

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company believes in carrying out its activities in an ethical and transparent manner. The management is committed towards maximising shareholders value and interest of all other stakeholders.

2. BOARD OF DIRECTORS

a. Composition of board of directors and category of individual directors

Name of the director	Category
Mr. Mohan A. Chandavarkar	Promoters and Executive Directors
Mr. Ashok A. Chandavarkar	
Mr. Nandan M. Chandavarkar	
Mr. Ameya A. Chandavarkar	
Mr. Girish C. Sharedalal	Independent and Non-Executive Directors
Dr. Satish S. Ugrankar	
Dr. Rahim H. Muljiani	
Dr. Nagam H. Atthreya	
Dr. Ravindra Y. Chittal	

b. Attendance at the board meetings and last Annual General Meeting ('AGM')

During the year under review, Four board meetings were held on June 30, 2005, July 30, 2005, October 29, 2005 and January 28, 2006. The last AGM of the Company was held on September 17, 2005.

The gap between any Two meetings did not exceed Four months.

Attendance of each director at board meetings and last AGM

Attendance of each director at board meetings and last annual general meeting

Name of the director	No. of board meetings attended	Attendance at the last AGM
Mr. Mohan A. Chandavarkar	2	Present
Mr. Ashok A. Chandavarkar	3	Present
Mr. Nandan M. Chandavarkar	4	Absent
Mr. Ameya A. Chandavarkar	3	Present
Mr. Girish C. Sharedalal	4	Present
Dr. Satish S. Ugrankar	3	Absent
Dr. Rahim H. Muljiani	4	Present
Dr. Nagam H. Atthreya	4	Present
Dr. Ravindra Y. Chittal	3	Present

c. Membership/Chairmanship of other boards and committees thereof

Name of the director	*Number of directorships held in other Companies	Other committees	
		Member	Chairman
Mr. Mohan A. Chandavarkar	1	Nil	Nil
Mr. Ashok A. Chandavarkar	1	Nil	Nil
Mr. Nandan M. Chandavarkar	Nil	Nil	Nil
Mr. Ameya A. Chandavarkar	1	Nil	Nil
Mr. Girish C. Sharedalal	7	Nil	1
Dr. Satish S. Ugrankar	1	Nil	Nil
Dr. Rahim H. Muljiani	Nil	Nil	Nil
Dr. Nagam H. Atthreya	1	1	Nil
Dr. Ravindra Y. Chittal	Nil	Nil	Nil

* The listing above excludes foreign companies.

d. Code of Conduct

All board members and the senior management personnel of the Company have affirmed compliance with the Code of Conduct for the year ended March 31, 2006. The said code is posted on the website of the company www.fdcindia.com.

e. Notes on directors seeking appointment/reappointment

i. Mr. Girish C. Sharedalal

Mr. Girish C. Sharedalal is a fellow member of the Institute of Chartered Accountants of India. He is also the Chairman of audit committee of the Company. He has vast professional experience in the field of audit, finance and taxation. Mr. Sharedalal is also a director in the following companies details of which are as under:

Sr. No.	Name of the Company	Directorship and membership / Chairmanship of board committees
1	The Ruby Mills Ltd.	Director
2	Stovec Industries Ltd.	Director
3	Kotak Mahindra Trustee Co. Ltd.	Director; Audit Committee, Chairman
4	Ratan Trading Pvt. Ltd.	Director
5	Stellar Asset Management Pvt. Ltd.	Director
6	Maulik & Kaji Financial Services Pvt. Ltd.	Director
7	Trumac Engineering Co. Pvt. Ltd.	Director

ii. Mr. Ashok A. Chandavarkar

Mr. Ashok A. Chandavarkar is an executive director of the Company since 1987. He is a bachelor of engineering and is actively involved in the day-to-day operations of the Company. His professional knowledge and vast experience will be of immense benefit to the Company. He is also a director in Seven Trading and Investment Company Private Limited.

The terms of appointment are as per the agreement entered into by the Company and Mr. Ashok A. Chandavarkar, which is subject to shareholders approval. The said terms are included in the notice convening the AGM scheduled to be held on September 16, 2006.

CORPORATE GOVERNANCE

3. AUDIT COMMITTEE**a. Brief description of terms of reference**

The terms of reference of this committee covers the matters specified under Section 292A of the Companies Act, 1956 and also the matters listed under the listing agreement with the stock exchanges. The committee, comprising of financially literate members, is responsible for effective supervision of the financial operations and ensuring that financial, accounting activities and operating controls are exercised as per the laid down policies and procedures. The financial results of every quarter are reviewed by the committee before being placed before the board of directors for its approval. The Company has set up an internal audit team, which reviews the functions and operations of the Company and submits its report to the audit committee. The internal auditors as well as the statutory auditors are regular invitees to the audit committee meetings.

b. Constitution of the Committee

The committee comprises of Three independent non-executive directors. The said committee functions under the chairmanship of Mr. Girish C. Sharedalal, who is a chartered accountant by profession and has considerable accounting and related management expertise. Dr. R. H. Muljiani and Dr. Nagam H. Atthreya are the other members of the committee, who are financially literate. Ms. Shalini Kamath acts as the secretary to the committee. During the year under review, Six Audit committee meetings were held on June 06, 2005, June 28, 2005, July 26, 2005, July 30, 2005, October 29, 2005 and January 28, 2006.

The attendance of members at the meetings was as follows

Name of the member attended	Status	No. of meetings
Mr. Girish C. Sharedalal	Chairman	6
Dr. Rahim H. Muljiani	Member	6
Dr. Nagam H. Atthreya	Member	6

4. REMUNERATION TO DIRECTORS**a. Details of remuneration paid to whole-time directors for the year under review**

Name of the director	Salaries (Rs.)	Perquisites (Rs.)	Benefits (Rs.)	Commission (Rs.)
Mr. Mohan A. Chandavarkar	2,552,533	-	430,740	3,858,336
Mr. Ashok A. Chandavarkar	2,251,200	24,789	379,890	3,086,669
Mr. Nandan M. Chandavarkar	2,165,200	39,820	365,378	2,700,835
Mr. Ameya A. Chandavarkar	1,628,000	-	274,725	1,929,168

The agreement with wholetime directors is for a period of Five years.

The remuneration to the whole-time directors is paid in terms of Schedule XIII of the Companies Act, 1956 and is duly approved by the shareholders.

b. Details of remuneration paid to non-executive directors for the year under review

Name of the director	Commission (Rs.)	Sitting fees (Rs.)	Audit committee fees (Rs.)
# Mr. Girish C. Sharedalal	40,000	10,000	45,000
Dr. Satish S. Ugrankar	40,000	7,500	N.A.
# Dr. Rahim H. Muljiani	40,000	10,000	45,000
# Dr. Nagam H. Atthreya	40,000	10,000	45,000
Dr. Ravindra Y. Chittal	40,000	7,500	N.A.

Members of audit committee

The remuneration paid to the non-executive directors comprises sitting fees and commission. The sitting fees paid to the non-executive directors in respect of the meetings of the board and the audit committee is within the maximum limit set out under the Companies Act, 1956. The directors' sitting fees and commission are made in accordance with industry norms and subject to the overall ceilings imposed by the Companies Act, 1956 and applicable statutes if any.

c. Details of shareholding of non-executive directors in the Company

Name of the director	No. of shares
Mr. Girish C. Sharedalal	20,000
Dr. Satish S Ugrankar	705,080
Dr. Rahim H. Muljiani	4,000
Dr. Nagam H. Atthreya	-
Dr. Ravindra Y. Chittal	2,000

5. SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE**a. Composition of the Committee**

The Shareholders'/ Investors' Grievance Committee has been constituted at the meeting of the board of directors held on January 31, 2002. The committee functions under the chairmanship of Dr. Rahim H. Muljiani a non-executive independent director. Mr. Mohan A Chandavarkar and Mr. Ashok A. Chandavarkar are the other members of the committee. During the year, the committee met once on March 31, 2006. All the members of the committee attended the above meeting.

b. Name and designation of the compliance officer
Ms. Shalini Kamath
Company Secretary**c. Number of complaints received and resolved**

During the year under review, the Company received Forty Three complaints from Shareholders/Investors. All the complaints have been resolved to the satisfaction of the shareholders. There were no applications for transfers pending as on March 31, 2006. In order to expedite the process of transfers of shares the board has delegated the power to approve share transfers to the share transfer committee set up by the board of directors.

CORPORATE GOVERNANCE

6. GENERAL BODY MEETINGS

a. Location and time of the last 3 annual general meetings

Financial year	Location	Date	Time	No. of special resolutions passed
2002-2003	WelcomHotel Rama International R-3, Chikalthana Aurangabad 431 210 Maharashtra	August 23, 2003	10.00 a.m.	1
2003-2004	WelcomHotel Rama International R-3, Chikalthana Aurangabad 431 210 Maharashtra	September 11, 2004	10.00 a.m.	NIL
2004-2005	WelcomHotel Rama International R-3, Chikalthana Aurangabad 431 210 Maharashtra	September 17, 2005	10.00 a.m.	NIL

- b. There were no special resolutions required to be passed through postal ballot at any of the above annual general meetings. None of the resolutions proposed for the ensuing annual general meeting need to be passed by postal ballot.

7. DISCLOSURES

- a. The Company has not entered into any transaction of material nature with any related party as described under the listing agreement entered into with the stock exchanges, that may have potential conflict with the interests of the Company at large.
- b. During the past Three years there has been no instance of non-compliance by the Company with the requirements of the stock exchanges, Securities Exchange Board of India ('SEBI') or any other statutory authority on any matter related to capital markets.
- c. Non-mandatory requirements of corporate governance have not been adopted, since the same are not mandatory.

8. MEANS OF COMMUNICATION

- a. The Company publishes its annual, half yearly and quarterly financial results in the following newspapers:

- Economic Times (English)
- Maharashtra Times (Marathi)

The abovementioned results are also displayed on the Company's website, www.fdcindia.com. In addition, information like the shareholding pattern, details of persons holding more than 1% of the fully paid up capital, etc. is also displayed on the Company's website.

- b. As per Clause 51 of the listing agreement all the data related to quarterly financial results, shareholding pattern etc. is posted on the Electronic Data Information Filing and Retrieval ('EDIFAR') website namely www.sebiedifar.nic.in.
- c. The information required under the Management Discussion and Analysis Report has been aptly covered by the directors' report.

9. GENERAL SHAREHOLDER INFORMATION**a. Annual General Meeting**

Date : September 16, 2006

Time : 10.00 a.m.

Venue: WelcomHotel Rama International, R-3, Chikalthana, Aurangabad 431 210, Maharashtra

b. Financial Calendar (tentative)

Particulars	Date
Unaudited results of the first quarter ending June 30, 2006	Last week of July 2006
Unaudited results of the second quarter and half year ending September 30, 2006	Last week of October 2006
Unaudited results of the third quarter and nine months ending December 31, 2006	Last week of January 2007
Audited results for the year ending March 31, 2007	Last week of June 2007

c. Dates of book closure

September 07, 2006 to September 16, 2006 (both days inclusive)

d. Dividend payment date

Latest by October 15, 2006

e. Stock Exchanges where listed

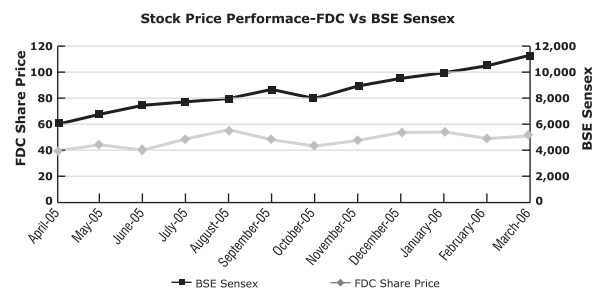
The Stock Exchange, Mumbai (BSE)

The National Stock Exchange of India Limited (NSE)

f. Stock Code: BSE - 531599, NSE - FDC EQ**g. Market Price Data**

Month	BSE		NSE	
	High	Low	High	Low
April, 2005	48.25	40.10	48.40	40.00
May, 2005	47.80	39.65	47.85	39.55
June, 2005	47.00	41.80	46.95	41.40
July, 2005	54.70	41.65	54.50	41.75
August, 2005	57.00	49.50	57.00	49.55
September, 2005	57.45	46.05	57.50	48.10
October, 2005	54.30	43.05	54.05	42.85
November, 2005	51.60	45.00	51.50	44.90
December, 2005	52.95	48.20	56.00	44.25
January, 2006	58.80	51.00	60.00	48.30
February, 2006	54.25	49.30	54.50	49.40
March, 2006	51.90	41.00	51.80	46.20

(Source: BSE website/NSE trade statistics)

h. Performance of the Company's stock in comparison to BSE Sensex

Note: Based on monthly closing price of FDC and monthly closing index point of BSE Sensex.

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i. Registrars & Share Transfer Agents

Sharex Dynamic (India) Pvt. Ltd.
Unit-1, Luthra Industrial Premises, Safed Pool
Andheri Kurla Road
Andheri (East), Mumbai – 400 072
Tel. Nos. : (022) 2851 5606, 2851 5644
Fax. No. : (022) 2851 2885
Email. ID : sharexindia@vsnl.com

j. Share Transfer System

The Company has set up a committee of the board of directors known as the share transfer committee, which meets generally once in Fifteen days inter alia for approving the transfer of shares. The formalities for transfer of shares in the physical form are completed and the share certificates are dispatched to the transferee within Thirty days of receipt of transfer documents, provided the documents are complete and the shares under transfer are not under dispute. If however, the transfer documents are not in order, objections are communicated to the transferee within Thirty days from the date of receipt of the transfer documents.

k. Shareholding Pattern as on March 31, 2006

Category	No. of shares held	Percentage of shareholding
A. Promoters holding		
1. Promoters		
- Indian Promoter	122,504,656	63.98
- Foreign Promoter	-	-
2. Persons acting in concert	-	-
Sub-Total	122,504,656	63.98
B. Non-Promoter Holding		
3. Institutional Investors		
a. Mutual Funds & UTI	17,902,927	9.35
b. Banks, Financial Inst., Insurance Co.(Central / State Govt. Inst. / Non-Govt. Inst.)	1,930,777	1.01
c. Foreign institutional Investors	2,736,065	1.43
Sub-Total	22,569,769	11.79
4. Others		
a. Pvt. Corporate Bodies	9,344,849	4.88
b. Indian Public	34,854,978	18.21
c. NRIs/OCBs	1,200,653	0.63
d. Any other		
i. Non Promoter Directors / Independent Directors	731,080	0.38
ii. Clearing members	248,117	0.13
iii. Foreign companies	7,000	0.00
Sub-Total	46,386,677	24.23
Grand Total	191,461,102	100.00

Distribution of Shareholding as on March 31, 2006

Equity shares of face value of Re. 1/- each	Shareholders		Equity shares	
	Number	% to total	Number	% to total
Upto 5,000	29,023	97.36	16,496,910	8.62
5,001 to 10,000	492	1.65	3,610,930	1.89
10,001 to 20,000	134	0.45	1,989,907	1.04
20,001 to 30,000	36	0.12	927,984	0.48
30,001 to 40,000	18	0.06	630,463	0.33
40,001 to 50,000	5	0.02	240,043	0.13
50,001 to 1,00,000	27	0.09	2,105,681	1.10
Above 1,00,001	75	0.25	165,459,184	86.41
TOTAL	29,810	100.00	191,461,102	100.00

i. Dematerialisation of shares and liquidity

The shares of the Company are in the compulsory demat segment and are available in the depository system both in National Security Depository Limited ('NSDL') and Central Depository Services (India) Limited ('CDSL'). As on March 31, 2006, 181,931,198 shares aggregating to 95.02% of the total number of fully paid equity shares having face value of Re.1 each are held by the shareholders in the dematerialised form.

m. Outstanding GDR / ADR / Warrants or any convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs / ADRs / Warrants or any convertible instruments.

n. Plant locations

As mentioned on the cover page.

o. Address for correspondence

Shareholders holding shares in the physical form should address their correspondence to the Company's registrar and share transfer agents at the address as given under (i) above. Shareholders holding shares in the demat form should address their correspondence to their respective depository participants with whom they have their accounts.

For and on behalf of the board

Place : Mumbai

MOHAN A. CHANDAVARKAR

Date : June 24, 2006

Chairman and Managing Director

Certificate

To,
The Member of **FDC Limited**

We have examined the compliance of conditions of corporate governance by **FDC Limited** (the Company) for the year ended on March 31, 2006 as stipulated in clause 49 of the listing agreement of the said 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 the 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 clause 49 of the 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 Shareholders/ Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **RSM & Co.**
Chartered Accountants

Place : Mumbai
Date : June 24, 2006

VIJAY N. BHATT
Partner (F-36647)