

REPORT ON CORPORATE GOVERNANCE

1. The Company's Philosophy on Corporate Governance

The Board of Directors and Management believe in adopting and practicing principles of good Corporate Governance with a view to :-

- Safeguard shareholders' interest through sound business decisions, prudent financial management and high standard of business ethics: and
- Achieve transparency, accountability and integrity in the dealings and transactions of the Company

2. Board of Directors

(i) Composition :-

The Board of Directors comprises of Eight Directors as under:-

| Name of Director | Brief Particulars | Category |
|-----------------------------|--|---------------------------|
| Promoter Group | | |
| 1. Shri V.K. Sureka | He is a graduate and an Industrialist having 37 years' experience in the Steel Industry. He joined the Board as promoter director w.e.f. 31 st December, 1992. | Executive |
| 2. Shri N.K. Sureka | He is an Industrialist having 16 years' experience in the Steel Industry and joined the Board as Promoter director w.e.f 29 th July, 1997. | Executive |
| 3. Shri A. K. Sureka | He is in business having 11 years' working experience in Steel Industry and joined the Board as Promoter director w.e.f. 1 st October, 2001. | Executive |
| Non - Promoter Group | | |
| 4. Shri Puneet Kumar Saraf | He is B.Com.(Hons) and having 9 years working experience in Textile Industry. He joined the Board as an independent director w.e.f. 14.02. 2006 | Executive |
| 5. Shri O.P. Bhardwaj | He is B.Com (Honours) and having 28 years' working experience in the Pipe Industry. He joined the Board as an independent director w.e.f. 1 st December, 2003. | Non-executive Independent |
| 6. Shri Mohan Lal | He is in service having 26 years' working experience in Steel Industry and joined the Board as an independent director w.e.f. 1 st December, 2003. | Non-executive Independent |
| 7. Shri S.J.S. Kamra | He is B.Com(Honours) and Fellow Member of the Institute of Chartered Accountants of India having 32 years experience of controlling/advising the financial matters of Steel Industry. He joined the Board as an independent director w.e.f. 30 th July, 2008. | Non-executive Independent |
| 8. Shri Vijay Kumar Gupta | He is in business having 21 years experience in Steel Industry. He joined the Board as an independent director w.e.f. 30 th July, 2008. | Non-executive Independent |

(ii) Board Meetings and attendance

Fourteen Board Meetings were held during the financial year ended on 31st March, 2009 and the gap between two Board Meetings did not exceed four months.

The dates on which Board meetings were held are as follows :

| Sr.No. | Date of Meeting | Board strength | No. of Directors Present |
|--------|-----------------|----------------|--------------------------|
| 1. | 08.04.2008 | 6 | 3 |
| 2. | 16.04.2008 | 6 | 3 |
| 3. | 21.04.2008 | 6 | 3 |
| 4. | 30.06.2008 | 6 | 3 |
| 5. | 08.07.2008 | 6 | 2 |
| 6. | 30.07.2008 | 6 | 3 |
| 7. | 06.08.2008 | 8 | 3 |
| 8. | 12.08.2008 | 8 | 4 |
| 9 | 06.10.2008 | 3 | 3 |
| 10 | 30.10.2008 | 8 | 5 |
| 11 | 15.11.2008 | 8 | 4 |
| 12 | 09.01.2009 | 8 | 4 |
| 13 | 30.01.2009 | 8 | 4 |
| 14 | 14.03.2009 | 8 | 3 |

(iii) Attendance of each Director at the Board meetings and last Annual General Meeting (AGM) and the number of Companies and committees where he is Director/Member.

| Name of Director | Category of Directorship | Number of Board Meetings Attended | Attendance at the Last AGM held on 26.09.08 | Number of Directorships in other Public Ltd. Companies | Number of Committee positions held in other Companies |
|-------------------------|--------------------------|-----------------------------------|---|--|---|
| Shri V.K. Sureka | Executive | 05 | Yes | 2 | - |
| Shri N. K. Sureka | -- do -- | 08 | No | 2 | - |
| Shri A. K. Sureka | -- do -- | 04 | No | 2 | - |
| Shri Puneet Kumar Saraf | -- do -- | 07 | No | 2 | 4 |
| Shri O.P. Bhardwaj | Non-executive | 10 | Yes | 2 | 2 |
| Shri Mohan Lal | -- do -- | 09 | No | 1 | 1 |
| *Shri S.J.K. Kamra | -- do -- | 03 | No | 1 | 1 |
| *Shri Vijay Kumar Gupta | -- do -- | 01 | No | 1 | 0 |

*Appointed Directors w.e.f. 30th July, 2008.

3. Audit Committee

The Board constituted an Audit Committee in accordance with the code of Corporate Governance. This Committee presently consisted of three non-executive directors, Shri O.P. Bhardwaj, Shri Mohan Lal and Shri Puneet Saraf with Shri O. P. Bhardwaj as its Chairman.

- (i) The terms of reference of the Audit Committee are as per the guidelines set out in clause no. 49 of the listing agreement with the Calcutta Stock Exchange where the shares of the Company are listed.
- (ii) The Audit Committee had Five Meetings during the financial year 2008-2009 ended on 31st March, 2009 as per details thereof and the names of Directors who attended the said meetings, are as under:-

Details of the Audit Committee Meetings held during the financial year 2008-09 and attended by the Directors:-

| Name of the Director | Date of Meeting | | | | |
|----------------------|-----------------|------------|------------|------------|----------|
| | 30.06.2008 | 30.07.2008 | 12.08.2008 | 30.10.2008 | 30.01.09 |
| Shri O.P. Bhardwaj | Yes | Yes | Yes | Yes | Yes |
| Shri Mohan Lal | Yes | Yes | No | Yes | No |
| Shri Puneet Saraf | No | No | Yes | No | Yes |

4. Remuneration Committee

The Board has not constituted a Remuneration Committee as it is not mandatory. The same will be constituted as and when the need will arise.

5. Remuneration Policy

No remuneration other than sitting fees of Rs. 250/- for attending Board Meeting is paid to each of non-executive directors.

As regards payment to executive director Shri V.K. Sureka as Managing Director, Shri N. K. Sureka as Director (Finance & Works) and Shri Puneet Saraf as Director (Terry Towel) for the financial year 2008-09 ended on 31st March, 2009 was concerned, the same was made to them @ Rs. 45,000/-, Rs. 40,000/- plus perquisites and Rs. 40,000/- per month respectively as Minimum Remuneration in accordance with Schedule XIII of the Companies Act, 1956. Details of remuneration paid/payable to the Directors during the financial year 2008-09 ended on 31st March, 2009 are as under:-

(i) Sitting fees paid to Directors for meetings of the Board :-

| Name of Director | Amount (Rs.) |
|-------------------------|---------------------|
| Shri O.P. Bhardwaj | 2500/- |
| Shri Mohan Lal | 2250/- |
| Shri A.K. Sureka | 1000/- |
| Shri S.J.S. Kamra | 750/- |
| Shri Vijay Kumar Gupta | 250/- |
| Total | 6750/- |

(ii) Remuneration paid to Managing Director, Shri V. K. Sureka :-

| | |
|---|-----------------------|
| a) Salary for twelve months of 2008-09 (April,2008 to March,2009) | Rs. 5,40,000/- |
| b) Provident Fund Contributions | Rs. 64,800/- |
| | <u>Rs. 6,04,800/-</u> |

(iii) Remuneration paid to Director (Finance & Works), Shri N.K. Sureka :-

| | |
|--|------------------------|
| a) Salary for twelve months of 2008-09 (April, 2008 to March,2009) | Rs. 4,80,000/- |
| b) Provident Fund Contributions | Rs. 57,600/- |
| c) Perquisites | Rs. 4,87,305/- |
| | <u>Rs. 10,24,905/-</u> |

(iv) Remuneration paid to Director (Terry Towel), Shri Puneet Saraf :

| | |
|---|-----------------------|
| Salary for twelve months of 2008-09 (April, 2008 to March, 2009) | Rs. 4,80,000/- |
| | <u>Rs. 4,80,000/-</u> |

6. Code of Conduct for the Directors & Senior Managerial Personnel

In compliance to the provisions of Clause 49 of the Listing Agreement, the Board has laid down a code of Conduct for all the Board Members and Senior Managerial Personnel and all Board Members and Senior Managerial Personnel have affirmed compliance of code of conduct as on 31st March, 2009 and a declaration to that effect duly signed by the Managing Director is attached and forms part of this report.

7. Investors'/ Shareholders' Grievance Committee

This Committee was constituted in accordance with the code of Corporate Governance, with a view to redress shareholders'/ investors' complaints etc. relating to delay in transfer of shares, demat, non-receipt of annual accounts, delays in balance sheet, split, duplicate, transmission, etc. of the shares issued by the Company. This Committee consists of 2 Non-executive directors namely Shri Mohan Lal and Shri O.P. Bhardwaj with Shri Mohan Lal as Chairman.

Shri Puneet Saraf has been nominated as the Compliance Officer.

| | |
|---|-----|
| Number of pending transfers | Nil |
| Number of Shareholders' Complaints received | Nil |
| Number of Complaints Not solved. | Nil |

8. General Body Meetings

(a) Details of Location and time of holding of last three AGMs

| AGM for the Financial Year Ended | Venue | Date | Time |
|-----------------------------------|---|------------|-----------|
| 2005-2006 26 th AGM | Room No. 107, 1st Floor, Anand Jyoti Building 41, Netaji Subhas Road, Kolkata-700001 | 18.09.2006 | 2.00 P.M. |
| 2006-2007 27 th AGM | Room No.107, 1 st Floor, Anand Jyoti Building, 41, Netaji Subhas Road, Kolkata-700001 | 26.09.2007 | 2.00 P.M. |
| 2007-08 28 th AGM | Room No.107, 1 st Floor Anand Jyoti Building, 41, Netaji Subhas Road, Kolkata-700001 | 11.09.2008 | 2.00 P.M. |

(b) Ordinary Resolution u/s 293(1)(a) of the Companies Act, 1956 relating to authority in favour of the Board of Directors to sell, lease or otherwise dispose off the whole or substantially the whole of the land and building of the company situated at Sohna Road, Sector-25, Faridabad- 121004 as included in the notice for the 26th Annual General Meeting held on 18th September, 2006 was got passed by Postal Ballot as required u/s 192A of the said Act. Shri Avik Kumar Guha, Practising Company Secretary, was the Scrutinizer for conducting the Postal Ballot for the Ordinary Resolution as contained in the notice of the 26th AGM. Details of the scrutinized Postal Ballots for the said AGM as per Scrutinizer's Report are as under :-

29 (Twenty Nine) Ballot Papers were received from the Shareholders representing in all 34,78,625 Equity Shares (78.34% of Equity Shares) which were in favour and none against the Ordinary Resolution. There were no Ballots being invalid requiring to be rejected. Accordingly, approval of the shareholders to the Ordinary Resolution was announced at the Annual General Meeting held on 18th September, 2006.

9. Brief Resume of Directors seeking re-appointment

(i) **Shri A. K. Sureka :-**

Shri A. K. Sureka, is in business and has to his credit 11 years experience in the Steel Industry. He joined the Board as a Promoter director w.e.f. 1st October, 2001. He is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

(ii) **Shri O. P. Bhardwaj :-**

Shri O. P. Bhardwaj, is B. Com(Honours) and having 28 years working experience in the Pipe Industry. He was appointed as an independent director of the company on 1st December, 2003. He is liable to retire by rotation at the ensuing Annual General Meeting and, being eligible, offers himself for re-appointment.

10. Disclosure:

(a) **Materially Significant related party transactions**

During the period, no transaction of material nature, had been entered into by the Company with the management or their relatives that may have potential conflict with the interests of the Company.

(b) **Details of non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

There was no instance of penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority as well as non-compliance of any matter related to the capital markets during the last three years.

11. Means of Communication

The quarterly and yearly results are published in English in widely circulating "The Financial Express" and "The Statesman" from Kolkata.

12. General Shareholder information

AGM : Date, time and venue

29th AGM to be held on 12th September 2009 at 2.00 P.M. at Anand Jyoti Building, Room No.107, 1st Floor, 41, Netaji Subhas Road, Kolkatta – 700 001

Financial Calendar (Tentative)

Results for quarter ending June 30, 2009

Results for quarter ending September 30, 2009

Results for quarter ending December 31, 2009

Results for quarter ending March 31, 2010

Date of Book closure

31st day of July, 2009

Last week of October, 2009

Last week of January, 2010

Last week of April, 2010

Monday, the 7th September, 2009

to Saturday, the 12th September, 2009 (both days inclusive)

Stock Code – Physical

10023114 on Calcutta Stock Exchange

Demat ISIN Number for NSDL and CDSL.

INE150D01019.

- High/low of market price of the Company's shares traded on the Stock Exchange during the financial year ended 31st March, 2009

The shares have not been traded during the financial 2008-09. The last quoted price was of Rs.3.50 per Share as per transactions on Calcutta Stock Exchange on 3rd March, 2000.

- Registrar & Transfer Agents

M/s.Beetal Financial & Computer Services (P) Ltd., BEETAL HOUSE, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi-110062. Phone No. 29961281 (6 Lines) Fax No. 29961284

- Share Transfer System

All the transfers received are processed by the Registrar and Share Transfer Agent. Share Transfers are registered and returned within a maximum of 30 days from the date of lodgment if documents are complete in all respect. In case the shares are transferred through Demat mode, the procedure is adopted as stated in Depositories Act, 1996.

● Share holding pattern as on 31-03-2009

| Category | No. of Shares | Percentage |
|---|------------------|---------------|
| Promoters | 32,99,840 | 74.32 |
| Persons acting in concert | - | - |
| Mutual Funds and UTI | - | - |
| Banks, Financial Institution & Insurance Companies. | - | - |
| FII's | - | - |
| Private Corporate Bodies | - | - |
| Indian Public | 11,40,160 | 25.68 |
| NRIs/ OCBs | - | - |
| Total | 44,40,000 | 100.00 |

● **Distribution of shareholding as on 31st March, 2009.**

| No. of Shares | | Folios | | Amount | |
|---------------|--------------|------------|---------------|--------------------|---------------|
| From | To | Number | % to Total | Rs. | % to Total |
| (1) | (2) | (3) | (4) | (5) | (6) |
| 1 | - 500 | 330 | 71.74 | 2,43,000 | 0.55 |
| 501 | - 1000 | 12 | 2.60 | 1,10,000 | 0.25 |
| 1001 | - 2000 | 63 | 13.70 | 10,60,950 | 2.39 |
| 2001 | - 3000 | - | - | - | - |
| 3001 | - 4000 | - | - | - | - |
| 4001 | - 5000 | - | - | - | - |
| 5001 | - 10000 | 01 | 0.22 | 1,00,000 | 0.22 |
| 10001 | and to above | 54 | 11.74 | 4,28,86,050 | 96.59 |
| Total | | 460 | 100.00 | 4,44,00,000 | 100.00 |

Declaration of Managing Director

The Code of Conduct for the Directors and the Senior Managerial Personnel was adopted by the Board of Directors. All the Board Members and Senior Managerial Personnel have affirmed that they have complied with the code of conduct during the financial year ended on 31st March, 2009.

V .K. Sureka
Managing Director

Kolkata

DATED : 31st July, 2009

ANNEXURE TO THE REPORT OF THE DIRECTORS :

CERTIFICATE FROM AUDITORS REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

ANNEXURE-A

To the Shareholders of Mauria Udyog Ltd.

We have examined the compliance of conditions of Corporate Governance by Mauria Udyog Ltd., for the period ended on 31st March, 2009, as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

The Compliance of 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.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that no investor grievances is pending for a period exceeding one month against the company as per the records maintained by the Investors' Grievance Committee.

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 SALARPURIA & PARTNERS
CHARTERED ACCOUNTANTS
KAMAL KUMAR GUPTA
PARTNER
M. No. 89190

NEW DELHI

DATED: 30th June, 2009