

## REPORT ON CORPORATE GOVERNANCE

**1. Company's Philosophy on Corporate Governance**

Maral Overseas Limited (MOL) is committed to high standards of Corporate Governance and has in place appropriate structures and reporting systems. The Company believes that the governance process should ensure that the available resources are utilized in a manner that meets the aspirations of all its stakeholders. Therefore, the Company follows Corporate Governance envisaging timely disclosures, the attainment of high level of transparency and has a strong and professional Board which seeks to achieve shareholders trust and maximize shareholder value. The Board ensures that the Corporate Governance processes are directed to achieve the referred purpose and the Company follows the same in practice and spirit.

**2. Board of Directors**

The present strength of the Board is Six Directors, comprising of the Chairman-Emeritus, Chairman, Managing Director and three Independent Directors. The Chairman-Emeritus, Chairman and the Managing Director are Promoter Directors. The Managing Director is Executive and all the other Directors are Non-Executive. All the three Independent Directors are professionals and have expertise in their respective functional areas.

The Composition of the Board, their attendance at the Board Meetings held during the year alongwith the number of Directorships, Memberships held in various Committees in other Companies during the financial year ended the 31<sup>st</sup> March, 2011, are given below:

Sl. No.	Name	Title	Category	No. of Meetings		No. of other Directorships and Committee Membership/Chairmanship#		
				Held	Attended	Directorships*	Committee Memberships	Committee Chairmanships
1.	Mr. L. N. Jhunjhunwala	Chairman-Emeritus	Promoter - Non-Executive	4	0	6	2	1
2.	Mr. Ravi Jhunjhunwala	Chairman	Promoter – Non-Executive	4	4	9	4	2
3.	Mr. Shekhar Agarwal	Managing Director	Promoter – Executive	4	4	5	3	0
4.	Mr. D. N. Davar	Director	Independent – Non-Executive	4	4	14	8	5
5.	Dr. Kamal Gupta	Director	Independent – Non-Executive	4	4	6	7	3
6.	Mr. P.S. Dasgupta	Director	Independent – Non-Executive	4	3	7	8	2

\* Excludes Directorships held in private limited companies, Foreign Companies, Membership of Management Committee of various chambers/bodies/section 25 Companies.

# Includes Audit and Shareholders/Investors Grievance Committees only.

The Board of Directors meets regularly throughout the financial year. The meetings of the Board of Directors during the financial year ended 31st March, 2011 were held on the 27<sup>th</sup> April, 2010, 27<sup>th</sup> July, 2010, 25<sup>th</sup> October, 2010 and the 25<sup>th</sup> January, 2011.

The previous Annual General Meeting of the Company was held on the 14th September, 2010 and was attended by Dr. Kamal Gupta, Chairman of the Audit Committee and Mr. Shekhar Agarwal, Managing Director of the Company.

**3. Audit Committee**

The Audit Committee of members of the Board comprises of following Four Directors as on the 31st March, 2011:

- 1) Mr. L. N. Jhunjhunwala
- 2) Dr. Kamal Gupta
- 3) Mr. D. N. Davar
- 4) Mr. P. S. Dasgupta

All the members of the Audit Committee are Non-Executive Directors. Mr. L. N. Jhunjhunwala, Chairman-Emeritus is a Promoter Director. The other Directors are Independent Directors with Dr. Kamal Gupta being the Chairman of the Audit Committee.

Dr. Kamal Gupta, Chairman of the Audit Committee, possesses high degree of accounting and financial management expertise and all members of the Committee have sound accounting and financial knowledge.

The Company Secretary of the Company is the Secretary to the Committee. Invitees to the Audit Committee include the Chief Financial Officer, Chief Coordinator- Internal Audit and the representative of the Statutory Auditors, Internal Auditors and Cost Auditors.

The functions of the Audit Committee include the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 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 the statutory auditors.
- 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 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.
  - Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, 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 internal auditors 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.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

MOL has systems and procedures in place to ensure that the Audit Committee mandatorily reviews:

- 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 weaknesses issued by the statutory auditors.
- Internal audit reports relating to internal control weaknesses.
- The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.
- Whenever applicable, the uses/applications of funds raised through public issues, rights issues, preferential issues by major category (capital expenditure, sales and marketing, working capital, etc), as part of the quarterly declaration of financial results.
- If applicable, on an annual basis, statement certified by the statutory auditors, detailing the use of funds raised through public issues, rights issues, preferential issues for purposes other than those stated in the offer document/prospectus/notice.

With regard to information on related party transactions, whenever applicable, the Audit Committee is presented with the following information:

- A statement in summary form of transactions with related parties in the ordinary course of business.
- Details of material individual transactions with related parties which are not in the normal course of business.
- 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.

Pursuant to its terms of reference, the Audit Committee is empowered to:

- Investigate any activity within its terms of reference and to seek any information it requires from any employee.
- Obtain legal or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, when considered necessary.

The Audit Committee of the Company met four times during the period under review. The meetings were held on the 27<sup>th</sup> April, 2010, 27<sup>th</sup> July, 2010, 25<sup>th</sup> October, 2010 and the 25<sup>th</sup> January, 2011. The attendance of the Committee members at these meetings was as follows:

Name of the Member	No. of Meetings Attended
Mr. L. N. Jhunjhunwala	0
Dr. Kamal Gupta	4
Mr. D. N. Davar	4
Mr. P.S. Dasgupta	3

#### 4. Remuneration Committee

The Remuneration Committee considers, approves and recommends to the Board the remuneration payable to Managerial personnel coming within the purview of applicable provisions of the Companies Act, 1956.

The Remuneration Committee comprised of following Three Non-Executive Independent Directors as on the 31st March, 2011:

- 1) Dr. Kamal Gupta
- 2) Mr. D.N. Davar
- 3) Mr. P.S. Dasgupta

Dr. Kamal Gupta is the Chairman of this Committee.

A meeting of the Remuneration Committee was held during the year on the 27<sup>th</sup> July, 2010, for the purpose of fixing the remuneration of Mr. Shekhar Agarwal consequent upon his reappointment as Managing Director of the Company for a period starting from 1<sup>st</sup> January, 2011 to 31<sup>st</sup> March, 2013. This meeting was attended by Dr. Kamal Gupta and Mr. D.N. Davar.

Table 1 gives details of the remuneration paid to Directors during the year ended the 31st March, 2011.

**Table: 1 - Remuneration Paid or Payable to Directors as on 31.03.2011 (₹)**

Name of Director	Category	Sitting fee	Salaries, Allowances and Perquisites #	Commission	Total (₹)
Mr. L. N. Jhunjhunwala	Promoter - Non-Executive	-	-	-	-
Mr. Ravi Jhunjhunwala	Promoter - Non-Executive	80,000	-	-	80,000
Mr. Shekhar Agarwal*	Promoter - Executive	-	48,88,000	-	48,88,000
Dr. Kamal Gupta	Independent - Non-Executive	3,60,000	-	-	3,60,000
Mr. D. N. Davar	Independent - Non-Executive	2,60,000	-	-	2,60,000
Mr. P.S Dasgupta	Independent - Non-Executive	1,20,000	-	-	1,20,000

# includes retirement benefits excluding leave encashment & gratuity.

\* Mr. Shekhar Agarwal, Managing Director holds 1.82% of Equity Shares as on 31.03.2011 in the Company.

During the year ended the 31st March, 2011, the Company did not advance any loans to any of its Directors. The Company does not have any Stock Option Scheme.

Table 2 gives details of the shares held by the Non-Executive Directors as on the 31st March, 2011.

**Table: 2 - Equity Shares Held by Non-Executive Directors as on the 31st March, 2011.**

Name of Director	Category	Number of Shares held
Mr. L. N. Jhunjhunwala	Promoter - Non-Executive	Nil
Mr. Ravi Jhunjhunwala	Promoter - Non-Executive	10
Dr. Kamal Gupta	Independent - Non-Executive	1,000
Mr. D. N. Davar	Independent - Non-Executive	1,000
Mr. P.S. Dasgupta	Independent - Non-Executive	Nil

The Non-Executive Directors are paid sitting fees for attending the Board meetings as well as Committee meetings. There were no other pecuniary relationships or transactions of the Non-Executive Directors vis-à-vis the Company.

**5. Shareholders/Investors Grievance Committee**

The Company's Shareholders/Investors Grievance Committee comprised of following Directors as on the 31st March, 2011:

- 1) Dr. Kamal Gupta- Independent Director
- 2) Mr. D. N. Davar- Independent Director
- 3) Mr. Shekhar Agarwal- Managing Director

Dr. Kamal Gupta is the Chairman of this Committee and the Company Secretary of the Company is the Compliance Officer. The terms of reference of the Committee include redressal of Shareholders and Investors complaints relating to transfer and transmission of shares, non-receipt of Annual Reports, Dividend Warrants and to ensure expeditious share transfer process. The Committee also reviews the status of Investors' grievances and redressal mechanism.

The Committee met four times during the year under review ended the 31<sup>st</sup> March, 2011 on the 27<sup>th</sup> April, 2010, 27<sup>th</sup> July, 2010, 25<sup>th</sup> October, 2010 and the 25<sup>th</sup> January, 2011.

Ten Complaints were received during the year ended 31st March, 2011 all of which were redressed/answered to the satisfaction of the shareholders. No Investor Grievance remained unattended /pending for more than 30 days. There were no complaints pending disposal as on the 31st March, 2011. No request for dematerialisation of Equity Shares of the Company was pending for approval as at the 31st March, 2011.

The Company has constituted a Share Transfer Committee to look after requests for transfer/ transmission of equity shares, issue of duplicate share certificates, consolidation/split/ replacement of share certificates and for re-materialisation of shares. The Share Transfer Committee presently comprises of:

- 1) Mr. Shekhar Agarwal
- 2) Dr. Kamal Gupta

The Share Transfer Committee of the Company meets as often as required under the chairmanship of Mr. Shekhar Agarwal, Managing Director. All valid requests for share transfer received during the year have been acted upon by the Company within the stipulated time limit.

The Board of Directors has also delegated the authority to approve the share transfers to Mr. Shekhar Agarwal, Managing Director and Mr. P.S. Puri, Chief Financial Officer who attend and approve the share transfer requests on a fortnightly basis.

**6. Code of Conduct**

MOL's Board has laid down a code of conduct for all Board members and designated senior management of the Company. All Board members and designated senior management personnel have affirmed compliance with this Code of Conduct. The code of conduct is displayed on the website of the Company [www.maraloverseas.com](http://www.maraloverseas.com). A declaration signed by Mr. Shekhar Agarwal, Managing Director and Chief Executive Officer and Mr. P.S. Puri, Chief Financial Officer, to this effect is enclosed at the end of this report.

**7. Management**

The Management Discussion and Analysis Report forms part of the Annual Report.

During the financial year ended the 31st March, 2011, there were no material financial or commercial transactions by the Company with its Promoters, Directors, Management or relatives, etc. that may have potential conflict with the interests of the Company at large.

As required by Accounting Standards-AS-18, the details of related party transactions are given in Schedule 16 to the Annual Accounts.

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.

The Board has also laid down the procedures to inform the Board Members about the Risk assessment and minimization procedures.

**8. General Body Meetings**

The details of the location and time of the Annual General Meetings held during the preceding 3 years are as follows:

**Annual General Meetings (AGM)**

Date of AGM	Relevant Financial Year	Venue/Location where held	Time of Meeting	Special Resolution
29th September, 2008	2007-2008	Maral Sarovar, V & P.O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone Madhya Pradesh – 451 660.	2.00 P.M.	--
23 <sup>rd</sup> December, 2009	2008-2009	Maral Sarovar, V & P.O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone Madhya Pradesh – 451 660.	2.30 P.M	Approval to issue of Shares under Section 81(1A) of the Companies Act, 1956.
14 <sup>th</sup> September, 2010	2009-2010	Maral Sarovar, V & P.O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone Madhya Pradesh – 451 660.	10.30 A.M	Approval for the reappointment of Mr. Shekhar Agarwal as Managing Director of the Company for a period starting from 1 <sup>st</sup> January, 2011 to 31 <sup>st</sup> March, 2013

During the year ended 31st March 2011, no resolution was required to be passed through Postal Ballot.

## 9. Compliances

No penalties/strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority relating to capital markets during the last three years.

The Company is compliant with the applicable mandatory requirements of Clause 49 of the Listing Agreements. The Company has also complied to an extent with the non-mandatory requirements of Clause 49 of the Listing Agreements such as constitution of a Remuneration Committee.

## 10. Means of Communication

The quarterly and annual audited results are sent immediately to the Stock Exchanges after they are approved by the Board of Directors. The Company publishes its results in at least one prominent national and regional newspaper. The same are also displayed on Company's website at www.maraloverseas.com.

The Company has designated an email-id maral.investor@lnjbhilwara.com

## 11. Shareholders

### Re-Appointments of Directors

Five of the Directors of your Company are liable to retire by rotation. Of these Directors, at least one-third retires every year and if eligible, propose themselves for the re-appointment. This year, Mr. Ravi Jhunjunwala & Mr. P.S. Dasgupta, are retiring by rotation and being eligible, offer themselves for re-appointment in the ensuing Annual General Meeting. Their brief resume is given below:

#### Mr. Ravi Jhunjunwala

Mr. Ravi Jhunjunwala is a Non-Executive Promoter Director of the Company. Shri Ravi Jhunjunwala, holds a Bachelor degree in Commerce from Delhi University and Master in Business Administration from the Centre D'etudes Industrielles (CEI) Geneva. Shri Ravi Jhunjunwala joined HEG Limited as a Management Trainee and having gone through a very well planned grooming in all aspects of Business Management and was later assigned the reins of HEG as Managing Director. His leadership has enabled the group to establish a presence in more than 75 countries across five continents today. He is also active on number of National Management forums and is associated with various chambers of commerce including CII.

#### Mr. P.S. Dasgupta

Mr. P.S. Dasgupta is an Independent- Non executive Director of the Company. Mr. P.S. Dasgupta holds Post Graduate Diploma in Corporate Laws & Labour Laws, LLB and B.A. Eco. (H). Mr. P.S. Dasgupta is renowned international corporate lawyer and represents a leading law firm in Delhi. He serves as a director on the Board of various national and multinational corporates doing business in India.

### Details of Other Directorship Held in Other Companies

Directors Name	Name of the Company in which Directorship held*	Committee Chairmanship	Committee Membership
Mr. Ravi Jhunjunwala	HEG Ltd.	–	Shareholders' / Investors' Grievance Committee
	RSWM Ltd.	–	–
	Malana Power Company Ltd.	Audit Committee	–
	Bhilwara Energy Ltd.	–	–
	Indo Canadian Consultancy Services Ltd.	–	–
	BSL Ltd.	–	Shareholders' / Investors' Grievance Committee
	AD Hydro Power Ltd.	Audit Committee	–
	Cheslind Textiles Ltd.	–	–
Mr. P. S. Dasgupta	India Glycols Ltd.	–	–
	Cummins India Ltd.	–	1. Audit Committee 2. Shareholders' / Investors' Grievance Committee
	Otis Elevator Co. India Ltd.	–	1. Audit Committee 2. Shareholders' / Investors' Grievance Committee
	Timken India Ltd.	Audit Committee	–
	Tricone Projects India Ltd.	–	Audit Committee
	Asian Hotel ( North) Ltd.	–	–
	Bhilwara Technical Textiles Ltd.	Shareholders' / Investors' Grievance Committee	Audit Committee
Ester Industries Ltd.	–	–	

\* Excludes Directorships held in private limited companies, Foreign Companies, Membership of Management Committee of various chambers/ bodies/section 25 Companies.

## SHAREHOLDERS' INFORMATION

### 1. Annual General Meeting

Day, Date and Time : Thursday, 22<sup>nd</sup> September, 2011, 11.00 A.M.  
 Venue : Maral Sarovar, V. & P. O. Khalbujurg, Tehsil Kasrawad,  
 Distt. Khargone -451 660, Madhya Pradesh

### 2. Financial Calendar

Financial year : April, 2010 to March, 2011  
 Quarterly Financial reporting : Within 45 days from the end of each quarter except fourth quarter when audited annual results are published within 60 days

### 3. Dates of Book Closure

: 16<sup>th</sup> September, 2011 (Friday) to 22<sup>nd</sup> September, 2011 (Thursday) (Both days inclusive)

### 4. Equity Dividend Payment Date

: N/A

### 5. Listing of Equity Shares on Stock Exchange

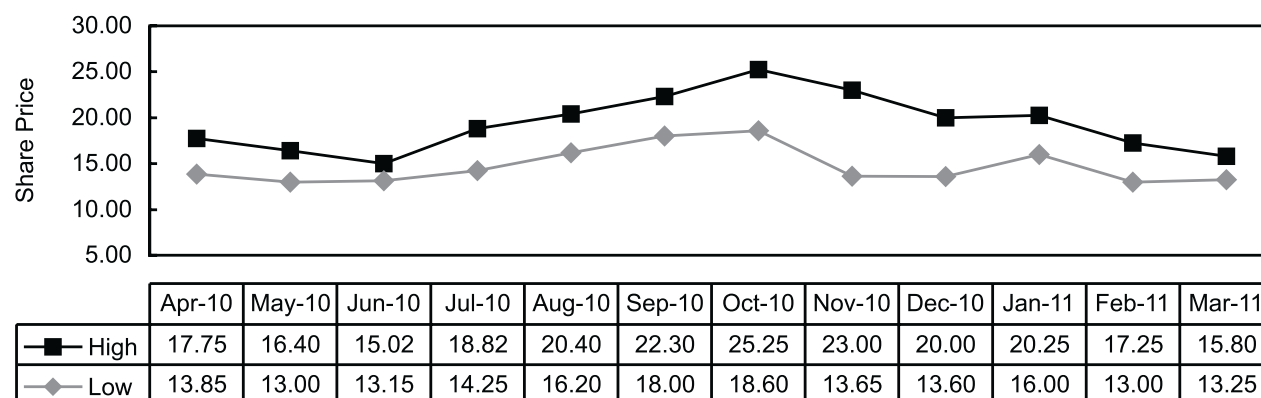
- 1) Bombay Stock Exchange Ltd., Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001
- 2) National Stock Exchange of India Ltd., Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051

*Listing fee as prescribed has been paid to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited upto 31<sup>st</sup> March, 2012.*

### 6. Stock Code

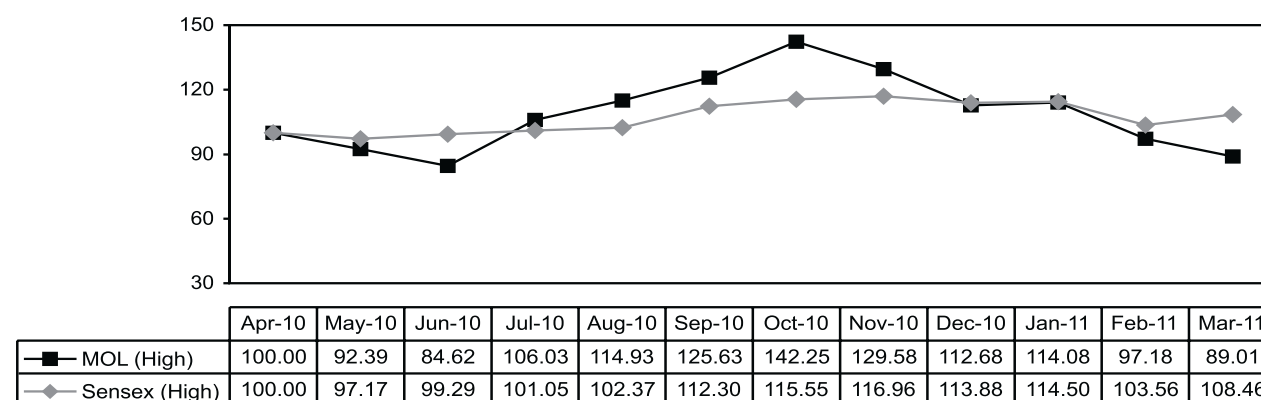
Bombay Stock Exchange Ltd. : 521018  
 National Stock Exchange of India Ltd. : MARALOVER

### 7. Stock Market Data: Monthly High Low (in ₹) at BSE



Source : Bombay Stock Exchange Ltd.

### 8. Performance in comparison with BSE Sensex (Both series indexed to 100 as on April, 2010)



Source : Bombay Stock Exchange Ltd.

## 9. Registrar and Transfer Agent

M/s MCS Limited is the Registrar & Share Transfer Agent of the Company. The Shareholders may contact M/s MCS Ltd. for matters related to Share Transfers etc. at the following address:

MCS Limited, F-65, Okhla Industrial Area, Phase I, New Delhi – 110 020  
Phone No (s) : 011 - 41406149 - 52, Fax No : 011 - 41709881, E- Mail : admin@mcsdel.com

## 10. Share Transfer System

The matters related to Share Transfer and transmission etc. are attended by the delegated authorities on fortnightly basis. Share transfers are registered and returned within 30 days from the date of receipt, if the documents are in order in all respects. The total number of shares transferred during the financial year ended 31st March, 2011 were 9200 shares. As per the requirement of clause 47(c) of the Listing Agreement with the Stock Exchanges, the Company has obtained half-yearly certificates from Practising Company Secretary for due compliance of share transfer formalities.

## 11. Distribution of Shareholding as on the 31<sup>st</sup> March, 2011

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholding
1-500	16,479	87.28	24,96,056	6.01
501-1000	1,148	6.08	9,92,380	2.39
1001-10000	1,071	5.67	31,13,591	7.50
10001 and above	125	0.66	3,48,05,392	83.85
Shares in Transit	58	0.31	1,00,581	0.24
<b>Total</b>	<b>18,881</b>	<b>100.00</b>	<b>4,15,08,000</b>	<b>100.00</b>

## 12. Dematerialisation of Shares and liquidity

### A. Equity Shares

The ISIN number for Equity Shares of the Company in NSDL and CDSL is **INE882A01013**.

4,05,02,080 Equity shares were dematerialised till 31st March, 2011, which is 97.58% of the total paid-up Equity Share Capital of the Company. Trading in Shares of the Company is permitted in dematerialised form only.

### B. Cumulative Redeemable Preference Shares (CRPS)

The ISIN numbers for 18,85,400 8% Cumulative Redeemable Preference Shares of ₹ 100/- each of the Company in NSDL and CDSL is as follows:-

**INE882A04017**

**INE882A04025**

**INE882A04033**

**INE882A04041**

The Company has also issued 12,00,000 3% Cumulative Redeemable Preference Shares of ₹ 100/- each, to the persons falling under promoters and promoters group in physical form.

## 13. Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

## 14. Plant Locations:

- 1) Maral Sarovar, V. & P. O. Khalbujurg, Tehsil Kasrawad, Distt. Khargone - 451660, Madhya Pradesh.
- 2) A-11, Hosiery Complex, Phase-II (Extension), Noida – 201 305 (U.P.)

## 15. Address for Correspondence

Investor correspondence should be addressed to:

### 1. Registrar & Share Transfer Agent :

MCS Limited, F-65, Okhla Industrial Area, Phase I, New Delhi – 110 020  
Phone No (s) : 011-41406149-52, Fax No : 011-41709881, E-Mail : admin@mcsdel.com

### 2. Company Secretary,

Maral Overseas Limited, Bhilwara Towers, A-12, Sector 1, Noida- 201301 (U.P.)  
Phone No: 0120 -2541810, Fax No. : 0120-2531648, E-mail :maral.investor@lnjb.com