed M/s Universal Capital Securities Pvt. Ltd (Formerly Mondkar Computers Pvt. Ltd) as its Registrar & Transfer Agent. Members are requested to correspond with the company's Registrar & Transfer Agent quoting their folio no. at the following address:-

M/s Universal Capital Securities Pvt. Ltd  
(Formerly Mondkar Computers Pvt. Ltd)  
21, Shakil Niwas, Opp. Satya Saibaba Temple,  
Mahakali Caves Road,  
Andheri (East),  
Mumbai - 400093.  
Tel.: +91 (22) 28207203-05/28257641  
Fax: +91 (22) 28207207  
E-mail: info@unisec.in

**XI) SHARE TRANSFER PROCESS**

Shares in physical form are processed by the Registrar and Share transfer agent within maximum of 30 days from the date of receipt, if the documents are complete in all respects. The Managing Director, Executive Director and the Company Secretary have been severally empowered to approve transfers.

**XII) DEMATERIALIZATION OF SHARES**

At present the entire shareholding of the company is in physical form. The Company is in the process of establishing connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) through its Registrar and Transfer Agent. Members who wish to convert their holdings into dematerialized form, can contact the Company's Registrar and Share Transfer Agent, Universal Capital Securities Pvt.Ltd, for assistance in this regard.

**XIII) PLANT LOCATION:**

T -14, MIDC Tarapur,  
Boisar Dist.  
Thane- - 401506  
Maharashtra,

**CEO/CFO CERTIFICATION**

The Managing Director (CEO) of the Company has certified to the Board in accordance with clause 49(V) of the Listing Agreement pertaining to CEO/CFO certification for the financial year ended March 31, 2012.

To The Members of

SEYA INDUSTRIES LTD

**Sub : Declaration under clause 49 of the Listing Agreement**

I hereby declare that all the Directors and the designated employees in the Senior Management of the Company have affirmed compliance with their respective Codes for the financial year ended March 31, 2012.

**REGISTERED OFFICE**

T-14, MIDC  
Tarapur, Boisar,  
Dist-Thane- 401506

August 11, 2012

**Ashok G. Rajani**  
Chairman & Managing Director

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### **AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE.**

To the Members of

**SEYA INDUSTRIES LIMITED**

We have examined the compliance of Corporate Governance by SEYA INDUSTRIES LTD, for the financial year ended March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For JAGIWALA AND ASSOCIATES.**

**CHARTERED ACCOUNTANTS**  
(ICAI Firm Registration No.131003W)

**(YOGESH R. JAGIWALA)**

**PARTNER**

Membership No. 016864

Place : Camp: Tarapur, Dist - Thane  
Dated : 11th August, 2012