

**Board of Directors**

Dr. T.R. Ramachandran  
Sri A.V.V.S.S.Ch.B. Sekhar Babu  
Sri Ashok Vemulapalli  
Sri K. Purushotham Naidu, Director (Finance)  
Smt. Jyothsana Akkineni (Executive Director)  
Sri Venkat Akkineni, Managing Director

**Auditors**

Messrs Rao & Kumar  
Chartered Accountants  
Soudamani  
Siripuram  
Visakhapatnam 530 003

**Bankers**

State Bank of India  
IDBI Bank Ltd  
HDFC Bank Ltd  
Punjab National Bank  
Axis Bank Ltd

**Registered Office & Factory**

Alufluoride Limited  
Mulagada, Mindi  
Visakhapatnam 530 012, AP, India.

Phone: (91 891) 254 8568, 257 7077  
Fax: (91 891) 254 8567  
Email: [contact@alufluoride.com](mailto:contact@alufluoride.com)  
Web: [www.alufluoride.com](http://www.alufluoride.com)

**Registrars & Share Transfer Agents**

XL Softech Systems Ltd.  
3, Sagar Society  
Road No.2, Banjara Hills  
Hyderabad 500 034

Phone: (91 40) 2354 5913, 2354 5914, 2354 5915  
Fax: (91 40) 2355 3214  
Email: [mail@xlsoftech.com](mailto:mail@xlsoftech.com)  
[xlfield@rediffmail.com](mailto:xlfield@rediffmail.com)

## NOTICE TO SHARE HOLDERS

NOTICE is hereby given that Annual General Meeting of Alufluoride Limited will be held at the Registered office, Mulagada, Mindi, Visakhapatnam 530 012 on Wednesday, the 25th September, 2013 at 11.00 AM to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31 March, 2013 and Balance Sheet as at that date and the Directors' and Auditors' Report hereon.
2. To elect a Director in place of Sri A.V.V.S.S.Ch.B.Sekhar Babu, Director who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

Re-appointment of Sri Venkat N.R.Akkineni as Managing Director.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 316, read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956, consent of the members be and is hereby accorded for the re-appointment of Sri Venkat N.R. Akkineni as the Managing Director of the Company for a further period of 3 years w.e.f 16.06.2013, at a remuneration aggregating to 5% of the Net Profits of the Company. However in case inadequate or absence of profits, he shall be entitled to the following remuneration:

#### 1. Remuneration:

- i) Salary - Rs. 1,25,000/- P.M.
- ii) Commission at 1% on the net profits of the Company computed in the manner laid down in Section 309 (5) of the Companies Act, 1956.

#### 2. Perquisites:

In addition to the Salary and Commission, the Managing Director shall be entitled to the Perquisites, classified under Category A, B, and C, as per statement annexed, provided that the Perquisites in the said Category 'A' shall be restricted to an amount equivalent to the annual salary.

"RESOLVED FURTHER THAT the Salary and perquisites aforesaid be paid and allowed, as minimum remuneration to the Managing Director during the remaining period of his tenure, in the event of loss of inadequacy of profits in any financial year".

### STATEMENT OF PERQUISITES REFERRED TO IN THE RESOLUTIONS RELATING TO THE REMUNERATION OF THE MANAGING DIRECTOR

#### CATEGORY 'A'

##### i) Housing:

- a) The expenditure incurred by the Company on hiring furnished accommodation for him will be subject to a ceiling of 60% of salary.
- b) Where accommodation in the company owned house is provided, he shall pay to the Company, by way of rent 10% of the salary. Wherever the Company does not provide accommodation, House rent allowance shall be paid in accordance with (a) above, and
- c) The expenditure incurred by the Company on gas, electricity, water and furnishing will be evaluated as per Income-Tax rules, 1962. This will, however, be subject to a ceiling of 10% of the salary paid to him.

##### ii) Medical benefits for self and family:

Reimbursement of expenses actually incurred, the total cost of which to the company shall not exceed one month's salary in a year or three months' salary over a period of three years.

##### iii) Leave Travel concession:

For self and family, once in a year, incurred in accordance with the rules of the company.

##### iv) Club fees:

Fees of clubs, subject to a maximum of two clubs. This will not include admission and life membership fees.

##### v) Personal accident insurance:

Of an amount, the annual premium of which, does not exceed Rs.4,000/-.

The perquisites, under this category, shall be restricted to an amount equivalent to the annual salary proposed to the Managing Director.

**CATEGORY 'B'**

Contribution to Provident Fund, Superannuation Fund or Annuity Fund, as per the rules of the Company, to the extent, these are not taxable, under the Income-Tax Act, either singly or put together. Gratuity payable, shall not exceed, half a month's salary, for each completed year of service. The Perquisites, under this Category, shall not be included in the computation of the ceiling on remuneration specified in the resolution.

**CATEGORY 'C'**

- a. Free use of Company's car with driver for the business of the Company. Use of car for private purposes shall be billed by the Company.
- b. Free telephone facility at residence. All personal long distance calls shall be billed by the Company.
- c. Leave on full pay and allowances as applicable to other employees of the Company but not exceeding one month's salary for every 11 months service;
- d. He shall also be entitled to reimbursement of expenses actually and properly incurred by him for the business of the Company; and
- e. Any other Perquisites that may be allowed as per the guidelines issued by the Central Government from time to time.

The Perquisites, under this Category, shall not be included in the computation of the ceiling on remuneration specified in the Resolution."

5. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

Re-appointment of Smt Jyothsana Akkineni as Executive Director.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311, 316, read with Schedule XIII and other applicable provisions if any of the Companies Act, 1956, consent of the members be and is hereby accorded for the re-appointment of Smt. Jyothsana Akkineni as the Executive Director of the Company for a further period of three years, w.e.f 06.05.2013, without any remuneration".

6. To consider and, if thought fit, to pass with or without modification the following resolution as a Special Resolution.

Re-appointment of Sri K.Purushotham Naidu as Director (Finance & Admn).

RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310, 311, 316 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 consent of the members be and is hereby accorded for the re-appointment of, Sri K.Purushotham Naidu as the DIRECTOR - FINANCE & ADMINISTRATION of the Company for a further period of 3 years, w.e.f 06.05.2013, and who shall be paid the following remuneration:

1. Salary & allowances - Up to Rs. 1,25,000/- P.M.
2. Perquisites: As per the Company's policy - like Medical, LTA, PF, Gratuity etc.

By order of the Board  
For **ALUFLUORIDE LIMITED**

Visakhapatnam  
1 August, 2013

**VENKAT AKKINENI**  
Managing Director

**NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and vote instead of himself/ herself and such proxy or proxies need not be a member or members of the Company. The proxy form duly signed must be deposited at the Registered Office of the Company not less than 48 hours before the time of holding the meeting.
2. The Share Transfer Register and Register of Members of the Company will remain closed from 23 September, 2013 to 25 September, 2013 (both days inclusive).
3. Any change of address of the Member may please be notified to the Company quoting the Registered Folio.
4. The Company has listed its shares at:  
Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001.

**EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2)) OF THE COMPANIES ACT, 1956****ITEM No.4**

The tenure of Sri Venkat N.R.Akkineni whose appointment as Managing Director, for a period of five years, approved by the share holders at their Annual General Meeting held on 25th September, 2008 has expired on 15th June, 2013.

The Remuneration Committee during their meeting held on 6th May, 2013 have recommended re-appointment of Sri Venkat N.R.Akkineni as Managing Director for a further period of three years i.e., from 16th June, 2013 to 15th June, 2016 and recommended to continue the existing remuneration package which is being paid to Sri Venkat N.R.Akkineni with effect from 16th June, 2008. The recommendations of the Remuneration Committee were approved by the Board of Directors of the Company during their meeting held on 6th May, 2013 and re-appointed Sri Venkat N.R.Akkineni as Managing Director of the Company for a further period of three years, at the remuneration package approved by the Remuneration Committee.

In accordance with the provisions of the section 269 and Schedule XIII of the Companies Act, 1956, the re-appointment of Sri Venkat N.R.Akkineni as Managing Director of the Company requires the approval of the share holders by way of a Special Resolution.

None of the Directors excepting Sri Venkat N.R.Akkineni, Smt.Jyothsana Akkineni and Sri Vemulapalli Ashok are interested in the proposed special resolution.

This explanatory statement together with the terms of re-appointment mentioned in the accompanying notice should be treated as an abstract under section 302 of the Companies Act, 1956, in the respect of the contract proposed to be entered into between the Company and Sri Venkat N.R.Akkineni, Managing Director.

**ITEM No.5**

The Remuneration Committee during their meeting held on 6th May, 2013 have recommended for

re-appointment of Smt Jyothsana Akkineni as Executive Director without remuneration for a further period of three years i.e., from 6th May, 2013 to 5th May, 2016.

In accordance with the provisions of the section 269 and Schedule XIII of the Companies Act, 1956, the re-appointment of Smt Jyothsana Akkineni, without remuneration, requires the approval of the share holders by way of a Special Resolution.

None of the Directors excepting Sri Venkat N.R.Akkineni and Sri Vemulapalli Ashok are interested in the proposed special resolution.

This explanatory statement together with the terms of re-appointment mentioned in the accompanying notice should be treated as an abstract under section 302 of the Companies Act, 1956, in the respect of the contract proposed to be entered into between the Company and Smt Jyothsana Akkineni, Executive Director.

**ITEM No.6**

The Remuneration Committee during their meeting held on 6th May, 2013 have recommended for re-appointment of Sri K.Purushotham Naidu, as Director (Finance & Admn) for a further period of three years i.e., from 6th May, 2013 to 5th May, 2016 and the terms of remuneration will be considered by the Remuneration Committee of the Company.

In accordance with the provisions of the section 269 and Schedule XIII of the Companies Act, 1956, the re-appointment of Sri K.Purushotham Naidu as Director (Finance & Admn) of the Company requires the approval of the share holders by way of a Special Resolution.

None of the Directors are interested in the proposed special resolution.

This explanatory statement together with the terms of re-appointment mentioned in the accompanying notice should be treated as an abstract under section 302 of the Companies Act, 1956, in the respect of the contract proposed to be entered into between the Company and Sri K.Purushotham Naidu, Director (Finance & Admn).

## DIRECTORS' REPORT

To The Members

Your Directors take pleasure in presenting their Annual Report together with the Audited Statements of Accounts for the year ended 31st March, 2013.

### FINANCIAL RESULTS

The financial results of the Company for the year 2012-13 are summarized below :

	(Rs. in lakhs)	
	<b>31-03-2013</b>	31-03-2012
Sales and other revenue	<b>2,678.29</b>	2,560.42
Profit before Finance charges, Depreciation, Tax & other adj's	<b>244.77</b>	258.40
Less : Finance charges	<b>0.75</b>	0.55
Profit before Depreciation, Tax & other adj's	<b>244.02</b>	257.85
Less: Depreciation	<b>80.40</b>	80.19
Profit before Tax & other adj's	<b>163.62</b>	177.66
Less: Extraordinary & Exceptional Expenses	<b>46.36</b>	---
Provision for current tax	<b>54.66</b>	55.80
Taxes of earlier years	<b>4.23</b>	(0.29)
Deferred Tax Asset/Liability adj's	<b>(19.33)</b>	(10.58)
Profit before appropriations and carried to Balance Sheet	<b>77.70</b>	132.73

### OPERATIONS

Your Directors are to report that, the Company produced 4,477 MT of AIF3 during the year under review as against 4,436 MT during 2011-12. During the year the Company sold 4,172 MT AIF3 as against 4,451 MT in 2011-12. With the increased sale price of AIF3, Sales and other Income during the year under review, reported at Rs. 2,678.29 lakhs as against Rs.2,560.42 lakhs during 2011-12. With efficient working capital management, planned other income and with effective cost control measures, though there was fatal accident in the plant effecting one month's production as well spending of Rs.46.36 lakhs towards compensation etc, the Company

posted a net profit of Rs.77.70 lakhs for the year under review as against net profit of Rs.132.73 lakhs in 2011-12.

### DIVIDEND

In view of the proposed shifting of the Plant to the place where the Company will get assured acid supplies, your Directors are not recommending any Dividend.

### OUTLOOK FOR THE CURRENT YEAR

The sale price of Aluminium Fluoride for the current year has reduced by 5 % and the Company is planning to complete the old pending export order which is to be executed at the 2009 recession price levels. With the adjacent fertilizer complex assurance for increasing their acid supplies for the current year, as against their low supplies of 1235 MT acid in 2012-13 and with the availability of balance acid supplies from long distance acid suppliers, the company is hoping to post good returns in the current year.

### EXPORTS

During the year under review, the Company registered an Export sale of Rs.553.34 lakhs as against Rs.85.78 lakhs during 2011-12.

### ENVIRONMENT & SAFETY MEASURES

Following the ISO Certifications of 9001, 14001 and OHSAS 18001 the Company will continue taking all the necessary measures to maintain high standards of Environment, Clean and Green Belt, Water Harvesting, Pollution Control, Health and Safety Precautions. The Company proposes an energy audit during the current year.

### INSURANCE

All the properties of the Company including Buildings, Plant and Machinery and Stocks have been adequately insured.

**DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Sri A.V.V.S.S.Ch.B. Sekhar Babu, Director will be retiring at the Annual General Meeting and is eligible for re-appointment.

**AUDITORS**

M/s Rao & Kumar, Chartered Accountants, Visakhapatnam, the Auditors of the Company will be retiring at the conclusion of this Annual General Meeting and have conveyed their consent for re-appointment.

**COST AUDIT**

M/s D.V.J. Rao & Associates, Cost Accountants, Visakhapatnam as Cost Auditors have been appointed to conduct Cost Audit for the year ended 31 March, 2013. They will submit their report to the Board of Directors before filing it to the Ministry of Corporate Affairs, New Delhi.

**RESPONSIBILITY STATEMENT**

As per the provisions of Section 217 (2AA) of the Companies Act, 1956, Directors state:

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for that period.
- iii. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. The Directors have prepared the accounts on a going concern basis.

**PARTICULARS OF EMPLOYEES**

There are no employees falling within the purview of the Section 217(2A) of the Companies Act, 1956 read with Company's (Particulars of Employees) Rules, 1975.

**ADDITIONAL INFORMATION**

Additional information on conservation of energy, technology absorption and foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure - 1 and forms part of this report.

**CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the Listing Agreement, your Company has to mandatorily comply with the requirements of Corporate Governance. A report of compliance of Corporate Governance is annexed together with a Certificate from the Auditors of the Company on compliance.

**ACKNOWLEDGEMENTS**

The Board of Directors of the Company take this opportunity to place on record their appreciation of the cooperation and support extended by State Bank of India, IDBI Bank Ltd., HDFC Bank Ltd., Axis Bank Ltd. and Punjab National Bank. Your Directors also appreciate the sincere and efficient services rendered by the Employees of the Company at all levels towards successful working of the Company.

For and on behalf of the Board

**VENKAT AKKINENI**  
Managing Director

Visakhapatnam  
1 August, 2013

**Dr. T.R. RAMACHANDRAN**  
Director

**ANNEXURE - 1**

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 for the year ended 31 March, 2013.

**A. CONSERVATION OF ENERGY:**

The Company continues to adopt various steps to conserve energy and has taken several measures including regular monitoring of consumption and improved maintenance of operations and modification of equipment for reduction in Power consumption. Total energy consumption and consumption per ton of production as prescribed in Form-A are given below:

**A. Power and Fuel Consumption**

	01-04-2012 to 31-03-2013	01-04-2011 to 31-03-2012
<b>1. Electricity</b>		
(a) <b>Purchased Unit (KWH)</b>	<b>16,44,674</b>	19,92,680
Total Amount Rs.	<b>1,19,57,948</b>	87,21,897
Average Rate / Unit (Rs.)	<b>7.27</b>	4.38
(b) <b>Own Generation –</b>		
Through Diesel Generator – 380 + 125 KVA - Unit (KWH)	<b>6,60,040</b>	1,70,760
Average Unit Per litre of Diesel Oil	<b>3.21</b>	3.25
Cost of Diesel per KWH (Rs.)	<b>15.06</b>	13.58
<b>2. Furnace Oil &amp; Coal</b>		
(a) Furnace oil:		
Quantity (Kilo Liters)	<b>12</b>	92
Total Amount (Rs.)	<b>6,22,065</b>	32,93,345
Average Rate (Rs.)	<b>51,839</b>	35,960
(b) Coal:		
Quantity (MT)	<b>6,821</b>	6,016
Total Amount (Rs.)	<b>3,15,70,928</b>	3,06,47,143
Average Rate (Rs.)	<b>4,628</b>	5,094
<b>B. Consumption per ton of Production</b>		
<b>Aluminium Fluoride:</b>		
(a) Electricity (KWH)	<b>476</b>	488
(b) Furnace Oil (Kilo Liters)	<b>0.333</b>	0.354
(c) Coal (MT)	<b>1.525</b>	1.441
(Furnace oil & Coal consumptions)		
Quantity of Furnace oil/Coal consumed / quantity of Aluminium Fluoride produced)		
<b>C. Foreign Exchange Earnings</b>		
(a) Foreign Exchange – F.O.B. (Rs.)	<b>5,55,03,695</b>	79,29,250
(b) Foreign Exchange out go:	<b>25,75,558</b>	4,01,030
(c) <b>Other Components, spare parts &amp; foreign travel (Rs.)</b>	<b>---</b>	84,533

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY STRUCTURE AND DEVELOPMENT

Alufluoride Ltd (AL) is the only Company in Andhra Pradesh producing high purity Aluminium Fluoride (AlF<sub>3</sub>) with technology developed by Alusuisse, Switzerland. This technology facilitates conversion of Fluorine effluents from Phosphatic Fertilizer Complex into Hydrofluosilicic Acid and then to Aluminium Fluoride. The project ensures pollution abatement, import substitution, conservation of natural resources like Fluorspar & Sulphur, cost effective product, conversion of waste into wealth and earning valuable foreign exchange to the Nation. AlF<sub>3</sub> is used as flux in reducing the melting point of Alumina during the electrolytic process of producing Aluminium. Many Aluminium Smelters in India and abroad are using the Company's product with repeat orders for increased quantities due to its quality and service.

### FUTURE OUTLOOK, OPPORTUNITIES, THREATS, RISKS & CONCERNS

Alufluoride Ltd (AL) set up the project in 1995 to produce AlF<sub>3</sub> and related products, based on an agreement between AL and Coromandel Fertilizers Ltd, Visakhapatnam (CFL). As per the agreement, CFL is to supply 4,000 TPA of Hydrofluosilicic Acid (Acid) exclusively to AL. However, since inception CFL was unable to supply the contracted quantity and the supplies from them were deteriorating year after year. Consequently, AL's financial results were adversely affected.

It is reported that, all the Aluminium smelters in India and abroad are increasing their Aluminium production capacities and also new Aluminium smelters are coming up with high capacities, resulting in an increased demand for AlF<sub>3</sub>.

The only risk & concern for the Company is availability of Acid. When the acid is procured from other sources, the landed cost increases significantly due to transport cost. As the Company is now Debt-free, with efficient working capital management, improved AlF<sub>3</sub> sales realization, etc., your Directors are hopeful of improved financial results.

The Company is getting offers from Acid producers that they would like to supply the Acid on a long-term basis. The Company is pursuing these various sources for assured supplies from them on a long-term basis. If these efforts are successful, the Company can post good financial results.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system which provide for:

- Efficient use and safeguarding of resources
- Accurate recording and custody of assets
- Compliance with prevalent statutes, policies, procedures, listing requirements, management guidelines and circulars
- Transactions being accurately recorded, cross verified and promptly reported
- Adherence to applicable accounting standards and policies
- IT systems, which include controls for facilitating the above

The internal control system provides for well-documented policies, guidelines, authorizations and approval procedures. The internal audit reports are laid before the Audit Committee and discussions were held periodically by the Audit Committee at its meetings. The observations arising out of audit are subject to periodic review, compliance and monitoring. The significant findings/observations made in internal audit reports, along with the status of action thereon, are reviewed by the Audit Committee of the Board of Directors on a regular basis for further appropriate action, if and as deemed necessary.

### HUMAN RESOURCE DEVELOPMENT

The continued Certification of Quality and Environmental Management System adopted by the Company to ISO 9001, 14001 and OHSAS 18001 manifests to the commitment of all the employees to excellence. Committed human resources is principal core strength of your Company and is attribute to the extremely cordial atmosphere prevailing in the Company. The total number of employees stood at 81 as on 31 March, 2013.



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**REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31 MARCH, 2013**
**CORPORATE GOVERNANCE :**

In terms of Clause 49 of the Listing Agreement, compliance with the requirements of Corporate Governance is mandatory for your Company from the financial year 2001- 02 and your Company is following the same.

**COMPANY'S PHILOSOPHY:**

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equality, in all facets of its operations, and in all its inter-actions with stakeholders, including shareholders, employees, Government, lenders, customers, etc. The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder value.

**BOARD OF DIRECTORS:**

Composition of Directors and their Attendances at the Board Meetings during the year and the last Annual General Meeting and outside Directorships are:

Director	No. of Board Meetings attended	Attendance at the Previous AGM held on 25 September, 2012	No. of outside Directorships held	Executive / Non Executive/ Independent
Mr. Venkat N.R. Akkineni	4	Present	7	Executive
Mr. Ashok Vemulapalli	3	Present	5	Non – Executive
Mrs. Jyothsana Akkineni	4	Present	3	Executive
Dr. T.R. Ramachandran	4	Present	1	Independent
Mr. K. Purushotham Naidu	4	Present	--	Executive
Mr. A.V.S.S.Ch.B. Sekhar Babu	4	Present	--	Independent

**BOARD MEETINGS HELD DURING THE YEAR 2012-13**

During the Financial year 2012-13, four Board Meetings were held on 28 April, 2012, 30 July, 2012, 15 October, 2012 and 31 January, 2013.

**BOARD COMMITTEES:**
**Audit Committee:**

The Audit Committee comprises of two independent Directors and one Non-Executive Director. The Audit Committee met on 28 April, 2012, 30 July, 2012, 15 October, 2012 and 31 January, 2013. The Company Secretary acts as the Secretary of the Committee.

The terms of reference of the Audit Committee mandated by your Board of Directors, which are also in line with the Statutory and regulatory requirements are;

- a) Overview of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payments of any other services.
- c) Reviewing with management the annual financial statements before submission to the Board.
- d) Reviewing with management, external and internal auditors, the adequacy of internal control system.
- e) Reviewing the adequacy of internal audit reporting structure, coverage and frequency of internal audit.
- f) Discussions with internal auditors on any significant findings and follow-up thereon;
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularities or failure of internal control systems of a material nature and reporting the matter to the Board;
- h) Discussion with external auditors before the audit commences - nature and scope of audit as well as has post audit discussions to ascertain any area of concern.
- i) Reviewing the Company's financial and risk management policies.
- j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

#### **Shareholders' Grievances Committee:**

The Share Transfer Committee comprising of Sri Venkat N.R. Akkineni, Sri. Vemulapalli Ashok and Smt. Jyothsana Akkineni deals with share transfers, complaints/grievances of the shareholders on a regular basis. All the complaints/grievances have generally been resolved to the satisfaction of the members concerned.

#### **Remuneration Committee:**

The Committee comprises of two Independent Directors.

The remuneration policy of the Company is based on the principle of attracting best available talent and is in line with the industry standards.

Details of remuneration and payments to Directors during the financial year 2012-13 are given below

Name of the Director	Sitting Fee – Board Committee (Rs.)	Salary & Perks (Rs.)	Other Transaction (Rs.)
Mr. Venkat N.R. Akkineni	—	30,51,821	—
Mr. Ashok Vemulapalli	3,000	—	9,000
Mrs. Jyothsana Akkineni	—	—	25,673
Dr. T.R. Ramachandran	4,000	—	12,000
Mr. K. Purushotham Naidu	—	13,19,600	—
Mr. A.V.S.S.Ch.B. Sekhar Babu	4,000	—	12,000