

CORPORATE GOVERNANCE DISCLOSURE

01. Corporate Philosophy on Code of Governance

Galada Finance Limited (GFL) remains committed in practicing the principles of good corporate governance over the years. The Board of Directors firmly believes in the values of transparency, professionalism, accountability and integrity.

02. Board of Directors

The Composition and category of the Board of Directors is as under :-

S.No.	Category	Name of the Director
I.	Promoter and Executive Directors	Mr. J. Ashok Galada Mr. Naveen Galada
II.	Independent and Non-Executive Directors	Justice P. Bhaskaran Mr. S. Venkatakrisnan Mr. K. Ramu

03. Number and Dates on which the Board Meetings were held:-

Four Board Meetings were held during the financial year 2010-2011. The dates on which the meetings were held are as follows:-

29th May 2010, 31st July 2010, 30th October 2010, 27th January 2011.

04. Attendance of each Director at Board Meetings, Last Annual General Meeting and Number of other Directorships and Membership/Chairmanship of Committees of each Director In various Companies

Name of the Director	Attendance Particulars		No. of Directorships and Committee Memberships / Chairmanships		
	Board Meetings	Last AGM	Other Director Ships	Committee Member Ships	Committee Chairman Ships
Justice P Bhaskaran	4	Present	Nil	Nil	Nil
S. Venkatakrisnan.	4	Present	8	Nil	Nil
K. Ramu	4	Present	Nil	Nil	Nil
J. Ashok Galada.	4	Present	3	Nil	Nil
Naveen Galada	4	Present	3	Nil	Nil
S.Krishnaram Davey	3*	Present	Nil	Nil	Nil

* Expired on 2nd December 2010

05. Materially significant related party transactions

There have been no materially significant related party transactions, pecuniary transactions or relationships between Galada Finance Limited and its Directors for the year ended 31st March 2011.

Transactions with related parties as per the requirements of Accounting Standard (AS 18) - 'Related Party Disclosures' are disclosed in Notes on accounts in the Annual Report for 2010-2011.

06. Material pecuniary relationship or transactions with Non-Executive Directors :-

None of the Non-Executive Directors have any material pecuniary relationship or transactions with the Company.

07. Remuneration of Directors : Sitting fees, Salary, Perquisites and Commission

Remuneration paid or payable to Directors during 2010-2011.

Name of the Director	Sitting Fees	Commission on Profits	Salary & Allowances	Contribution to PF	Perquisites	Total
Justice P. Bhaskaran	8,000	N.A.	N.A.	N.A.	N.A.	8,000
S. Venkatakrisnan	8,000	N.A.	N.A.	N.A.	N.A.	8,000
K. Ramu	8,000	N.A.	N.A.	N.A.	N.A.	8,000
J. Ashok Galada	Nil	Nil	15,00,000	Nil	Nil	15,00,000
Naveen Galada	Nil	Nil	Nil	Nil	Nil	Nil
S. Krishnam Davey	3,000	N.A.	N.A.	N.A.	N.A.	3,000

08. Code of conduct

A report on the compliance aspect of the Code of Conduct given by the Managing Director who is the CEO has been given at the end of this report.

09. Committees of the Board
1) Audit Committee

The Audit Committee comprises of Justice P Bhaskaran, Mr S Venkatakrisnan and Mr K Ramu all independent and non-executive Directors of the Company with Justice P Bhaskaran as its Chairman.

The role, terms of reference, authority and powers of the Audit Committee are in conformity with the requirements of Companies Act, 1956 and listing agreement.

The Committee held four meetings during the year 2010-2011 on the following dates - 29th May 2010, 31st July 2010, 30th October 2010 and 27th January 2011. The attendance of the Audit Committee is as under:-

Name of the Member	Attendance Particulars
Justice P. Bhaskaran	4
S. Venkatakrisnan	4
K. Ramu	4



The scope of the Audit Committee includes :

- (a) Review of the Company's financial reporting process, financial statements and financial/ risk management policies.
- (b) Review of the adequacy of internal control systems and the adequacy of the internal audit function.
- (c) Discussion with the management and external auditors on the audit plan for the financial year and a joint post-audit review of the same.

ii) Remuneration Committee

Remuneration Committee as contemplated under the listing agreement is not presently required and will be constituted in due course.

iii) Shareholders/Investors Grievance Committee

The Company has a Shareholders/Investors Grievance Committee comprising of Mr.S.Venkatakrishnan, Independent and Non-Executive Director as Chairman with Mr J Ashok Galada and Mr Naveen Galada being the other two Members.

The Committee is vested with the requisite powers and authorities to specifically look into redressal of shareholder and investor grievances.

7 (Seven) shareholders/Investors Grievance committee Meeting was held during the financial year 2010-2011 on 27th April 2010, 17th May 2010, 9th July 2010, 16th September 2010, 28th February 2011, 7th March 2011 and 31st March 2011.

S. No.	Name of the Member	Total No of Meetings	Meetings attended
1	Mr. S. Venkata -krishnan	7	7
2	Mr. J. Ashok Galada	7	7
3	Mr. Naveen Galada	7	7

10. Investors Grievances :-

The company has not received any grievances/complains from the investors during the financial year 2010-2011:-

The dematerialization requests from the shareholders were carried out within the stipulated time period and no certificates were pending for dematerialization as at the end of the financial year 31st March 2011.

11. Secretarial Audit Report regarding reconciliation of capital

As required by the regulations of SEBI, the issued and listed capital of the Company is reconciled with the aggregate of the number of shares held by the investors in physical mode and in the electronic mode. A Certificate is obtained on a quarterly basis to this effect from a Company Secretary in whole time Practice and submitted to the Madras Stock Exchange where the Company's shares are listed. No discrepancies were found or reported by the Secretarial Auditor between the issued and the listed capital and the aggregate of shares held by investors in both physical form and in electronic form with the depositories for the financial year under report.

The Committee inter alia approves the issue of duplicate certificate and reviews all matters connected with the securities transfer. The Committee also looks into redressing the shareholders/ investors complaints.

The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services.

12. Management

Disclosures by Management to the Board

- All details relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors neither participate in the discussion nor vote on such matters.
- Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any other statutory authority, on any matter related to capital markets, during the last three years : NIL
- The Company has adopted a Whistle Blower Policy and has established the necessary mechanism in line with Clause 7 of Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges for the employees to report concerns about unethical behavior.
- No person has been denied access to the Audit Committee.

13. Shareholders information

i) Means of communication

The Company publishes its quarterly and annual results in the Trinity Mirror issue in English and Makkal Kural issue in vernacular language.

ii) Investor Grievances

As mentioned earlier, the Company has a duly constituted Shareholders/Investors Grievance Committee for redressing shareholders and investor complaints.

iii) Share Transfer

The Company has appointed M/s. Cameo Corporate Services Ltd. as Common Agency for providing Share Transfer work and Depository Services through NSDL and CDSL.

iv) General Body Meetings

The details of last three Annual General Meetings are given below :-

No. of AGM	Date and Time	Venue
22 nd AGM	2 nd August 2008 4.00 p.m.	South India Hire Purchase Association Nahar Hall, Desabandhu Plaza, First Floor No.47, Whites Road, Royapettah, Chennai 14
23 rd AGM	29 th August 2009	The Cosmopolitan Club, No. 63, Anna Salai, Chennai - 600 002.
24 th AGM	31 st July 2010 4.00 p.m.	South India Hire Purchase Association Nahar Hall, Desabandhu Plaza, First Floor No.47, Whites Road, Royapettah, Chennai 14

Passing of resolutions by Postal Ballot

No items were passed by resolutions through postal Ballot during the financial year 2010-2011 at the forthcoming Annual General Meeting also, there is no item on the agenda that needs approval by Postal Ballot.

Extraordinary General Meeting

No Extraordinary General Meeting was held by the Company during the financial year ended 31st March 2011.

v) Additional shareholder information**a) 25th Annual General Meeting**

Date : 30th July 2011 Time : 4.00 p.m.

Venue : The Registered Office,
"Shanti Sadan"
Old No.4, New No.7,
Shafee Mohammed Road,
Thousand Lights,
Chennai - 600 006

b) Financial calendar

Financial year 1st April to 31st March

Results	For the year ended 31 st March 2011 was announced on	For the year ending 31 st March 2012 will be announced by
- First Quarter	31 st July 2010	31 st July 2011
- Second Quarter	30 th October 2010	31 st October 2011
- Third Quarter	27 th January 2011	31 st January 2012
- Fourth Quarter and Annual	21 st May 2011	31 st May 2012

c) Book closure

The Book closure period is from 16th July 2011 to 30th July 2011 (both days inclusive).

d) Listing on Stock Exchange

The Company's equity shares are listed on the Madras Stock Exchange.

The ISIN Number (Demat) is INE243E01010.

e) Stock Market Data

During the year under review, no transaction has taken place in the equity shares of the Company on the Madras Stock Exchange where the Company's shares are listed.

f) Distribution of shareholding by ownership as on 31st March 2011

Category	No. of shares	Percentage of share holding
A. PROMOTER'S HOLDING		
1. Promoters*		
- Indian promoters	19,88,617	66.29%
- Foreign promoters	Nil	Nil
2. Persons acting in concert#	Nil	Nil
Sub-total	19,88,617	66.29%
B NON-PROMOTERS HOLDING		
3. Institutional Investors		
a. Mutual Funds	Nil	Nil
b. Banks, Financial Institutions, Insurance companies (Central/ State Government Institutions/ Non-Government Institutions	Nil	Nil
c. Foreign Institutional Investors.	Nil	Nil
4. Others		
a. Private Corporate Bodies	11,600	0.39%
b. Indian Public	9,99,783	33.32%
c. NRIs/OCBs	Nil	Nil
d. Any other (Please specify)	Nil	Nil
Sub total	10,11,383	33.71%
GRAND TOTAL	30,00,000	100.00%

g) Distribution of shareholding by size as on 31st March 2011

Share holding of nominal value of		Shareholders		Share Amount	
Rs.	Rs.	Number	% to Total	(in Rs.)	% to Total
(1)		(2)	(3)	(4)	(5)
Upto	5,000	301	47.9299	11,55,000	3.8500
5,001	- 10,000	114	18.1529	9,90,000	3.3000
10,001	- 20,000	30	4.7770	4,53,330	1.5111
20,001	- 30,000	80	12.7389	20,45,000	6.8167
30,001	- 40,000	23	3.6624	8,42,000	2.8067
40,001	- 50,000	20	3.1847	9,67,000	3.2233
50,001	- 1,00,000	19	3.0255	13,88,000	4.6267
1,00,001	AND ABOVE	41	6.5287	2,21,59,670	73.8655
	TOTAL	628	100.000	3,00,00,000	100.0000

h) Dematerialisation of shares

As at 31st March 2011, equity shares numbering 5,66,850 of Rs.10/- each (18.90% of the total number of shares) is in dematerialized form

14. Outstanding GDRs/ADRs/Warrants or Convertible Instruments

Not Applicable

15. Address for correspondence

i) Registrars and Share Transfer Agents

M/s. Cameo Corporate Services Ltd. 'Subramanian Building', No.1, Club House Road, CHENNAI - 600 002

Phone : 28460390; Fax : 28460129; Grams : Cameo; E-mail : cameo@cameoindia.com; Website : www.cameoindia.com

ii) Registered and Corporate Office of the Company

Galada Finance Limited, "Shanti Sadan", Old No.4, New No.7, Shaffee Mohamed Road, Thousand Lights, Chennai 600 006

Phone : 28294830, 43099009, 28294831 Fax: 28294830

For GALADA FINANCE LIMITED

(J ASHOK GALADA)
Managing Director

Declaration on Code of Conduct

As required by Clause 49(1D) of the Listing Agreement, it is hereby affirmed that all the Board Members and Senior management personnel have complied with the Code of Conduct of the Company.

(J. ASHOK GALADA)
Managing Director cum CEO

Place : Chennai
Date : 21st May 2011



GALADA FINANCE LIMITED

AUDITORS CERTIFICATE ON CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, the Auditors Certificate is given as annexure to the Directors' Report.

ANNEXURE TO THE DIRECTORS REPORT

Auditors' Certificate on compliance of conditions of Corporate Governance under Clause 49 of the Listing Agreement

TO THE MEMBERS OF GALADA FINANCE LIMITED

We have examined the compliance of conditions of Corporate Governance by Galada Finance Limited for the year ended on 31st March 2011 as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to review of 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 by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that there were no investor grievances remaining unattended/pending for more than 30 days.

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

For Chandarana & Sanklecha
Chartered Accountants
Firm Registration No. 000557S

Bharat Raj Sanklecha
Proprietor
Membership No. 27539

Place : Chennai

Date : 21st May 2011