

Annexure A

REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company believes that good corporate governance contemplates that corporate actions balance the interests of all stakeholders and satisfy the tests of accountability and transparency. The Company adopts a model to adhere to all the rules and regulations of the statutory authorities. Duties and statutory obligations are discharged in a fair and transparent manner with the object of maximizing the value of the shareholders and stakeholders.

1. BOARD OF DIRECTORS:

a) COMPOSITION AND CATEGORY OF BOARD OF DIRECTORS:

The Company has in all 4 Directors with considerable professional experience in divergent areas connected with corporate functioning.

The Board of Directors of the Company comprises of Non-Executive and Independent Directors. In all there are four Directors, One Non-Executive and Three Independent Director.

Name of the Director	Designation	Category
Mr. V.P. Chokhani	Chairman	NON-Executive Director
Mr. AnandanRanganathan	Director	Independent Director
Mr. Ramesh Govindarajan*	Director	Independent Director
Mr. DinanathShyamsundar**	Director	Independent Director

*Appointed as Additional Director w.e.f. 27.03.2013

** Appointed as Additional Director w.e.f. 14.11.2013

None of the Directors on the Board is a Member of more than 10 Committees or Chairman of more than 5 Committees across all the companies in which he is a Director.

During the financial year under review, five Board Meetings were held i.e. on 15th May 2012, 14th August 2012, 6th September, 2012, 15th November 2012 and 14th February 2013 and the gap between two meetings did not exceed four months.

The composition of the Board of Directors and their attendance at the Board Meetings during the financial year and at the last Annual General Meeting and also the number of Directorships held by Directors is mentioned below:

Name of Director	Category of Director	Attendance Particulars		No. of Director-ships in other bodies corporate	No. of Chairmanship/ Membership of Board Committees in other Companies	
		Board Meetings	Last AGM		Chairman	Member
Mr. V.P. Chokhani	P/NED	5	Yes	3	-	-
Mr. AnandanRanganathan	I/NED	5	YES	1	-	-
Mr. Ramesh Govindarajan*	I/NED	0	NO	-	-	-
Mr. DinanathShyamsundar**	I/NED	0	NO	-	-	-

*Appointed as Additional Director w.e.f. 27.03.2013

** Appointed as Additional Director w.e.f. 14.11.2013

P	Promoter	MD	Managing Director
ED	Executive Director	NED	Non-Executive Director
I	Independent	-	-

The Directorships held by the Directors as mentioned above do not include Alternate Directorships and Directorships held in Foreign Companies, Companies registered under Section 25 of the Companies Act, 1956 and Private Limited Companies.

In accordance with Clause 49 of the Listing Agreement, Memberships / Chairmanships of only the Audit Committees and Shareholders' / Investor Grievance Committees in all Public Limited Companies have been considered.

b) PROCEDURE OF THE BOARD:

The Agenda for the Board and Committee Meetings is circulated to all the Directors in advance. The Board is briefed about the affairs, performance and other things as necessary. A tentative annual calendar for the Meetings of the Committees / Board is circulated in order to assist the Directors for planning their schedules to participate in the meetings.

c) NON-EXECUTIVE DIRECTORS' REMUNERATION:

The Company do not pay any fee/remuneration to the non-executive Directors.

2. AUDIT COMMITTEE:

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956. The purpose of the Audit Committee is to assist the Board of Directors ("the Board") in reviewing the financial information which will be provided to the shareholders and others, reviewing the systems of internal controls established in the Company, appointing, retaining and reviewing the performance of independent accountants/internal auditors and overseeing the Company's accounting and financial reporting processes and the audit of the Company's financial statements.

a) TERMS OF REFERENCE:

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement of the statutory auditor, fixing of audit fees and approving payments for any other services.
- Discussion with the statutory auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including quarterly/half yearly financial information.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on :
 - i. any changes in accounting policies and practices;
 - ii. major accounting entries based on exercise of judgment by management;
 - iii. qualifications in draft audit report;
 - iv. significant adjustments arising out of audit;
 - v. the going concern assumption;
 - vi. compliance with accounting standards;
 - vii. compliance with stock exchange and legal requirements concerning financial statements;
 - viii. any related party transactions as per Accounting Standard 18.
- Reviewing the Company's financial policies.
- Reviewing with management the quarterly, half-yearly, nine months and annual financial statements, standalone as well as consolidated before submission to the Board for approval.
- Reviewing with the management and the Statutory Auditors, anticipated changes in the Accounting Standards.
- Reviewing the statements of significant related party transactions, the financial statements and/or investments made by the unlisted Subsidiary Companies.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including structure of the internal audit department, approval of the audit plan and its execution, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

b) COMPOSITION:

The Audit Committee at present comprises of three members as follows;

Name of the Director	Status in the Committee	Category
Mr. AnandanRanganathan	Chairman	Independent Director
Mr. V.P. Chokhani	Member	Non-Executive Director
Mr. DinanathShyamsundar*	Member	Independent Director

* Appointed as Additional Director w.e.f. 14.11.2013

All the members have accounting or related financial management expertise. During the financial year review, the Committee met five times i.e. on 15th May 2012, 14th August 2012, 6th September, 2012, 15th November 2012 and 14th February 2013 and the attendance of the members at the Audit Committee meetings was as follows:

Name of the Member	Attendance Particular	
	Meeting Held	Meeting Attended
Mr. AnandanRanganathan	5	5
Mr. V.P. Chokhani	5	5
Mr. DinanathShyamsundar*	5	0

* Appointed as Additional Director w.e.f. 14.11.2013

3. SHAREHOLDERS/INVESTOR GRIEVANCE AND SHARE TRANSFER COMMITTEE:**a) Composition:**

The Shareholders/Investor Grievance and Share Transfer Committee comprises of;

Name of the Director	Status in the Committee	Category
Mr. AnandanRanganathan	Chairman	Independent Director
Mr. V.P. Chokhani	Member	Non-Executive Director
Mr. Ramesh Govindarajan*	Member	Independent Director

*Appointed as Additional Director w.e.f. 27.03.2013

b) The terms of reference of this Committee are as under:

The Shareholders/Investor Grievance and share transfer committee specifically looks into redressing of shareholder's and investor's complaints such as transfer of shares, non-receipt of shares, non-receipt of declared dividend, non-receipt of annual report and to ensure expeditious share transfers.

c) Meeting and Attendance of the committee:

The Committee oversees the performance of share transfers and recommends measures to improve the shareholders/investors service. **The said Committee met 10 times during the year 2012-2013.**

d) Shareholders queries received and replied in 2012-2013:

During the Financial year 2012-2013, no complaints were received from Shareholders. There are no complaints pending as on date of this report. There were no share transfer pending registrations as at 31st March, 2013.

In case of any investor complaint shareholders are requested to address the same to company.

4. ANNUAL GENERAL MEETINGS

Year	Venue	Date	Time	Number of Special Resolutions passed
2011-2012	No. 21, Spur Tank Road, Chetpet, Chennai – 600 031	29.09.2012	10.00 A.M	NIL
2010-2011	No. 21, Spur Tank Road, Chetpet, Chennai – 600 031	30.09.2011	10.00 A.M	NIL
2009-2010	16, White Road, Vth Floor, Royapettah, Chennai – 600 014	30.09.2010	10.00 A.M	NIL

During the year under review, requirement for passing resolutions under postal ballot did not arise. No Extra-Ordinary General Meeting and Court convened meeting of the members were held during the year.

5. DISCLOSURES

- a) Related Party Transactions; The Company has not entered into any transactions of a material nature with the Promoters, the Directors or the Management, their subsidiaries or relatives, etc., that may have potential conflict with the interest of the Company. The necessary disclosures regarding the transactions are given in the notes to the Accounts.
- b) Disclosures on accounting treatment: No differential treatment from the Accounting Standards was followed in the preparation of the financial statements.
- c) The Company does not have a Whistle Blower Policy and no employee has been denied access to approach the audit committee to report any serious concerns.
- d) The Company has complied with all the mandatory requirement of Clause 49 of the listing agreement and the extend of compliance of the Non-Mandatory requirement is given in the end of this Report
- e) No money has been raised through Public/Right/Preferential issue during the year.

6. COMMUNICATION WITH SHAREHOLDERS AND GENERAL SHAREHOLDERS INFORMATION:

There were no specific presentations made to Institutional investors or to analysts during the year.

- i. Date and Time of Annual General Meeting: **Monday, 23rd day of December, 2013 at 11.00 A.M.**
- ii. Venue: **Registered office of the Company.**
- iii. **TENTATIVE FINANCIAL CALENDAR**

Financial Year	1st April, 2013 to 31st March, 2014
Result for the quarter ending 30th June, 2013	by 14th August, 2013
Result for the quarter ending 30th September, 2013	by 14th November, 2013
Result for the quarter ending 31st December, 2013	by 14th February, 2014
Result for the year ending 31st March, 2014	by 30th May, 2014
Annual General Meeting	by September, 2014

- iv. Book Closure Date: **18.12.2013 to 23.12.2013 (both days inclusive)**

v. LISTING STATUS & STOCK CODE

The Equity Shares of the Company are listing only on the Madras Stock Exchange. The Company confirms that it has paid annual listing fees to the Madras Stock Exchange for the year 2013-14.

- vi. **SHAREHOLDING PATTERN AS ON 31.03.2013:**

Category	No. of Shares	% of the total shares
Promoters Group	45,000	1.00
Public - Bodies Corporate	9,91,060	21.95
Public – Individual	34,79,005	77.05
Total	45,15,065	100.00

- vii. **DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013:**

No. of Shares	No. of Shareholders	%	Shareholding in Rs.	%
1 to 5,000	335	79.76	1334000	2.95
5,001 to 10,000	55	13.09	492000	1.09
10,001 – 20,000	3	0.71	47000	0.10
20,001 – 30,000	1	0.24	29000	0.06
30,001 – 40,000	1	0.24	33000	0.07
40,001 – 50,000	1	0.24	50000	0.11
50,001 – 1,00,000	1	0.24	78000	0.17
1,00,000 & above	23	5.48	43087650	95.43
Total	420	100.00	45150650	100.00

viii. **ADDRESS FOR CORRESPONDENCE:**
Vitan Departmental Stores & Industries Limited
No. 21, Spur Tank Road, Chetpet, Chennai – 600 031

ix. E-mail ID of Investor Grievance Redressed Cell: vitandepartmental@gmail.com

For and on behalf of the Board

Place: Chennai	Sd/- V. P. CHOKHANI	Sd/- ANANDAN ANGANATHAN
Date: 14/11/2013	Director	Director