

Corporate Governance Report

A. Our Governance philosophy

HSIL has a tradition of adopting and implementing the highest standards of Corporate Governance principles and best practices. The Company makes periodical reviews of the guidelines to ensure their continuing relevance, effectiveness and responsiveness to the needs of all stakeholders.

The Company's philosophy on Corporate Governance envisages the attainment of the highest levels of transparency, independent monitoring and equity, in all facets of its operations and interactions with its stakeholders, including shareholders, the government, lenders and the society. The Company's Corporate Governance structure, systems and processes are based on the following core principles:

1. Executive Management must have the freedom to drive the Company forward without undue restraint
2. Freedom of Management is exercised within the framework of appropriate controls
3. Ensuring timely disclosure of all information and matters of interest to our stakeholders
4. Demonstrating highest levels of personal responsibility, reaffirming that employees are responsible for the pursuit of excellence
5. Following ethical codes of conduct of the Company

Hence, the essence of Corporate Governance lies in the phrase "Your

Company". It is "Your" Company because it belongs to you, the shareholders. The Chairman and Directors are "Your" fiduciaries and trustees. The objective is to take the business forward to maximize "Your" Shareholder's value.

B. Board of Directors

The day-to-day business of the Company is conducted by the Presidents and Divisional heads under the direction of the Board led by the Chairman. The Company has a thoroughly professional Board with a majority of Non-Executive and Independent Directors. Presently, the Company's Board comprises nine Directors, out of whom two are Executive Director, five are Non-Executive Independent Directors, one is Non-Executive Non-Independent Director and one is Investor Director.

None of the Directors on the Company's Board is a Director in more than 15 public limited companies, neither a member of more than ten committees and Chairman of more than five committees across all the public limited companies in which he is a Director. All the Directors have made necessary disclosures regarding their Directorships and Committee memberships/Chairmanships in other companies.

The Board holds five-to-six meetings every year to review and discuss the performance of the Company, its future plans, strategies and other pertinent issues relating to the Company.

Meetings are governed by a structured agenda. The Board members in

consultation with the Chairman may bring up any matter for consideration of the Board. All major agenda items are backed by supportive information to enable the Board to take decisions. Agenda papers are generally circulated seven working days prior to the Board meeting.

In addition to oversee the business and the management the following are also periodically reviewed by the Board:

- ◆ Quarterly performance against plan, including business financials in respect of revenue, profits, cash flow, balance sheet, investment and capex
- ◆ Review, monitor and approve major financial and business strategies and corporate actions
- ◆ Assess critical business risks of the Company – review options for their mitigation
- ◆ Internal audit findings and external audit management reports (through the Audit Committee)
- ◆ Company's management development processes and compensation of senior management
- ◆ Status of safety, security and legal compliances
- ◆ Materially significant show cause, demand, prosecution and adjudication notices, if any
- ◆ Long term borrowings made, bank guarantees issued and investments made
- ◆ Forex policy, as and when changes take place
- ◆ Ensure that processes are in place for maintaining the integrity of the Company with its relationships with all the stakeholders

- ◆ Delegation of appropriate authority to the senior executives of the Company for effective management of operations

During the year under review, five Board meetings were held on May 19, 2007, July 27, 2007, September 15, 2007, October 27, 2007, and January 28, 2008 and the time-gap between any two consecutive meetings did not exceed four months.

The composition of the Board, attendance at Board meetings held during the financial year under review and at the last Annual General Meeting (AGM), number of Directorships, memberships/Chairmanships in public companies (excluding the Company) and their shareholding in the Company, are as follows:

Name	Designation	Category	No. of Board meetings attended during 2007-08	Whether attended the last AGM	No. of other Directorships*	No. of memberships (Chairmanships) of Board Committees of other companies**	No. of equity shares held in the Company***
1. Mr. R.K. Somany	Chairman & Managing Director	Executive (Promoter)	5	Yes	5	Nil	2,492,614
2. Mr. Sandip Somany	Joint Managing Director	Executive (Promoter)	4	No	5	Nil	2,736,528
3. Mr. V.K. Bhandari	Director	Non-Executive & Independent	5	Yes	5	2(1)	Nil
4. Mr. S.B. Budhiraja	Director	Non-Executive & Independent	4	No	3	2(1)	1,300
5. Mr. Ashok Jaipuria	Director	Non-Executive & Independent	1	No	3	Nil	18,000
6. Mr. N.G. Khaitan	Director	Non-Executive & Independent	5	Yes	10	6(2)	832
7. Mr. Binay Kumar	Director	Non-Executive & Independent	5	Yes	7	Nil	32,474
8. Mr. Vishal K.K. Marwaha	Director	Non-Executive & Independent	3	No	1	Nil	25,000
9. Mr. G.L. Sultania	Director	Non-Executive & Non-Independent	5	Yes	11	7(3)	6,705
10. Mr. Rahul Bhargava#	Alternate Director	Non-Executive & Independent	NIL	-	-	-	-

* Excludes Directorship in Indian private companies, foreign companies, membership of managing committees of chambers of commerce/professional bodies and alternate Directorship

** For this purpose only Audit Committees and Investors'/Shareholders' Grievance Committees of public companies, whether listed or not, are considered

*** Equity shares of Rs. 2 each, as per last declaration made to the Company.

Mr. Rahul Bhargava resigned as Alternate Director w.e.f. May 11, 2007

Mr. S.B. Budhiraja, Mr. Vishal K.K. Marwah and Mr. N.G. Khaitan are liable to retire by rotation and being eligible, have offered themselves for reappointment.

Mr. R.K. Somany's term as Managing Director will expire on January 8, 2009 and a proposal for his reappointment for a period of three years w.e.f January 9, 2009 shall be placed before the members for seeking their approval.

Attention of the members is invited to the relevant items in the Notice of the Annual General Meeting for seeking their approval for the aforesaid appointments. The information as required under Clause 49 (IV) (G) of the Listing Agreement and Schedule XIII of the Companies Act, 1956 (the Act), wherever applicable, is annexed to the Notice of the AGM.

HSIL Code of Conduct

The Company had formulated the Code of Conduct (the Code) which is applicable to the Company's Directors and senior management personnel. The Code is available on the Company's website. All the Directors and senior management personnel of the Company have affirmed compliance with the Code for the financial year ended March 31, 2008. A Declaration to this effect, duly signed by the Chairman and Managing Director was placed before the Board and is annex to this report.

C. Committees of the Board

I. Audit Committee

◆ **Constitution**

The Board constituted the Audit Committee in compliance with requirements under Section 292A of the Act and Clause 49 of the Listing Agreement. Presently, it comprises five Non-Executive Directors with one Investor Director.

The Committee comprises:

1. Mr. V.K. Bhandari	Chairman
2. Mr. Binay Kumar	
3. Mr. N.G. Khaitan	
4. Mr. S.B. Budhiraja	
5. Mr. Vishal K.K. Marwaha	

The Committee is supervised by Mr. V.K. Bhandari, Independent Director, as Chairman of the Committee who is a Chartered Accountant by qualification and ex-banker by profession. He has a rich experience of over 30 years in banking and has been the Head of Credit, Credit Monitoring, Treasury, Investments, Funds Management, Merchant Banking, and International Banking Divisions of one of the leading banks of the country.

The Company Secretary acts as the Secretary to the Committee.

◆ **Terms of Reference**

The charter of the Committee is as prescribed under Section 292A of the

Act and Clause 49 of the Listing Agreement viz. to oversee the financial reporting and process, to review the financial statements of the Company before submission to the Board, to review with the management the statement of uses/application of funds raised through an issue, to review reports of the internal auditors, statutory auditors and discuss their findings, suggestions, internal control systems, scope of audit, observations of the auditors and other related matters etc., to recommend appointment/reappointment and remuneration of auditors and to select and review major accounting policies followed by the Company. The minutes of the Audit Committee meetings are circulated to the Board of Directors.

◆ **Meetings and attendance**

During the year under review, the Audit Committee met four times and the gap between two consecutive meetings did not exceed more than four months. The Committee had reviewed and considered the quarterly and annual results, related-party transactions, internal audit reports, appointment and remuneration of internal and statutory auditors, management discussion and analysis of financial condition and results of operations etc.

The following table summarises the date of each meeting attended by the members:

Date of meeting	19.05.2007	27.07.2007	27.10.2007	28.01.2008
Mr. V.K. Bhandari				
Mr. Binay Kumar				
Mr. N.G. Khaitan				
Mr. S.B. Budhiraja				
Mr. Vishal K.K. Marwaha	X		X	

II. Remuneration Committee

◆ **Constitution**

The Committee comprises three Non-Executive and Independent Directors. The Committee comprises:

1. Mr. S.B. Budhiraja	Chairman
2. Mr. N.G. Khaitan	
3. Mr. V.K. Bhandari	

The Committee is chaired by Mr. S.B. Budhiraja, a gold-medallist in Mechanical Engineering from the University of Roorkee. Mr. Budhiraja held several significant posts and was the youngest ever Managing Director of Indian Oil Corporation of India from

1974-78. He was also the Managing Director of IBP, Balmer Lawrie and Indian Oxygen, during his career. He was a member of the World Bank team to study the restructuring of Haryana Power Sector and the Senior Advisor to the United Nations Secretary General's Office, for the Global Compact in India.

The Company Secretary acts as the Secretary to the Committee.

◆ **Terms of Reference**

The Remuneration Committee has been constituted to recommend and review the remuneration of the Executive Directors, and to formulate a broad policy framework for managerial

remuneration.

◆ **Remuneration policy**
The remuneration policy aims at recognising and rewarding performance and achievements. The policy is market-led and takes into account the current national and international practices, considering the highly competitive business scenario and the responsibilities shouldered by such Executive Directors.

◆ **Meetings & attendance**
During the year 2007-08, the Committee met twice. The following table summarises the date of meeting and attendance of the members:

Date of meeting	19.05.2007	28.01.2008
Mr. S.B. Budhiraja		
Mr. N.G. Khaitan		
Mr. V.K. Bhandari		

Remuneration

◆ **Non-Executive Directors' Commission**

Non-Executive Directors are remunerated by way of commission within the limits specified under the Act for each financial year as approved by the Shareholders. Non-Executive Directors' commission is determined by the Board based, inter-alia, on the Company's performance and regulatory provisions. Such commission is payable on a uniform basis to reinforce the principle of

collective responsibilities. Non-Executive Directors are also entitled to sitting fee for attending the meetings of the Board and committees thereof, within the guidelines notified by the Central Government.

◆ Details of Remuneration of Directors:

The details of the remuneration paid to the directors, during the financial year 2007-08 are as follows:-

Name	Basic	Perquisites	Commission (for the year 2006-07)	Cont. to PF	Sitting fees	Stock option	Total
Mr. R. K. Somany	6,274,194	368,380	15,521,990	752,903	-	-	22,917,467
Mr. Sandip Somany	4,680,000	1,577,297*	15,521,990	561,600	-	-	22,340,887
Mr. V. K. Bhandari	-	-	739,142	-	22,500	-	761,642
Mr. S. B. Budhiraja	-	-	739,143	-	20,000	-	759,143
Mr. Ashok Jaipuria	-	-	739,142	-	-	-	739,142
Mr. N. G. Khaitan	-	-	739,142	-	22,500	-	761,642
Mr. Binay Kumar	-	-	739,143	-	16,500	-	755,643
Mr. Vishal K.K. Marwaha	-	-	739,142	-	9,500	-	748,642
Mr. G. L. Sultania	-	-	739,142	-	16,500	-	755,642
TOTAL	10,954,194	1,945,677	36,217,976	1,314,503	107,500	-	50,539,850

Note :

* Includes Rs.1,044,000 on account of encashment of accrued leave at the end of last tenure on November 30, 2007

◆ The appointment of Mr. R.K. Somany, Chairman and Managing Director, is contractual for a period of three years with effect from January 9, 2006, a proposal for his reappointment for a period of three years w.e.f. January 9, 2009 shall be placed before the members seeking their approval

◆ The services of Chairman and Managing Director and Joint Managing Director may be terminated by giving six months' notice or alternatively six months' salary in lieu of six months' notice

◆ Mr. Ashok Jaipuria had relinquished his entitlement for sitting fee and he was only paid proportionate commission as Non-Executive Director

III. Shareholders'/Investors' Grievance Committee

◆ Constitution

The Shareholders'/Investors' Grievance Committee presently comprises four Non-Executive Directors. The constitution of the Committee is as under:

1. Mr. S.B. Budhiraja	Chairman
2. Mr. N.G. Khaitan	
3. Mr. V.K. Bhandari	
4. Mr. G.L. Sultania	

◆ Terms of reference

The Committee looks into redressing investors' complaints like delay in

transfer of shares, non-receipt of dividends and non-receipt of Annual Reports etc.

The Company Secretary is the Secretary to the Committee. The Board has designated the Company Secretary as the Compliance Officer.

◆ Meetings and attendance

During the year 2007-08, the committee met four times. The following table summarises the date of each meeting and attendance of members:

Date of meeting	19.05.2007	27.07.2007	27.10.2007	28.01.2008
Mr. S.B. Budhiraja				
Mr. N.G. Khaitan				
Mr. V.K. Bhandari				
Mr. G.L. Sultania				

During the year under review, the Company received 70 letters/enquiries/complaints from shareholders, which were mainly enquiries about the split/sub-division of shares, split shares and non-receipt of dividend or Annual Report, which were replied/resolved to the satisfaction of shareholders. As on the date of this report, no complaints were pending.

IV. Share Transfer Committee

◆ Constitution

The Committee presently comprises one Non-Executive Director and two Executives of the Company. The Committee comprises:

1. Mr. G.L. Sultania	Chairman
2. Mr. N. Goenka (DGM – Finance)	
3. Mr. S. Banerjee (Investor Relations Manager)	

◆ Terms of reference

The Company constituted the Share Transfer Committee to consider and process various requests for transfer of shares, issue of duplicate shares, split/consolidation of shares and thereupon issue of fresh share certificates, transmissions or transposition of shares.

◆ Meetings

During the year under review, the committee met on 12 occasions for the approval of transfer of shares lodged with the Company and all the members attended all the meetings. As on date

of this report, no requests for transfer of shares are pending.

V. Corporate Affairs Committee

The primary role of the Corporate Affairs Committee is making strategic business decisions to ensure smooth business operations of the Company within the framework approved by the Board. The Company also formed other committees for some specific purposes like Borrowing Committee, Investment Committee and Finance Committee. All powers of these committees are now assigned to this committee for better monitoring and control.

Composition

Corporate Affairs Committee comprised two Executive and one Non-Executive Director:

1. Mr. R.K. Somany	Chairman
2. Mr. Sandip Somany	
3. Mr. G.L. Sultania	

Meetings and attendance

During the year 2007-08, there were five meeting of the committee, which were attended by all the members.

D. Subsidiary Companies

Your Company does not have any material non-listed Indian subsidiary Company. The Audit Committee reviews the financial statements and in particular, the investments made by the unlisted subsidiary companies. The minutes of the Board meetings as well as statements of all significant transactions of the unlisted subsidiary companies are placed before the Board of Directors of the Company for their review.

E. Disclosures

◆ Basis of related party transactions: Related-party transactions are given at Note 13 of Schedule 21 of the Annual Accounts.

◆ Disclosure of Accounting Treatment In preparation of financial statements, the Company had consistently followed the accounting standards.

◆ Risk management

The Company's risk management strategies are continuously being refined and redefined. Despite the substantial increase in volume of

business over a period of years, risks were effectively managed through risk assessment framework and policies. The internal control systems provide a robust support for risk management for the Company in operating its business. The Company laid down a procedure to inform Board of Directors about Risk assessment and minimisation procedures.

◆ No non-compliances have taken place nor have any penalties or strictures been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.

◆ Proceeds from public issue, right issues, preferential issues etc. During the year under review, the Company did not raise money from public issue, right issues and

preferential issues, among others.

◆ Management

i) The Management Discussion and Analysis Report forms a part of the Annual Report and is in accordance with the requirements laid out in Clause 49 of the Listing Agreement.

ii) No material transaction has been entered into by the Company with the Promoters, Directors or the management, their subsidiaries or relatives etc. that may have a potential conflict with interests of the Company.

F. Report on Corporate Governance

This Corporate Governance Report forms a part of the Annual Report. The Company is fully compliant with all the provisions of Clause 49 of the Listing Agreement of the stock exchanges in India.

G. Compliance

Certificate from the statutory auditors confirming compliance with all the conditions of Corporate Governance, as stipulated in Clause 49 of the Listing Agreement of the stock exchanges in India, is annexed to the Directors' Report and forms a part of the Annual Report.

H. HSI Code of Conduct for prevention of insider trading

HSIL has a HSI Share Transaction Code for prevention of insider trading in the shares and securities of the Company. The code, inter alia, prohibits purchase/sale of shares of the Company by employees/Directors while in possession of unpublished price-sensitive information in relation to the Company.

newspapers and the regional newspapers.

◆ The results are also posted on the website of the Company at <http://www.hindwarebathrooms.com>. The results are also posted on the official website of SEBI – <http://www.sebidifar.nic.in>.

K. Shareholders' Information

(i) The 48th Annual General Meeting is proposed to be held on September 4, 2008, at 11.00 a.m. at Somany Conference Hall of Merchant's Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata - 700 001.

(ii) Tentative financial calendar for 2008-09

First quarter results	Last week of July, 2008
Second quarter results	Last week of October, 2008
Third quarter results	Last week of January, 2009
Audited annual results for the year	Last week of May, 2009.

(iii) Date of Book Closure August 25, 2008 to September 4, 2008 (both days inclusive).

(iv) Dividend payment date Latest by October 4, 2008.

(v) Listing on Stock Exchanges The names of the Stock Exchanges at which the equity shares of the Company are listed and the respective stock codes comprise:

Name of the Stock Exchange	Stock Code
1. National Stock Exchange of India Ltd. (NSE)	HINDSANIT
2. Bombay Stock Exchange Ltd. (BSE)	500187

ISIN allotted for Company's equity shares of Rs. 2 each: INE 415A 01038. Listing fees for the financial year 2008-09 has been paid to the Stock Exchanges.

I. General Body Meetings

◆ The last three general body meetings were held as under :

Financial year	Date	Time	Venue
2006-07	September 15, 2007	11:00 a.m.	Somany Conference Hall, Merchant's Chamber of Commerce, 15B, Hemant Basu Sarani, Kolkata – 700 001.
2005-06	September 9, 2006	11:30 a.m.	Same as above.
2004-05	August 24, 2005	11:30 a.m.	Same as above.

◆ Five special resolutions were passed in the Annual General Meetings held during last three financial years.

◆ During the financial year 2007-08, no special resolution passed through Postal Ballot.

J. Means of Communication

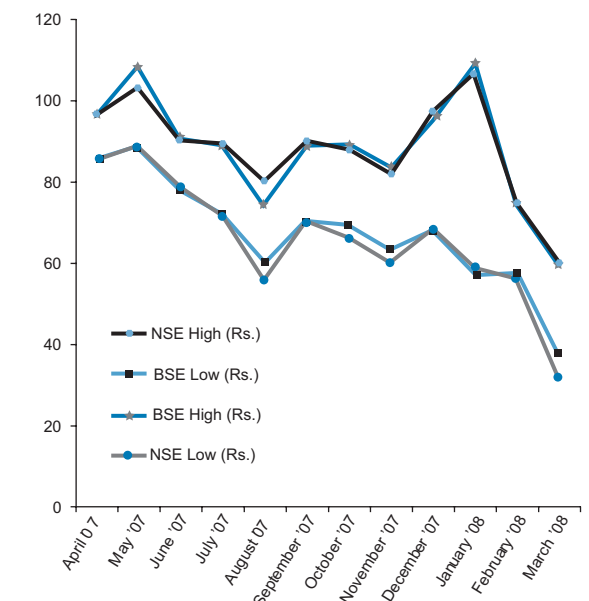
◆ The quarterly and annual financial results of the Company are sent to the stock exchanges, immediately after they are approved by the Board. The results are published in leading business newspapers of the country, general interest national

(vi) Market price data

Monthly stock market data of high-and-low prices of equity shares of the Company during the financial year 2007–08 and their performance in comparison with the broad-based index comprise:

Monthly stock market data:

Month	NSE		BSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
April'07	96.00	85.20	96.00	85.00
May'07	102.90	88.35	108.00	88.65
June'07	89.95	78.10	90.00	77.60
July'07	89.00	71.60	89.00	72.00
August'07	80.00	55.35	73.95	60.05
September'07	89.45	70.10	88.80	70.10
October'07	88.00	66.00	89.00	69.30
November'07	81.90	60.00	83.00	63.00
December'07	96.90	68.20	94.80	68.10
January'08	106.40	58.20	108.85	57.10
February'08	74.05	56.20	74.00	57.30
March'08	59.60	31.55	59.10	37.00



(vii) Performance comparison with broad-based index

Month	HSIL*	NSE Nifty
April'07	92.80	4,087.90
May'07	89.40	4,295.80
June'07	85.70	4,318.30
July'07	74.20	4,528.85
August'07	72.15	4,464.00
September'07	85.60	5,021.35
October'07	70.15	5,900.65
November'07	69.40	5,762.75
December'07	87.25	6,138.60
January'08	67.05	5,137.45
February'08	58.20	5,223.50
March'08	43.05	4,734.50

*HSIL's monthly closing prices on NSE

(viii) Registrar and Transfer Agents

The Company appointed M/s Maheshwari Datamatics Private Limited as Registrar and Share Transfer Agent (RTA) for physical as well as electronic connectivity with the depositories for dematerialised shares. The contact details of RTA are:

Maheshwari Datamatics Private Limited
6, Mangoe Lane, Kolkata - 700 001.
Phone no. (033) 2243 5809/5029,
Fax No. (033) 2248 4787
Email : mdpl@cal.vsnl.net.in

(ix) Share Transfer System

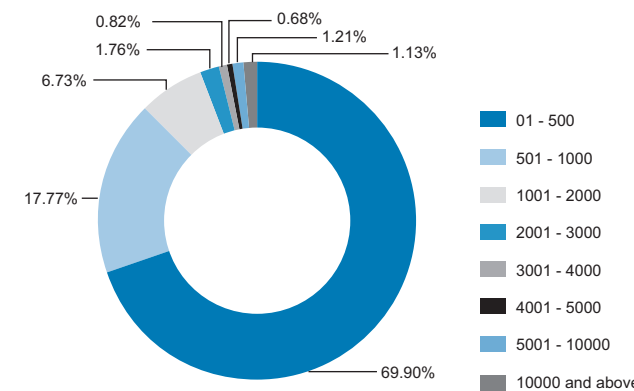
The Company's shares are traded on stock exchanges in compulsory demat mode. Share Transfer Committee of the Company is authorised to approve transfers of securities. Share transfers which are received in physical form are processed and the share certificates returned within a period

of 14 days from the date of receipt, subject to the documents being valid and complete in all respects. The dematerialised shares are transferred directly to the beneficiaries by the depositories.

(x) Distribution of Shareholding As on March 31, 2008

Shareholding	No. of shareholders	% shares
Upto 500	7,404	69.9
501-1000	1,882	17.77
1001-2000	713	6.73
2001-3000	186	1.76
3001-4000	87	0.82
4001-5000	72	0.68
5001-10000	128	1.21
10000 and above	120	1.13
Total	10,592	100

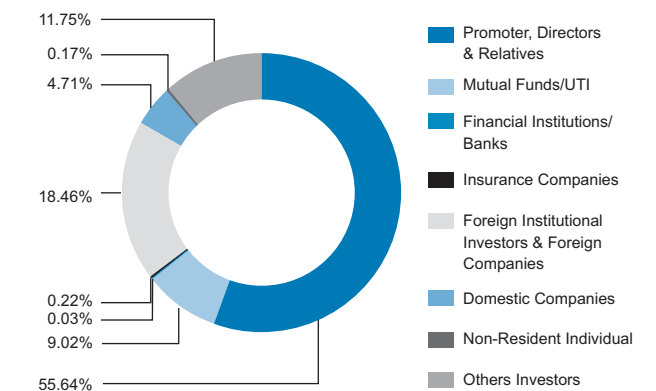
On the basis of number of shareholders



(xi) Category of Shareholders as on March 31, 2008

Category	No. of shares	% of shareholding
Promoter, Directors & Relatives	30,667,856	55.64
Mutual Funds/UTI	4,964,892	9.02
Financial Institutions/Banks	17,531	0.03
Insurance Companies	123,147	0.22
Foreign Institutional Investors & Foreign Companies	10,156,787	18.46
Domestic Companies	2,593,354	4.71
Non-Resident Individual	91,838	0.17
Others Investors	6,410,103	11.75
Total	55,025,508	100

Category of Shareholders as on 31.03.08



(xii) Dematerialisation of shares

The shares of the Company fall under the category of compulsory delivery in dematerialised mode by all categories of investors. The Company has signed agreements with the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) for this purpose. As on March 31, 2008, 28,620,130 equity shares of Rs. 2 each of the Company (52.01% of the paid-up capital) were in dematerialised form and 26,405,378 equity shares of Rs. 2 each (47.99% of the paid-up capital including 45.06%

of Company's shares held by the promoters) were held in physical form.

(xiii) Liquidity

The equity shares of the Company are frequently traded on the NSE as well as on the BSE.

(xiv) Outstanding GDRs/ADRs/warrant or any convertible instruments

As on March 31, 2008, the Company had no outstanding GDRs/ADRs/warrant or any convertible instruments.

(xv) Plant locations

- I. Building Products Division
 - A. Bahadurgarh – 124507, District Jhajjar, Haryana
 - B. Somanyapuram, Brahmanapally, Bibinagar – 508 126, Andhra Pradesh
- II. Glass Division
 - Varadanagar, Kukatpally, Sanathnagar, Hyderabad – 500 018, Andhra Pradesh.

(xvi) Address for correspondence
2, Red Cross Place, Kolkata - 700 001
Phone: 91 - 33 -2248 7406/07
Fax: 91 - 33 - 2248 7045
email: hsilinvestors@hindware.co.in

Declaration by Chairman & Managing Director under Clause 49 of the Listing Agreement regarding adherence to Code of Conduct

In accordance with sub clause 1(D) of Clause 49 of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management have affirmed compliance with their respective codes of conduct as applicable to them, for the year ended on March 31, 2008.

Place: New Delhi
Date: May 17, 2008

Rajendra K. Somany
Chairman and Managing Director

CEO/ CFO Certification

As required by Clause 49(V) of the Listing Agreement with the Stock Exchanges, we have certified to the Board that for the financial year ended March 31, 2008 the Company has complied with the requirements of this sub clause.

Place: New Delhi
Date: May 17, 2008

Rajendra K. Somany
Chairman and Managing Director

V.K. Ajmera
Sr. G.M. (Corporate Finance)

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

To the members of
Hindustan Sanitaryware and Industries Ltd.

We have examined the compliance of conditions of corporate governance by Hindustan Sanitaryware and Industries Ltd. ("the Company) for the year ended on 31 March 2008, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

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 conditions of 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.

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 Walker, Chandok & Co.
Chartered Accountants



B.P. Singh
Partner

Membership No.070116

Place: New Delhi
Date : May 17, 2008