

**Gf GALADA FINANCE LIMITED**  
**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 2011-2012. The dates on which the meetings were held are as follows:-

21<sup>st</sup> May 2011, 30<sup>th</sup> July 2011, 29<sup>th</sup> October 2011 and 28<sup>th</sup> January 2012.

**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 Directorships	Committee Memberships	Committee Chairmanships
Justice P Bhaskaran	4	Present	-	-	-
S. Venkatakrisnan	4	Present	8	-	-
K. Ramu	4	Present	-	-	-
J. Ashok Galada	4	Present	3	-	-
Naveen Galada	4	Present	3	-	-

**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 31<sup>st</sup> March 2012.

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 2011-2012.

**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 2011 - 2012.

Name of the Director	Sitting Fees	Commission on profits	Salary & Allowances	Contribution	Perquisites to	Total PF
Justice P Bhaskaran	8,000/-	N.A.	N.A.	N.A.	N.A.	8,000
S Venkatakrishnan	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
JAshok Galada	Nil	Nil	15,00,000	Nil	Nil	15,00,000
Naveen Galada	Nil	Nil	Nil	Nil	Nil	Nil

**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**

**i) Audit Committee**

The Audit Committee comprises of Justice P. Bhaskaran, Mr. S. Venkatakrishnan 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 2011-2012 on the following dates – 21<sup>st</sup> May 2011, 30<sup>th</sup> July 2011, 29<sup>th</sup> October 2011 and 28<sup>th</sup> January 2012. The attendance of the Audit Committee is as under:-

Name of the Member	Attendance particulars
Justice P Bhaskaran	4
S Venkatakrishnan	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.

14 (Fourteen) shareholders/Investors Grievance committee Meeting was held during the financial year 2011-2012 on 29<sup>th</sup> April 2011, 24<sup>th</sup> May 2011, 10<sup>th</sup> June 2011, 21<sup>st</sup> June 2011, 8<sup>th</sup> July 2011, 22<sup>nd</sup> August 2011, 9<sup>th</sup> September 2011, 9<sup>th</sup> November 2011, 15<sup>th</sup> November 2011, 28<sup>th</sup> November 2011, 9<sup>th</sup> December 2011, 29<sup>th</sup> December 2011, 25<sup>th</sup> January 2012 and 19<sup>th</sup> March 2012.

S. No.	Name of the Member	Total No of Meetings	Meetings attended
1.	Mr. S. Venkata krishnan	14	14
2.	Mr. J. Ashok Galada	14	14
3.	Mr. Naveen Galada	14	14

#### 10. Investors Grievances :-

The company has not received any grievances/complains from the investors during the financial year 2011-2012 :-

The dematerialization requests from the shareholders were carried out within the stipulated time period and no certificates were pending for dematerialization as the end of the financial year 31<sup>st</sup> March 2012.

#### 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

- a) 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.
- b) 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
- c) 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.
- d) 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
23 <sup>rd</sup> AGM	29 <sup>th</sup> August 2009	The Cosmopolitan Club, No. 63, Anna Salai, CHENNAI 600 002
24 <sup>th</sup> AGM	31 <sup>st</sup> July 2010 4.00 p.m.	South India Hire Purchase Association Nahar Hall, Desabandhu Plaza, First Floor No.47, Whites Road, Royapettah, Chennai 14
25 <sup>th</sup> AGM	30 <sup>th</sup> July 2011	Regd Office at "SHANTI SADAN" O.No.4, N.No.7 Shaffee Mohammed Road, Thousand Lights, Chennai 600 006

**Passing of resolutions by Postal Ballot**

No items were passed by resolutions through postal Ballot during the financial year 2011-2012 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 31<sup>st</sup> March 2012.

**v) Additional shareholder information**
**a) 26<sup>th</sup> Annual General Meeting**

Date : 28<sup>th</sup> July 2012 Time: 4.00 p.m.

Venue : THE REGISTERED OFFICE, "SHANTI SADAN" Old No.4, New No.7,  
Shaffee Mohammed Road, Thousand Lights, Chennai 600 006

**b) Financial calendar**

Financial year 1<sup>st</sup> April to 31<sup>st</sup> March

Results	For the year ended 31 <sup>st</sup> March 2012 was announced on	For the year ending 31 <sup>st</sup> March 2013 will be announced by
- First Quarter	30 <sup>th</sup> July 2011	31 <sup>st</sup> July 2012
- Second Quarter	29 <sup>th</sup> October 2011	31 <sup>st</sup> October 2012
- Third Quarter	28 <sup>th</sup> January 2012	31 <sup>st</sup> January 2013
- Fourth Quarter and Annual	30 <sup>th</sup> May 2012	31 <sup>st</sup> May 2013

**c) Book closure**

The Book closure period is from 16<sup>th</sup> July 2012 to 28<sup>th</sup> July 2012 (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 31<sup>st</sup> March 2012**

Category	No. of shares	Percentage of share holding
<b>A. PROMOTER'S HOLDING</b>		
1. Promoters*		
- Indian promoters	13,97,167	46.57%
- Foreign promoters	Nil	Nil
2. Persons acting in concert#	Nil	Nil
Sub-total	13,97,167	46.57%
<b>B. NON-PROMOTERS HOLDING</b>		
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	Nil	Nil
a. Private Corporate Bodies	11,600	0.39%
b. Indian Public	15,91,233	53.04%
c. NRIs/OCBs	Nil	Nil
d. Any other (Please specify)	Nil	Nil
Sub total	16,02,833	53.43%
<b>GRAND TOTAL</b>	<b>30,00,000</b>	<b>100.00%</b>

**g) Distribution of shareholding by size as on 31<sup>st</sup> March 2012**

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	231	49.0446	8,97,000	2.9900
5,001 -	10,000	103	21.8684	8,77,000	2.9233
10,001 -	20,000	29	6.1571	4,42,330	1.4744
20,001 -	30,000	27	5.7325	6,93,000	2.3100
30,001 -	40,000	12	2.5478	4,36,000	1.4534
40,001 -	50,000	03	0.6369	1,37,000	0.4567
50,001 -	1,00,000	11	2.3354	8,47,000	2.8233
1,00,001	AND ABOVE	55	11.6773	2,56,70,670	85.5689
<b>TOTAL</b>		<b>471</b>	<b>100.000</b>	<b>3,00,00,000</b>	<b>100.0000</b>

**h) Dematerialisation of shares**

As at 31<sup>st</sup> March 2012, equity shares numbering 8,50,400 of Rs.10/- each (28.35% 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.

Place : Chennai

Date : 30<sup>th</sup> May 2012

**J ASHOK GALADA  
MANAGING DIRECTOR CUM CEO**

**COMPLIANCE CERTIFICATE**

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The Members,  
Galada Finance Limited,  
"Shanti Sadan", Old No.4 (New No.7),  
Shaffee Mohamed Road,  
Thousand Lights,  
**CHENNAI 600 0006**

Company Registration No. 12826

Dear Sirs,

I have examined the registers, records, books and papers of M/s. Galada Finance Limited as required to be maintained under the Companies Act, 1956 (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31<sup>st</sup> March 2012. In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by the Company, its officers and agents, I certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. The Company has filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being a public limited company, has the minimum prescribed paid up capital.
4. The Board of Directors duly met 4 (Four) times respectively on 21/05/2011, 30/07/2011, 29/10/2011 and 28/01/2012 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members or Debenture holders from 16/07/2011 to 30/07/2011 (both days inclusive) during the financial year.
6. The Annual General Meeting for the financial year ended on 31<sup>st</sup> March 2011 was held on 30<sup>th</sup> July 2011 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extraordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its Directors or persons or firms or companies referred to under Section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company was not required to make any entries in the register maintained under Section 301 of the Act.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, Members or Central Government as the case may be.
12. The Company has not issued any duplicate certificates during the financial year.
13. i) Delivered all the certificates on lodgment thereof for transfer/transmission or any other purpose in accordance with the provisions of the Act. There was not allotment of securities during the financial year.  
ii) The Company has not deposited any amount in a separate Bank Account as no dividend was declared during the financial year.



- iii) The Company was not required to post warrants to any member of the Company as no dividend was declared during the financial year.
  - iv) As there were no instances falling within the purview of Investor Education and Protection Fund (Awareness and Protection of Investors) Rules 2001, the Company has not transferred the amounts in unpaid dividend account, application money for refund, matured deposits, matured debentures and the interest accrued thereon which have remained unclaimed or unpaid for a period of seven years to Investor Education and Protection Fund.
  - v) Generally complied with the requirements of Section 217 of the Act.
14. The Board of directors of the Company is duly constituted. There was no appointment of additional directors, alternate directors and directors to fill casual vacancy during the financial year.
  15. The Company has not appointed any Managing Director/Whole-time director during the financial year.
  16. The Company has not appointed any sole selling agents during the financial year.
  17. The Company was not required to obtain any approval of the Central Government, Company Law Board, Regional Director, Registrar of Companies and/or such authorities prescribed under the various provisions of the Act.
  18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
  19. The Company has not issued any shares, debentures or other securities during the financial year.
  20. The Company has not bought back any shares during the financial year.
  21. There was no redemption of preference shares or debentures during the financial year.
  22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
  23. The Company has complied with the applicable directions issued by the Reserve Bank of India in respect of deposits accepted including unsecured loans taken amounting to Rs. 33.25 lakhs raised by the Company during the year and the Company has filed statement in lieu of advertisement as required with the Reserve Bank of India.
  24. The amount borrowed by the Company from Directors, Public, Financial Institutions, banks and others during the financial year ended 31<sup>st</sup> March 2012 is within the borrowing limits of the Company and that necessary resolution as per Section 293(1)(d) of the Act have been passed in duly convened Annual/Extraordinary General Meeting.
  25. The Company has made loans and advances or given guarantees or provided securities to other bodies corporate in compliance with the provision of the Act and has made entries in the Register kept for the purpose..
  26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
  27. The Company has not altered the provisions of Memorandum with respect to the objects of the Company during the year under scrutiny.
  28. The Company has not altered the provisions of Memorandum with respect to name of the Company during the year under scrutiny.
  29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
  30. The Company has not altered its articles of association during the year under scrutiny.
  31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
  32. The Company has not received any money as security from its employees during the financial year.
  33. The Company has not deducted any contribution towards Provident Fund during the financial year.

**ANNEXURE A**

Registers as maintained by the Company

01. Register of Members under Section 150 of the Companies Act, 1956;
02. Register of Managing Directors, Manager, Secretary and Directors under Section 303(2) and 304 of the Companies Act, 1956;
03. Register of Directors Shareholdings under Section 307 of the Companies Act, 1956;
04. Minutes Book of Board of Directors under Section 193 of the Act;
05. Minutes Book of proceedings of General Meetings under Section 193 and 196 of the Companies Act, 1956;

**ANNEXURE B**

**Forms of returns as filed by the Company with the Registrar of Companies, Regional Director, Central Government or other authorities during the financial year ending 31<sup>st</sup> March 2012**

01. Form 66 being Form for submission of Compliance Certificate with the Registrar under Section 383A(1) of the Companies Act, 1956 for the financial year ending on 31/03/2011 was filed vide Challan SRN P69669281 dated 27/08/2011;
02. Form 23AC being form for filing Balance Sheet and other documents with the Registrar for the financial year ending on 31/03/2011 and 23ACA being form for filing Profit and Loss Account and other documents with the Registrar for the financial year ending on 31/03/2011 under Section 220 of the Companies Act, 1956 was filed vide Challan SRN P69677870 dated 27/08/2011;
03. Form 20B being form for filing Annual Return by a Company having a share capital with the Registrar for the financial year ending on 31/03/2011 under Section 159 of the Companies Act, 1956 was filed vide Challan SRN P70474739 dated 16/09/2011;
04. Form 8 under Section 135 of the Companies Act, 1956 for modification of charges made on 13/03/2012 in favour of Indian Bank, Uthamar Gandhi Salai Branch, Nungambakkam, Chennai - 600 034 was filed vide Challan SRN B35010909 dated 21/03/2012.

**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 31<sup>st</sup> March 2012 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

Place : Chennai  
Date : 30<sup>th</sup> May 2012

**Bharat Raj Sanklecha**  
Proprietor  
Membership No. 27539