



T. STANES AND COMPANY LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT:

The Company is mainly engaged in agro-products manufacturing / marketing and distribution activities which depend mainly on the consistent agricultural policies from the Government coupled with the presence of optimum agro climatic conditions and the appropriate commodity prices to the farming community.

OPPORTUNITIES & THREATS:

With the aim to achieve better growth rate of agricultural economy in the country, the demand and opportunities to offer quality agri-inputs to the farming community is on the steady increase with possible mechanisation of farming process in the context of lower availability of farm labour. This is subject to the optimum availability of monsoon conditions with consistent prices for various produce. Under these circumstances, the Company striving hard to ensure performance parameters and corresponding returns.

OUTLOOK:

For the year 2014-2015, the monsoon and other conditions are expected to support the company's plans to achieve higher levels of activity and turnover. Your Company has optimistic plans to reach the projected activity level if the Khariff and Rabi seasons are favourable with reasonable consistency in produce prices.

INTERNAL CONTROL SYSTEM:

The Company maintains adequate Internal Control System and the Internal audit function is carried out by an Internal team members. In the opinion of the Board of Directors, the adequacy of the Internal audit function and the control system is consistent and adequate considering the size and the nature of the Company's business.

FINANCIAL PERFORMANCE:

With the overall measures taken by the Company in the establishment of a good control systems and monitoring process, the Company's overall financial performance is expected to be satisfactory.

HUMAN RESOURCES AND INDUSTRIAL RELATIONS:

During the year under review, the industrial relations in the Company were cordial. The Company has 603 employees as on 31st March, 2014.



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ANNEXURE TO DIRECTORS' REPORT- REPORT ON CORPORATE GOVERNANCE

1. **Company's philosophy on Code of Governance:**

- (i) To strive hard in the matter of enhancing the shareholders' value through prudent business management, timely decision making, high standards of business ethics with information transparency.
- (ii) To achieve excellence in corporate Governance practices by complying in all respects the mandatory guidelines in this regard and also to regularly reviewing the operational management functions for effective improvement:
- (iii) To be responsible for adopting the Corporate social responsibility principles set by the Company from time to time: and
- (iv) To ensure constant man power development within the company's operations to ensure that the transition process happens without losing the underlying value systems created by the company.

2. **Board of Directors:**

The present strength of the Board is 10. The Board comprises of Executive and Non-Executive Directors. The Board of Directors are:

Names of the Directors	Position
Mr. A.Krishnamoorthy	Chairman- Non-Executive Director
Mr. S.Ramanujachari	Director- Non-Executive
Mr. K.S. Hegde (Managing Director Upto 30.11.2013)	Director- Non-Executive
Mrs. Lakshminarayanan	Whole-time Director-Executive
Mr. P.S. Bopaiah (Appointed as from 1.12.2013)	Whole-time Director-Executive
Mr. P.M. Venkatasubramanian	Director-Non-Executive-Independent
Mr. R. Vijayaraghavan	Director-Non-Executive-Independent
Mr. N.P. Mani	Director-Non-Executive-Independent
Mr. K.K. Unni	Director-Non-Executive-Independent
Mr. S. Ramachandra (Appointed as from 1.12.2013)	Director-Non-Executive-Independent

Attendance:

Attendance of each Director at the Board Meetings during the financial year 2013-14 and at the last Annual General Meeting and the details of other directorships are given below.

Four Board Meetings were held during the year 2013-14 on 30th May,2013, 13th August, 2013, ,15th October, 2013. 15th November, 2013 and 14th February, 2014.

The time gap between two Board Meetings did not exceed four months.

The attendance by the Directors at Board Meetings and at last Annual General Meeting held on 2nd August, 2013.

Name of the Director	Board Meeting	Annual General Meeting
Mr. A.Krishnamoorthy	5	Attended
Mr.K.S.Hegde	5	Attended
Mrs. Lakshmi Narayanan	5	Attended
Mr. P.S. Bopaiah	1	Attended
Mr. S.Ramanujachari	5	Attended
Mr. P.M.Venkatasubramanian	5	Attended
Mr. R.Vijayaraghavan	4	Attended
Mr. N.P.Mani	3	Attended
Mr. K.K. Unni	3	Attended
Mr. S.Ramachandra	1	NA



3. Audit Committee:

The terms of reference for the audit committee are as per the Clause 49 of the Listing agreement. The Composition of the Committee and the attendance of its members is given below.

Name of the Directors	No. of Meetings attended	Position
Mr.P.M.Venkatasubramanian	4	Chairman (Independent Director)
Mr. A.Krishnamoorthy	4	Member
Mr. R.Vijayaraghavan	3	Member (Independent Director)
Mr. S.Ramanujachari	4	Member
Mr. N.P.Mani	3	Member (Independent Director)

Mr. S.C.Sekar, Executive Director (Finance) & Secretary is the Secretary of the Audit Committee.

4. Remuneration Committee:

The terms of reference for the Remuneration committee are as per the Clause 49 of the Listing agreement. There were three meetings held on 30th May, 2013, 15th November, 2013 and 14th February, 2014 during the financial year 2013-14. The Composition of the Committee and the attendance of its members is given below.

Name of the Directors	No. Of Meetings attended	Position
Mr. P.M.Venkatasubramanian	3	Chairman (Independent Director)
Mr. A.Krishnamoorthy	2	Member
Mr. R.Vijayaraghavan	3	Member (Independent Director)

5. (a) Remuneration to Directors:

Sl.No.	Heads of Account	Mr. K.S.Hegde Managing Director 1st April 2013 to 30th November 2013 ₹	Mr. P. S. Bopaiah Whole-time Director From 1st December 2013 to 31st March 2014 ₹	Mrs. Lakshmi Narayanan Whole-time Director 1st April 2013 to 31st March 2014 ₹
1	Salary	16,40,000	7,10,000	25,20,000
2	Rent Reimbursed	–	–	–
3	Perquisites Value	1,36,490	64,270	8,67,897
4	Annual Performance Allowance (2013-14)	15,00,000	2,67,000	7,50,000
5	Total	32,76,490	10,41,270	41,37,897



(b) Remuneration paid / payable for the financial year 2013-14:

Name of Directors	Sitting fee ₹	Commission * ₹	Total ₹
Mr. A. Krishnamoorthy	–	–	–
Mr. P.M. Venkatasubramanian	37,500	2,00,000	2,37,500
Mr. R. Vijayaraghavan	22,500	2,00,000	2,22,500
Mr. S. Ramanujachari	27,500	2,00,000	2,27,500
Mr. N.P. Mani	20,000	2,00,000	2,20,000
Mr. K.K. Unni	5,000	2,00,000	2,05,000
Mr. S. Ramachandra	5,000	50,000	55,000
Mr. K.S. Hegde	5,000	–	5,000
Total	1,22,500	10,50,000	11,72,500

* Commission payable to Non-Whole-time Directors has been provided in the accounts for the year ended 31st March, 2014. There has been no pecuniary relationships between the Company and non-executive directors during the year.

(c) Number of Shares held by Non-whole-time Directors.

Name of Directors	Number of Shares	Dividend paid (₹)
Mr. A. Krishnamoorthy	Nil	Nil
Mr. P.M. Venkatasubramanian	Nil	Nil
Mr. R. Vijayaraghavan	Nil	Nil
Mr. S. Ramanujachari	Nil	Nil
Mr. N.P. Mani	Nil	Nil
Mr. K.K. Unni	Nil	Nil
Mr. K.S. Hegde	Nil	Nil
Mr. S. Ramachandra	Nil	Nil
Total	Nil	Nil

6. Shareholders' / Investors' Grievance Committee:

The Shareholders' / Investors' Grievance Committee oversees the redressal of Shareholders/ Investors' grievances for non-receipt of balance sheet, non-receipt of declared dividends and related matters. The committee is functioning under the Chairmanship of Mr. A.Krishnamoorthy and the other member is Mr. S.Ramanujachari, Director.

Mr. S.C. Sekar is the Secretary of the Committee.

No complaints were received from any shareholders during the year 2013-14 and there are no pending complaints as on 31st March, 2014.

7. Share Transfers system:

Share Transfer committee has a Director/ Officer to consider and approve the Share Transfers/ Transmissions as and when placed for approval.

8. Disclosure:

All materially significant related party transactions with Company promoters, Directors, the Subsidiary /associate companies or relatives etc. are disclosed in the accounts under the Schedule on Notes on Accounts and in the opinion of the Directors, these financial and commercial transactions are not in any conflict with the interest of the Company.

There have been no instances of non-compliance by the Company on matters relating to capital markets, nor have any penalty/ strictures been imposed by Stock Exchanges or SEBI or any other statutory authority on such matters. CEO/ CFO Certificate duly signed by the Whole-time Director and the Company Secretary of the Company were submitted to the Board for its approval.

The Company has adopted a code of conduct for the Board of Directors and Senior management of the Company and all of them have affirmed compliance of the same.



9. Stock Option:

The Company does not have a Stock Option Scheme as on date for its employees / Officers.

10. Annual General Meeting:

Location and time for the last three Annual General Meetings were:

Year	Location	Date	Time	No. of Special Resolutions passed
2010-11	8/23-24, Race Course, Coimbatore- 641 018.	2 nd September, 2011	4.00 PM	Two
2011-12	8/23-24, Race Course, Coimbatore- 641 018.	10 th August, 2012	10.15 AM	Nil
2012-13	8/23-24, Race Course, Coimbatore- 641 018.	2 nd August, 2013	3.00 PM	Nil

11. Ballot:

- (a) No Special Resolutions were required to be put through Ballot in the last three Annual General Meetings.
- (b) No Special Resolution on matters requiring the approval by Ballot is proposed to be placed at the ensuing Annual General Meeting.

12. Means of Communication:

- (a) The quarterly financial results are published in "Business Line" and "Dinamani" (Coimbatore edition). The Company's financial results and the Code of Conduct for the Board of Directors and Senior Management of the Company are published in the Company's website: www.tstanes.com
- (b) There has been no presentation made to Institutional Investors or to the Analysts during the year under review.
- (c) The Shareholders can send their grievances / Complaints through the email ID of Mr. S.C. Sekar, the Compliance Officer: scs@t-stanes.com

13. General Shareholder Information:

AGM: Date, Time and Venue	Friday, 8th August 2014, 3 P.M. "Sri. S. Ananathamakrishnan Hall" 8/23-24, Race Course, Coimbatore-641-018.
Financial year	1 st April, 2014 to 31 st March, 2015. First quarterly results –Before 2 nd week of August., 2014. Second Quarterly results- Before 2 nd week of November, 2014. Third Quarterly results- Before 2 nd week of February, 2015. Fourth & Annual Results- Before 31 st May, 2015.
Date of Book Closure	5 th August, 2014 to 8 th August, 2014. (both days inclusive)
Dividend payment date	On or after 8 th August, 2014.
Listing	The Madras Stock Exchange Limited, "Exchange Buildings" No. 11, Second line Beach, Chennai- 600 001.
ISIN	INE 420F01011
Stock Code	T. Stanes

14. Market Price during the Financial Year 2013-14:

The Madras Stock Exchange Limited, Chennai, where the Company's shares listed confirmed vide their letter dated 6th May, 2014 that there were no transactions taken place for the Shares of the Company for the period from 1st April, 2013 to 31st March, 2014.



15. Shareholding Pattern

Category	As on 31st March 2013		As on 31st March 2014	
	Shares Held	% on Capital	Shares Held	% on Capital
Bodies Corporate under the same management	16,91,518	67.73	16,91,518	67.73
Directors and their Relatives	17,317	0.69	17,217	0.69
Public Financial Institutions	59,628	2.39	59,628	2.39
Non-Residents	12,908	0.51	12,908	0.51
Other Bodies Corporate	4,382	0.18	4,582	0.18
Other Resident Public Shareholders	7,11,855	28.50	7,11,755	28.50
Total	24,97,608	100.00	24,97,608	100.00

16. Distribution of Shareholding Pattern as on 31st March, 2014:

Shareholding range	No. of Shareholders	% to total shareholders	No. of Shares	% of total shares
Less than 1000	1,704	93.58	3,01,921	12.08
1001-5000	100	5.49	2,12,778	8.52
5001-10000	7	0.38	44,396	1.78
10001-15000	1	0.06	11,800	0.47
15001-20000	1	0.06	15,158	0.61
20001-25000	3	0.16	67,829	2.72
25000-50000	–	–	–	–
50001-100000	3	0.16	1,90,308	7.62
Above 100000	2	0.11	16,53,418	66.20
Grand Total	1,821	100.00	24,97,608	100.00

Share Transfer Agents: M/s Integrated Enterprises (India) Limited
"Kences Towers", 2nd Floor, No. 1, Ramakrishna Street, North Usman Road,
T. Nagar, Chennai- 600 017.

De-materialisation of Shares: 83.47% of the Paid-up Capital of the Company has been de-materialised as on 31st March, 2014.

Major Plant Locations:

- (a) T.Stanes & Company Limited, Coimbatore Bio-Unit,
8/23-24, Race Course,
Coimbatore-641 018.
- (b) T.Stanes & Company Limited,
Stanes Fertiliser Works,
Tudiyalur,
Coimbatore-641 034.
- (c) T.Stanes & Company Limited,
177/3, Vannagaram Road,
Athipet, Ambattur,
Chennai-600058.

For all matters relating to Shares, Fixed Deposits & Investors' Grievance:

Address for Communication & Correspondence: Mr. S.C.Sekar,
Chief Financial Officer
T.Stanes & Company Limited,
8/23-24, Race Course, **Coimbatore-641 018.**
Telephone Nos: 0422-2221514, 2223515 to 2223518
Fax No: +091-0422-2220432
Email : scs@t-stanes.com Website: www.tstanes.com

Non-Mandatory Requirements

The non-mandatory requirements as detailed in Clause 49 of the Listing agreement have been complied with to the extent as detailed in the above paragraphs.