

## **CORPORATE GOVERNANCE REPORT- 2010**

### **COMPANY'S PHILOSOPHY:**

The primary motive of the Company is to uphold good Corporate Governance and the management did not spare any effort in implementing all possible measures by adopting adequate steps in order to achieve this objective.

### **BOARD OF DIRECTORS:**

#### **Composition of Board:**

The Board of Directors of the Company consists of Executive Director and Non-Executive Directors as on 31st March, 2010. 66% of the Board Members consisted of Non-Executive & Independent Directors. Composition of the Board of Directors of the Company and their other Directorship(s)/Committee Membership(s)/Chairmanship(s) as on 31<sup>st</sup> March, 2010 was as under:

Eight Board Meetings were held during the period 2009-10. These meetings were held on 23<sup>rd</sup> April, 2009, 17<sup>th</sup> July, 2009, 28<sup>th</sup> August, 2009, 30<sup>th</sup> October, 2009, 02<sup>nd</sup> December, 2009, 28<sup>th</sup> January, 2010, 04<sup>th</sup> March, 2010 and 16<sup>th</sup> March, 2010.

The details are follows:

Sl.No	Name of Director	Category of Directorship	No of Meeting Attended	Attendance at last AGM	No of other Directorship	No.of Membership Chairman ©
1.	Sri G A Rego	Executive/Whole time Director	8	Yes	8	2
2.	Sri S R Gowda	Independent-Non-Executive- Director	8	No	13	2
3.	Sri K B Shetty	Independent-Non-Executive- Director	8	No	Nil	2

### **AUDIT COMMITTEE:**

Composition of the Audit Committee meets all the criteria under the law. The Committee comprises of three Directors, majority being Non-Executive and independent. It met five times during the period 2009-2010 on 23<sup>rd</sup> April, 2009, 17<sup>th</sup> July, 2009, 28<sup>th</sup> August, 2009, 30<sup>th</sup> October, 2009 and 28<sup>th</sup> January, 2010.

The Audit Committee comprised of the following members:

Sri K B Shetty	Chairman
Sri G A Rego	Member
Sri S R Gowda	Member

The Company Secretary acts as the Secretary to the Audit Committee.

Attendance of the Directors in the Audit Committee Meeting:

Date of Meeting	No. of Members Present
23 <sup>rd</sup> April, 2009	3
17 <sup>th</sup> July, 2009	3
28 <sup>th</sup> August, 2009	3
30 <sup>th</sup> October, 2009	3
28 <sup>th</sup> January, 2010	3

### REMUNERATION COMMITTEE:

The Non-Executive Directors stopped drawing any remuneration by way of sitting fees for attending Board/Committee Meetings. Therefore remuneration committee has not been formed.

Details of remuneration paid to the Whole-Time Director during the period from 1.4.2009 to 31.3.2010 is given herebelow:

- i) Whole-Time Director - Rs.2.90 lakhs
- ii) Non-Executive Directors - Nil

### SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

The Committee comprising three members of the Board, approves transfers, transmission issue of duplicate shares and review and redress Share holders grievances/complaint on matters relating to transfer of shares and non-receipt of Balance Sheet. The Committee met 20 times during the year under report.

The composition of Shareholders/Investors' Grievance Committee and attendance of members in the meeting are given below:

Sl.No	Name of Director	Category of Directorship	No.of Meeting
1.	Sri G A Rego	Executive Director	20
2.	Sri S R Gowda	Independent-Non-Executive	20
3.	Sri K B Shetty	Independent-Non-Executive	-

### ANNUAL GENERAL MEETINGS:

The last three Annual General Meetings were held at Manipal Junior College Auditorium, Manipal as under:

AGM No.	DATE	TIME	Special Resolution required for
63	28.9.2007	4.00 p.m	Alteration of Memorandum & Articles of Association due to Consolidation of Equity Shares.
64	29.9.2008	4.00 p.m	Nil
65	30.9.2009	4.00 p.m	1.Re-appointment of Executive Director 2.Shifting of Registered Office from 3 <sup>rd</sup> Floor,

			Syndicate House, Manipal - 576 104 to 3 <sup>rd</sup> Floor, Front Wing, North Block, Manipal Centre, 47, Dickenson Road BANGALORE - 560 042
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All the resolutions as set out in the respective notices were passed by the Share holders. No special resolution was required to be put through Ballot.

### **POSTAL BALLOT:**

The Notice of 66th Annual General Meeting for the year 2010 does not contain any item which requires approval by Postal Ballot.

### **DISCLOSURES:**

Consequent upon fulfilling all the requirements and complying with certain clauses of the Listing Agreement, BSE has already revoked the suspension of the trading of the Equity Shares of the Company with effect from 12.08.2010. However revocation of suspension of Trading of Shares by NSE is still awaited and adequate steps for the purpose have already been taken by the Company.

The Company does not have any related party transactions that are material in nature either with its promoters and/or their subsidiary Companies, Directors, Management and relatives etc.

### **MEANS OF COMMUNICATION:**

a) Quarterly/Half/Yearly Financial Results of the Company are forwarded to Stock Exchanges in addition to getting the same published in the National & Regional Newspapers as per the Listing Agreement.

b) Company does not have web site.

c) Company has not made any presentations to any institutional Investors/Analyst during the year.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

Consequent upon the cancellation of the NBFC licence the Company desisted from accepting deposit and doing Hire Purchase/Lease/Loan Business. At present Company's activities are restricted to recovery of Hire Purchase instalments/Loans. The Company is also concentrating on repayment of Deposit/Bonds as per the Scheme of arrangement/restructure sanctioned by the Hon'ble High Court of Karnataka.

### **BUSINESS REVIEW:**

During the year the Company recovered a sum of Rs.554.19 lakhs by way of Cash apart from Rs.25.84 lakhs through Bond/Deposit adjustments.

## REPAYMENT OF DEPOSIT/BOND:

In terms of Scheme of arrangement sanctioned by the Hon'ble High Court of Karnataka, the Company has repaid public investments aggregating to Rs.9676.17 lacs till 31.3.2010.

The details are given below:

(Rs.in Lakhs)

Instalments	Payable	Paid till 31.03.2010
Pri.amount Rs.5000/-& less	1258.70	1166.48
I	3448.10	3448.10
II	4503.00	4503.00
III	4335.96	556.69
IV	3490.81	1.90
V	6230.11	-
<b>TOTAL</b>	<b>23266.68</b>	<b>9676.17</b>

## INTERNAL CONTROL SYSTEM:

All payments are made from Head Office only and existing Branches are not permitted to disburse any amount without obtaining prior approval from Head Office.

## DISCUSSION ON FINANCIAL PERFORMANCE:

This subject has been covered in the Directors' Report.

## HUMAN RESOURCE DEVELOPMENT:

The Number of staff has been reduced to the minimum which is essential to run the organisation. There are only 69 Staff members working in the entire organisation as on 31.3.2010.

## GENERAL SHAREHOLDERS INFORMATION:

a) Annual General Meeting:	66 <sup>th</sup> Annual General Meeting
Date:	29.09.2010
Time:	11.00 A M
Venue:	Hotel Ajantha, 22-A, M G Road Bangalore - 560001
b) Financial Year:	1st April to 31st March.
c) Date of Book-Closure:	27.9.2009 to 29.9.2009 (both days inclusive) for the purpose of Annual General Meeting of the Company.
d) Dividend:	The Board of Directors have not recommended any dividend on Equity Shares for the period 2009-10.
e) Registered Office:	3 <sup>rd</sup> Floor, Front Wing, North Block, Manipal Centre, 47, Dickenson Road, BANGALORE - 560 042
f) Listing on Stock-Exchanges:	The Equity Shares are listed at the Bombay Stock Exchange Ltd & National Stock Exchange Ltd. The Listing Fee for the year 2010-11 has been paid to both of the Stock Exchanges and custodial fees paid for the year 2010-11 to NSDL and CDSL.
g) a) Stock Code BSE: NSE :	<b>523384</b> <b>MAHAPEXLTD</b>
b) Demat ISIN Number of: Equity Shares of the Company	<b>INE843B01013</b> As on 31st March, 2010, 54,18,050 Equity Shares forming 38.29% Share Capital of the Company stands Dematerialised.
h) Market Rate Data:	Not Available

Registrar and Share Transfer Agents:

**M/s Purva Sharegistry (India) Pvt Ltd.**  
 Unit Maha Rashtra Apex Corporation Ltd  
 9 Shiv Shakti Industrial Estate  
 7-B J R Boricha Marg  
 MUMBAI-400 011  
 Tel: 23010771, 23016761  
 Email – busicomp@vsnl.com

Share Transfer Systems

Shares received for transfer by the Company or its Registrar and Transfer Agent in physical mode are processed and all valid transfers are approved. The Share Certificates are duly transferred and dispatched within stipulated time.

**i) DISTRIBUTION OF EQUITY SHAREHOLDING ON 31st MARCH, 2010:**

No. of shares	No. of Shareholders	No of Shares.	Percentage
1 To 500	10370	2642537	18.68%
501 To 1000	1350	948729	6.70%
1001 To 2000	416	575942	4.07%
2001 To 3000	83	206463	1.46%
3001 To 4000	31	106459	0.75%
4001 To 5000	13	57914	0.41%
5001 To 10000	32	232855	1.65%
Above 10000	35	9379201	66.28%
<b>Total:</b>	<b>12330</b>	<b>14150100</b>	<b>100.00</b>

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**MARCH, 2010**

Category	No. of Shares Held	Percentage of Shareholding
A. Directors, Relatives Friends and associates	87,12,222	61.57
B. Institutional Investors	-	-
C. Mutual Funds and UTI	-	-
D. Banks	1,998	0.01
E. FIIs	-	-
F. Private Corporate Bodies	44,498	0.31
G. Indian Public	53,90,292	38.10
H. NRIs/OCBs	1,090	0.01
I. Any other(Please specify)	-	-
<b>GRAND TOTAL</b>	<b>1,41,50,100</b>	<b>100.00</b>

**j) Plant Locations: Nil**

**K) ADDRESS FOR INVESTORS CORRESPONDENCE:**

M/s Purva Sharegistry (India) Pvt Ltd.  
Unit Maha Rashtra Apex Corporation Ltd  
9 Shiv Shakti Industrial Estate  
7-B J R Boricha Marg  
MUMBAI-400 011  
Phone: (022) 2301 6761  
E-mail:busocomp@vsnl.com

### **DECLARATION**

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, all Board Members and Senior Management Personnel affirmed compliance with the respective provisions of code of Conduct of the Company for the year ended 31st March, 2010.

G A Rego  
Executive Director

## ED/CFO CERTIFICATION

To

The Board of Directors  
MAHARASTRA APEX CORPORATION LTD  
Manipal

We Executive Director and appointed in terms of the Companies Act, 1956 and Chief Financial Officer of the Company certify to the Board that :

- (a) We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief,
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - (ii) these statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) To the best of our knowledge and belief, no transactions are entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct
- c) That we accept responsibility for establishing and maintaining internal controls and that I have evaluated  
the effectiveness of the internal control systems of the company.
- (d) We have indicated to the Auditors and the Audit Committee:
  - (i) No significant changes have taken place in internal control processes during the year
  - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware.

For Maha Rashtra Apex Corporation Ltd

CHIEF FINANCIAL OFFICER

EXECUTIVE DIRECTOR



## **AUDITORS' CERTIFICATE**

We have examined the compliance of corporate governance by Maha Rashtra Apex Corporation Ltd (the Company) for the year ended 31st March, 2010, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

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

Based on such examination, to the best of our information and according to the explanations given to us, we certify that the Company has complied with the material conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.

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.

Udupi  
August 31, 2010

For RAO & SWAMI,  
Chartered Accountants  
FRN 0031055

P V SHENOY  
Partner  
Membership No.020205

