



XPRO INDIA LIMITED

CORPORATE GOVERNANCE REPORT 2011/12

Board of Directors

Sri Sidharth Birla

Chairman

Smt. Madhushree Birla

Sri Amitabha Ghosh

Sri Amitabha Guha

Sri Haigreve Khaitan

Sri P. Murari

Sri Utsav Parekh

Sri S. Ragothaman

Sri C. Bhaskar

Managing Director & Chief Executive Officer

Company Secretary

Sri S.C. Jain

Senior Executives

Sri H. Bakshi

President & Chief Operating Officer

Sri V.K. Agarwal

Joint President & Chief Financial Officer

Sri N. Ravindran

Joint President (Marketing)

Sri Anil Jain

Executive Vice President, Coex Division (RNJ)

Sri Manmohan Krishan

Executive Vice President, Coex Division (FBD)

Sri Sunil Mehta

Executive Vice President, Biax Division (Pithampur)

Sri U.K. Saraf

Executive Vice President, Coex Division (GRN)

Registered Office

Barjora-Mejia Road,
P.O. Ghutgoria, Tehsil : Barjora,
Distt : Bankura 722 202, West Bengal

Corporate Office

1, Industrial Area, NIT,
Faridabad 121 001, Haryana

Biax Division

Barjora-Mejia Road,
P.O. Ghutgoria, Tehsil : Barjora,
Distt : Bankura 722 202, West Bengal

Plot No.78, Sector III,
Industrial Area, Pithampur,
Distt : Dhar 454 774, Madhya Pradesh

Coex Division

3, Industrial Area, NIT,
Faridabad 121 001, Haryana

32, Udyog Vihar, Greater Noida,
Gautam Budh Nagar 201 306, Uttar Pradesh

Plot E-89 & E-90/1, MIDC Industrial Area,
Ranjangaon, Distt. Pune 412 220, Maharashtra

Registrars & Share Transfer Agents

MCS Limited,
F-65, Okhla Industrial Area, Phase I, New Delhi 110 020

Auditors

M/s Deloitte Haskins & Sells
Ahmedabad

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Report of the Directors on Corporate Governance

The Board has adopted, and is committed to adopting, its corporate governance obligations under relevant regulations, listing agreement and laws as well as best practices relating thereto. The Board believes that good governance is voluntary and self-disciplining, with the strongest impetus coming from Directors and the management itself, and ultimately leads to enhancement of value for all stakeholders. The management and organization at Xpro India Limited aims to be progressive, competent and trustworthy, creating and enhancing value for stakeholders and customers, while reflecting and respecting the best of Indian values in conduct. The Board lays significant emphasis on integrity, transparency and accountability.

THE BOARD OF DIRECTORS

Composition

The Board consists of 9 Directors, of whom 5 are independent and 4 are non-executive. At its strictest, current regulations require that at least 50% of the Directors should be independent; this criterion is met. As per SEBI Regulations an independent Director will be one who (a) does not have any material pecuniary relationships or transactions with the Company, its Promoters, Directors, Senior Management (this comprises all members of management one level below Executive Directors, including all functional heads) or its holding company, its subsidiaries and associates; (b) is not related to Promoters or persons occupying management positions at the Board level or at one level below the Board; (c) has not been an Executive of the Company in the immediately preceding 3 financial years; (d) is not a Partner or an Executive or was not a Partner or an Executive during the preceding 3 years of Statutory Audit or Internal Audit Firm associated with the Company and legal firm(s) and consulting firm(s) that have a material association with the company; (e) is not a material supplier, service provider or customer or a lessor or lessee of the Company; (f) is not a substantial shareholder of the Company i.e. owning 2% or more of the voting power; and (g) is not less than 21 years of age. Our Board has 5 independent Directors (i.e. 56%) viz. Sri Amitabha Ghosh (formerly a Banker and Deputy Governor of Reserve Bank of India), Sri P. Murari (IAS retired, formerly Secretary to the Govt. of India), Sri Utsav Parekh (Merchant Banker), Sri S. Ragothaman (company director, formerly senior officer at ICICI) and Sri Amitabha Guha, a Banker. Sri Haigreve Khaitan, Advocate, even though meeting the criteria for independence is a Partner at Khaitan & Co., Solicitors, who act for the Company from time to time; thus as a measure of prudence he has not been included in the calculation of independent directors for purposes of regulations.

Independent Directors play an important role in deliberations at the Board level, bring with them their extensive experience in various fields including banking, finance, law, administration and policy, and contribute significantly to Board committees. Their independent role vis-à-vis the Company implies that they have a distinct contribution to make by adding a broader perspective, by ensuring that the interests of all stakeholders are kept in acceptable balance and also in providing an objective view in any potential conflict of interest between stakeholders. The Chairman and non-executive directors review the functioning and effectiveness of the Board and the attendance record of directors every year. As a policy the identities, positions, duties and responsibilities of the Chairman and Chief Executive Officer are kept separate and suitably defined. Accordingly the Chairman's position, even where whole-time, is non-executive in nature as his role is specified by the Board and does not cover routine managerial responsibilities. The management of the Company is vested in executive director(s) appointed for the purpose, subject to the general supervision, control and direction of the Board. Sri C Bhaskar is the Managing Director & Chief Executive Officer accountable to the Board for actions and results and is the only executive director. Sri Sidharth Birla and Smt. Madhushree Birla represent promoters and are related to each other; none of the other Directors are related to each other or to promoters. Details of Directors are given below by category, attendance, directorships ("B"), membership and chairmanship ("C" & "Ch") of SEBI specified committees, sitting fees (including committees) and commission (if any) paid during the year, and shareholding in the Company on March 31, 2012.

As required by law, the appointment(s) and remuneration(s) of any executive directors and of the Chairman (if whole-time) requires the approval of shareholders; such approvals are for a period of not more than 5 years and, when eligible, they can be re-appointed at the end of the term. 1/3rd of the other Directors retire every year and,

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when eligible, qualify for re-appointment. Nominees of Financial Institutions (if any) do not usually retire by rotation. The Board has chosen not to, in the usual course, propose appointment or re-appointment of a Director or Executive Director who has completed 80 & 65 years of age respectively. Specified details are provided for Director appointment/re-appointment.

Director / Category	Attendance	B / C / Ch	Fees/Commission (Rs.)	Shareholding
<u>Independent</u>				
Sri Amitabha Ghosh	5 / 5	15 / 5 / 5	1,20,000	28,500 (0.25%)
Sri Amitabha Guha	5 / 5	6 / 2 / -	1,00,000	-
Sri P. Murari	3 / 5	10 / 4 / 2	1,25,000	-
Sri Utsav Parekh	4 / 5	7 / 5 / 1	1,90,000	28,500 (0.25%)
Sri S. Ragothaman	4 / 5	7 / 3 / 3	1,55,000	31,993 (0.28%)
<u>Non-Executive</u>				
Sri Haigreve Khaitan	1 / 5	17 / 9 / -	20,000	28,500 (0.25%)
<u>Representing Promoters</u>				
Smt. Madhushree Birla	3 / 5	6 / - / -	60,000	-
Sri Sidharth Birla	5 / 5	10 / - / -	Nil	2,01,875 (1.78%)
<u>Executive (Managing Director)</u>				
Sri C Bhaskar	5 / 5	6 / 1 / -	Nil	45,001 (0.40%)

Sri Sidharth Birla & Sri C Bhaskar are both employed by the Company; Sri Haigreve Khaitan is Partner of Khaitan & Co., to which legal and other fees etc., of Rs.25,06,090 was paid during the year.

Responsibilities

The Board's fundamental concentration is on strategic issues and approval, policy and control, and delegation of powers. The Board has specified a schedule of major matters (covering those required under law or regulations) that are reserved for its consideration and decision, besides review of corporate performance and reporting to shareholders. Respective roles of the Board and management are clearly demarcated. The management is required to (a) provide necessary inputs and basis to support the Board in its decision making and evaluation process in respect of the Company's strategy, policies, targets and code of conduct; (b) manage day-to-day affairs of the company to best achieve targets and goals approved by the Board; (c) implement all policies and the code of conduct, as approved by the Board; (d) provide timely, accurate, substantive and material information, including on all financial matters and exceptions, if any, to the Board and/or its committees; (e) be responsible for ensuring strict and faithful compliance of all applicable laws and regulations; and (f) implement sound, effective internal control systems and the Risk Management Procedure framed by the Board. The Board has laid down a general Code of Conduct for employees and adopted a Code of Conduct for Directors and Senior Executives. The Board requires the organization to endeavor to conduct business and develop relationships in a responsible, dignified and honest way and these codes aim to establish the policy framework. The Board has also laid down a Code of Conduct for Prevention of Insider Trading, administered by the Compliance Officer. Management of the organization and conduct of affairs of the Company lie with the Managing Director & Chief Executive Officer, who heads the management team. The President & Chief Operating Officer holds operational responsibility for day-to-day activities of the divisions under his charge. The Joint President & Chief Financial Officer, heads the finance function discharging the responsibilities entrusted to him under regulations and by the Board. They are collectively entrusted with ensuring that all management functions are carried out effectively and professionally.

BOARD MEETINGS AND COMMITTEES

Board meetings are normally held at Company offices, including at plants, and are typically scheduled well in advance. The Board meets at least once after the end of each quarter to, inter-alia, review all relevant matters and consider and approve quarterly financial results. The Board sometimes meets on an ad-hoc basis to receive presentations about and deliberate upon the strategic and operational plans of the management. Agenda for all meetings are prepared by the Secretary in consultation with the Chairman and papers are circulated to all directors in advance. Directors have access to the Secretary's support and all information of the Company and are free to suggest inclusion of any relevant matter in the Agenda. Senior officers are called to provide clarifications or

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presentations whenever required. To enable fuller and detailed attention to relevant matters, the Board delegates specified matters to committees which report to it. However no matter which under law or the Articles may not be delegated by the Board, or requires its explicit approval, is left to the final decision of any committee. During the year the Board met 5 times on April 29, June 20, August 10, November 10, 2011, & February 7, 2012.

Audit Committee

The terms of reference of the Audit committee, as specified by the Board in writing, includes the whole as specified in the Companies Act and in regulations, including review of audit procedures and techniques, financial reporting systems, internal control systems and procedures besides ensuring compliance with relevant regulatory guidelines. The committee members are all independent directors collectively having skills and requisite knowledge in finance, accounts and company law. The committee recommends the appointment of CFO, as and when required, external and cost auditors and their fees and payments and also takes an overview of the financial reporting process to ensure that the financial statements are correct, sufficient and credible. Any financial reports of the Company can be placed in the public domain only after review by the Audit committee. The reports of the statutory as well as internal auditors are regularly reviewed, along with comments and action-taken reports of management. The committee has explicit authority to investigate any matter within its terms of reference and has full access to the information, resources and external professional advice which it may require. The committee comprises Sri S. Ragothaman (as its Chairman), Sri Utsav Parekh and Sri P. Murari, and is mandated to meet at least four times in a year to assess the final audited accounts and to review each quarter the limited review reports before they are put up to the Board. The committee met 5 times during the year. The meetings on April 29 and August 10, 2011 were attended by all members while the meetings of June 16 and November 10, 2011 were attended by Sri S. Ragothaman and Sri Utsav Parekh and that of February 7, 2012 was attended by Sri P. Murari and Sri Utsav Parekh.

Remuneration & Nomination Committee

The Remuneration & Nomination Committee comprises of a majority of independent directors. It makes recommendations to the Board on filling up Board vacancies that may arise from time to time or on induction of further directors to strengthen the Board. The Committee is entrusted with discharging the functions of a Compensation Committee as envisaged in SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The committee is fully enabled to ensure that non-executive directors make decisions on remuneration and progression of executive directors and is able to assess the same for senior officers; remuneration of the Chairman is recommended by the Committee to the Board of the Company and compensation to other non-executive Directors is a subject only for the whole Board. The committee comprises of Sri P. Murari, (as Chairman), Sri Sidharth Birla, Sri Amitabha Ghosh and Sri Utsav Parekh. The Committee met twice during the year, with the meeting of April 29, 2011 attended by all members and that of November 10, 2011 was attended by Sri Amitabha Ghosh, Sri Sidharth Birla and Sri Utsav Parekh.

All directors other than the Chairman and any executive director(s) are paid sitting fees for meetings of the Board or its committees attended: Rs.20,000 each per meeting of the Board, Rs.20,000 each per meeting of the Audit Committee (with effect from August 10, 2011 as against Rs.15,000 per meeting paid earlier), Rs.5,000 each per meeting of the Share Transfer & Shareholders/Investor Grievance Committee and Rs.10,000 each per meeting for other committees. No fee is envisaged for meetings of the CSR Committee. Shareholders have approved the payments of (i) a commission for non-executive directors with effect from April 1, 2007 not exceeding 1% of the net profits of the Company determined in accordance with relevant provisions of the Companies Act; (ii) a remuneration to Sri Sidharth Birla, Chairman, re-appointed by the Board of Directors with effect from March 1, 2011 for 3 years, by way of a Salary (Rs.4.00 lacs per month), commission (not exceeding 2% of net profits), housing facility or allowance in lieu thereof (upto 60% of salary) and other perquisites (in aggregate subject to minimum remuneration of Rs.4 lacs per month as per the Companies Act); (iii) a remuneration to the Managing Director & Chief Executive Officer, Sri C. Bhaskar, re-appointed with effect from January 1, 2012 for 3 years (subject to Shareholders' Approval), comprising of salary, commission (not exceeding 2% of net profits), perquisites and other benefits/allowances as may be decided by the Board from time to time, subject in aggregate to a maximum of 5% of the net profits of the company as per relevant calculation (in aggregate subject to minimum remuneration of Rs.4 lacs per month) or such higher sum as may be permitted pursuant to an application to the Central

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Government or vide any statutory modification or re-enactment). Accordingly he is now paid a salary of Rs.4.25 lacs per month and perquisites (subject to Central Government & Shareholders approvals). There are no severance fees (routine notice period not considered as severance fees) or other benefits.

Share Transfer & Shareholders/Investors Grievance Committee

This committee reviews, records and helps expedite transfer of shares and resolves and attends to any grievances of Investors. The Company has about 46,000 shareholders and the committee meets frequently throughout the year to minimize any delays in the transfer process. Any investor grievance is referred to this committee in the first instance for early resolution. Sri S.C. Jain, Secretary, is the Compliance Officer under relevant regulations. This committee is chaired by Sri Utsav Parekh and includes Sri Haigreave Khaitan and Sri C. Bhaskar. During the year 73 complaints/queries were received; all were resolved and none are pending.

Committee of Directors

A Committee of Directors comprising of Sri Sidharth Birla, Sri Utsav Parekh and Sri C. Bhaskar attends to matters specified and/or delegated appropriately by the Board from time to time. During the year the Committee met on May 7 and June 6, 2011 attended by Sri Sidharth Birla and Sri C. Bhaskar.

Corporate Social Responsibility ("CSR") Committee

The Board of Directors have during the year constituted a Corporate Social Responsibility ("CSR") Committee, in line with the provisions of The Companies Bill, 2011 recently introduced in Parliament although not yet enacted, to (i) formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the Company; (ii) recommend the amount of expenditure to be incurred on such activities and (iii) monitor the implementation of the said CSR Policy from time to time. The Committee comprises of Smt. Madhushree Birla, as Chairperson, Sri P. Murari and Sri C Bhaskar, as members. Sri H. Bakshi, President & Chief Operating Officer of the Company shall be management invitee at the meetings of the CSR Committee.

SHAREHOLDER INFORMATION AND RELATIONS

The principal source of detailed information for shareholders is the Annual Report which includes, inter-alia, the Reports of the Directors and the Auditors, Audited Accounts, besides this report and Managements' Discussion & Analysis Report. The Management's statement on integrity and fair presentation of financial statements is provided to the Board as part of the accounts approval process. Shareholders are intimated through the print media about quarterly financial results, besides significant matters, within time periods stipulated from time to time by Stock Exchanges. Annual General Meetings of the Company are held at its Registered Office at Barjora-Mejia Road, P.O. Ghutgoria, Tehsil: Barjora, District: Bankura 722202, West Bengal. The last 3 AGMs were held at the Registered Office on July 23, 2009 July 22, 2010 & August 11, 2011. The next AGM shall be held at the Registered Office as per notice in this Annual Report and the Record Date will also be as per the notice. The last AGM was attended by Sri S. Ragothaman, Sri Amitabha Guha and Sri C Bhaskar. Dividend was paid last year and warrants were mailed by August 20, 2011 (9 days after AGM). Dividend for the current financial year will be payable on August 3, 2012. The Company keeps shareholders informed via advertisements in appropriate newspapers of all relevant dates and items requiring notice. M/s MCS Limited, New Delhi are the Registrar and Share Transfer Agents. The general address for correspondence by shareholders is the Company Secretary (Tel. No.(033) 30573700; extn. 1267) at Birla Building (2nd Floor), 9/1, R.N. Mukherjee Road, Kolkata 700 001; designated e-mail ID for grievance redressal is scjain@xproindia.com (of Compliance Officer) and admin@mcsdel.com or mcscomplaintsdel@mcsdel.com (of Registrar and Share Transfer Agents). Shareholders may also write to the Registrars directly in matters relating to transfers etc. The Company publishes its quarterly results in English (usually Business Standard - all editions) and relevant vernacular print media (usually Aaj Kal) and shall continue to do so, and hold its Annual General Meetings and pay dividends (if any) within time limits prescribed by law or regulations. The Company's web-site where relevant information is displayed is at www.xproindia.com. No presentation has been made to institutional investors etc. The present financial year of the Company is April 1 to March 31. The Company's Equity Shares are listed at Calcutta Stock Exchange (Stock Code 10034003), the National Stock Exchange (Symbol: XPROINDIA, Series EQ) and are also admitted for trading on the Bombay Stock Exchange under the category of "Permitted Securities" (Stock Code 590013). The shares are to be compulsorily traded in

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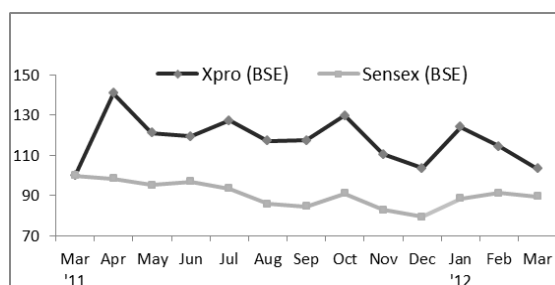
dematerialized form (ISIN number INE 445C01015). A recent amendment in the Listing Agreement(s) of the Stock Exchanges, requires the company to transfer unclaimed shares issued in physical form pursuant to public/any other issue to a dematerialized Unclaimed Suspense Account. The Company's Registrar & Share Transfer Agents have initiated steps to compile the details of shareholders whose physical shares are still unclaimed following past re-organization of equity capital and bonus issue and to send reminders to such shareholders. Upon determining the final list of such unclaimed shares, the Company will take steps to dematerialize the same as required and publish the required details in its Annual Report. Shareholding distribution, pattern and high/low market price data are given below. The shares were not traded on the Calcutta Stock Exchange during the year.

Type of Shareholder	Nos.		Nominal Value of Shareholding	In %	
		by amount			by amount
Banks, FI's, Insurance Companies	19	0.83			
Domestic Companies	475	50.00	Upto Rs.5,000	44,649	16.48
Mutual Funds (including UTI)	6	0.09	Rs.5,001 to Rs.20,000	951	8.53
Non-residents/OCBs	120	0.86	Rs.20,001 to Rs.1,00,000	257	9.47
Resident individuals/others	45,298	48.22	Rs.1,00,001 and above	61	65.52
	45,918	100.00		45,918	100.00

Note: aggregate of Public shareholding: 53.21%

Share Price by Month	NSE		BSE	
	High	Low	High	Low
April 2011	68.95	45.05	68.70	45.10
May	67.65	48.30	67.50	48.40
June	58.30	50.60	58.20	50.40
July	64.70	50.25	64.25	50.50
August	60.25	48.50	61.00	48.20
September	58.40	49.10	58.70	50.10
October	63.25	49.15	63.40	48.50
November	66.30	45.60	62.50	45.55
December	59.50	45.10	58.85	45.00
January 2012	58.85	44.75	58.95	44.75
February	63.40	49.05	63.50	48.65
March	51.15	43.80	51.15	43.75
During the Financial Year	68.95	43.80	68.70	43.75

Equity Share Performance Compared to BSE Sensex
(Based on Month-end Price / Sensex)



MANDATORY AND NON-MANDATORY PROVISIONS

There have been no material transactions of the Company with its promoters, Directors or the management, their subsidiaries or relatives etc., except for transactions of routine nature as disclosed in the notes on accounts. Accordingly there have been no potential conflict(s) with the interests of the Company.

There has been no instance of non-compliance by the Company, nor any strictures or penalties imposed by the Stock Exchange or SEBI or any Statutory Authority on any matter related to capital markets. All mandatory requirements (except where not relevant or applicable) of the SEBI regulations have been adopted. Of the non-mandatory suggestions, those relating to a Chairman's Office, the Remuneration Committee, audit qualifications, training of board members, and mechanism for evaluation of non-executive board members, have been adopted. A postal ballot system (except where compulsory under the Companies Act), whistle blower policy, tenure of Independent Directors of nine years in the aggregate and that of sending six-monthly information to each shareholder household have not been adopted. This Report also represents the Company's philosophy on corporate governance. Auditor's certification as required forms a part of this Annual Report.

For and on behalf of the Board

New Delhi
April 26, 2012

Sidharth Birla
Chairman

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AFFIRMATION OF COMPLIANCE WITH THE CODE OF CONDUCT FOR DIRECTORS AND SENIOR EXECUTIVES

I declare that the Company has received affirmation of compliance with “Code of Conduct for Directors and Senior Executives” laid down by the Board of Directors, from all the Directors and Senior Management personnel of the Company, to whom the same is applicable, for the financial year ended March 31, 2012.

New Delhi
April 26, 2012

C. Bhaskar
Managing Director & Chief Executive Officer

AUDITORS’ CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Xpro India Limited

We have examined the compliance of the conditions of Corporate Governance by **Xpro India Limited** for the year ended on March 31, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company’s management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance as stipulated in the said Clause. 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 Clause 49 of the above mentioned Listing Agreement.

We 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 **Deloitte Haskins & Sells**
Chartered Accountants
(Registration No. 117365W)

New Delhi
April 26, 2012

Gaurav J Shah
Partner
Membership No. 35701
