



Associated Stone Industries (Kotah) Ltd.

Staying Brilliant With The Basics

66th Annual Report
2011-2012

Associated Stone Industries (Kotah) Ltd.

BOARD OF DIRECTORS

DEEPAK JATIA, Chairman & Managing Director

TUSHYA JATIA, Executive Director

PADAM KUMAR PODDAR

PRAMOD G. LATH

ANSHUL M. SONAWALA

COMPANY SECRETARY

UTTAM SHETTY

MANAGEMENT EXECUTIVES

S.C.AGARWAL, President

PAVAN SONI, G. M. (Finance & Accounts)

GEORGE MATHEW , G.M (Import & Export)

A.K.YADAV, G. M. (Engineering)

S. M. MEENA G. M. (Mines)

AUDITORS

M/s. B. L. AJMERA & CO.

Chartered Accountants,

M.I. Road, Jaipur -302001

BANKERS

HDFC Bank Limited

IDBI Bank Limited

REGISTERED OFFICE

ASI House,

Kudayala Industrial Area,

Ramganjmandi -326519

Dist. Kota , Rajasthan

HEAD OFFICE

Marathon Innova, A wing, 7th Floor,

Off Ganpatrao Kadam Marg,

Lower Parel, Mumbai. 400013

WORKS

Ramganjmandi -326519

Dist. Kota , Rajasthan

NOTICE

NOTICE is hereby given that the 66th Annual General Meeting of the members of **Associated Stone Industries (Kotah) Limited** will be held at the Registered Office of the Company at ASI House, Kudayala Industrial Area, Ramganjmandi, Dist. Kota, 326519 (Rajasthan), on Friday, the 24th August, 2012 at 9.00 a.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012 and Profit and Loss Account for the year ended on that date together with the reports of Directors and Auditors.
2. To declare Dividend on Equity Shares for the financial year ended on 31st March, 2012.
3. To appoint a Director in place of Shri Pramod G. Lath who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint M/s. B.L.Ajmera & Company, Chartered Accountants as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 and other applicable provisions if any, of the Companies Act, 1956 read with Schedule XIII of the Act (including any statutory modifications and re-enactment, for the time being in force) and subject to the approval of the Central Government, if required, approval of the members be and is hereby accorded to increase in remuneration payable to Mr. Tushya Jatia Executive Director, with effective from 25th July, 2012 for the balance period of his term of appointment, as per details given under the explanatory statement annexed to the notice.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution the Board (the term “the Board” shall be deemed to include any Committee of the Board constituted to exercise its powers) be and is hereby, authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem desirable, necessary, expedient, usual or proper to implement this resolution.”

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Instruments appointing proxies should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.
3. Corporate members intending to send their Authorised Representatives to attend the Meeting are requested to send the Company a certified copy of Board Resolution authorising their representative to attend and vote on their behalf at the meeting.
4. The members/ proxies are requested to bring duly filled in Attendance Slips for attending the meeting and members/ proxies are also requested to bring a copy of the Annual Report to the Meeting.
5. The Register of Members and the Share Transfer Books of the Company will be closed from Friday, the 17th August, 2012 to Friday, 24th August, 2012, both days inclusive.
6. Members are requested to intimate the Registrar and Transfer Agents of the Company – Sharepro Services (India) Private Limited, 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Mumbai 400072, immediately any change in their address in respect of equity shares held in physical mode and to their Depository Participants(DPs) in respect of equity shares held in dematerialisation form.
7. Members seeking any information or clarification with regard to the accounts, are requested to write to the Company at least TEN DAYS in advance of the meeting so as to enable the Company to keep the information ready.
8. Pursuant to requirement of the Listing Agreement of the Stock Exchange relating to Corporate Governance, a statement containing details of Directors seeking appointment / re-appointment is attached herewith.
9. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting in respect of Special Business is annexed hereto.

By Order of the Board of Directors

Place: Mumbai
5th July, 2012

Uttam Shetty
Company Secretary

Registered Office:
ASI House, Kudayala Industrial Area,
Ramganjmandi, Dist. Kota, 326519 (Rajasthan)

Associated Stone Industries (Kotah) Ltd.

ANNEXURE TO NOTICE EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO 5.

At the Annual General Meeting of the Company held on 10th August, 2011, the Members had approved the reappointment and term of remuneration of Shri. Tushya Jatia as Executive Director of the Company.

In appreciation of his dedicated efforts and having regard to the increased responsibilities for improving the Company's performance in a competitive market, the Remuneration Committee reviewed his remuneration and had recommended to Board of Directors to increase his salary for the remaining term upto 24.07.2016. The Board has accordingly decided to increase the remuneration of Mr. Tushya Jatia by increase in the salary w.e.f 25.07.2012 as recommended by the Remuneration Committee subject to approval of the members of the Company. There are no changes in the perquisites and other allowances payable. The details of revised Salary are as under:

Basic Salary: Rs 1,50,000/- per month (with annual increment not exceeding 30% of previous years basic salary).

Tenure: 25.07.2012 to 24.07.2016 (Balance tenure of appointment)

All other terms and conditions of appointment remain unaltered and valid.

Minimum Remuneration:

In the event of any loss or inadequacy of profits in any financial year during his tenure, the Company shall remunerate him by way of salary, perquisites and other allowances and benefits as specified above as minimum remuneration to him subject to the receipt of requisite approval, if any.

The explanatory statement together with the accompanying Notice, may also be regarded as Abstract of Terms of Remuneration and Memorandum of Interest pursuant to the provisions of section 302 of the Companies Act, 1956.

The Directors recommend the resolution for your approval.

None of the Directors except Shri. Tushya Jatia himself and Shri. Deepak Jatia being related to him are interested or concerned in this resolution.

By Order of the Board of Directors

Place :Mumbai
5th July, 2012

Uttam Shetty
Company Secretary

Registered Office :

ASI House, Kudayala Industrial Area,
Ramganjmandi, Dist. Kota, 326519 (Rajasthan)

Details of Directors seeking appointment / reappointment in Annual General Meeting fixed for 24th August, 2012

Name of Director	Shri. Pramod G. Lath
Date of Birth	10 October 1958
Date of Appointment	28th January, 2009
Qualification	B.Com
Expertise in specific functional areas	Finance, Marketing & Administration
Directorship in other Indian Public Ltd. Companies as on 31.03.2012	1) Orient Spinners Ltd. 2) Orient Agro Foods Ltd. 3) Century Impex Ltd.
Chairman / Member of the Committees of the Board of Other Indian Public Limited Companies as on 31.03.2012	Nil
No. of Shares Held in the Company	Nil

DIRECTORS' REPORT

To
The Members,
Associated Stone Industries (Kotah) Limited

The Directors have pleasure in presenting the 66th Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2012:

1. FINANCIAL RESULTS:

	(Rs. in lacs)	
	2011-12	2010-11
Total revenue	17088.19	17364.84
Profit before finance cost		
& depreciation	2638.34	2941.17
Less : Finance cost	601.82	559.48
Depreciation	577.20	524.22
Profit before taxation	1459.32	1857.47
Provision for taxation		
Current tax	(522.00)	(655.00)
Deferred tax	43.15	24.72
Earlier year adjustments	(37.60)	(59.80)
Profit for the year (after tax)	942.87	1167.39
Add: Balance in profit & loss account	3419.32	2531.01
Profit available for appropriation	4362.19	3698.40
Appropriations		
Transfer to general reserve	125.00	125.00
Proposed dividend	132.57	132.57
Tax on dividend	21.51	21.51
Balance carried forward to Balance Sheet	4083.11	3419.32
	<u>4362.19</u>	<u>3698.40</u>

2. DIVIDEND

Your Directors are pleased to recommend a dividend of Re. 1/- (equivalent to 20%) per equity share of the face value of Rs.5/- each.

3. PERFORMANCE

For the year under review the production of Kotah Stone

was 1461.10 lacs sq.ft. as against 1506.19 lacs sq. ft. in the previous year and sales were 1450.58 lacs sq.ft. as against 1472.43 lacs sq.ft. in the previous year.

During the year 2011-12 the Company has registered revenue from operations of Rs.17088.19 lacs (previous year Rs. 17634.84 Lacs) and Gross Profit of Rs.2638.34 Lacs (previous year Rs. 2941.17 Lacs).

The profit before taxation during the year 2011-12 is Rs.1459.32 Lacs as compared to Rs. 1857.47 Lacs during the previous year 2010-11.

4. WIND POWER PROJECT

As a part of its efforts to augment "Green Power", the Company has so far installed 4.75 MW capacity wind power projects comprising of 1.125 MW capacity in Tiruppur District of Tamil Nadu, 1.125 MW in Gadag District of Karnataka and 2.50 MW capacity in Satara District of Maharashtra.

The wind power projects by themselves are not commercially viable since their operation depends upon availability of winds which is a function of nature and many times erratic. Realising this fact, the Govt. of India offers various incentives such as accelerated depreciation benefit, enhanced tariff for companies not in a position to avail accelerated depreciation benefit, tax holiday for 10 years etc. However, even with these benefits, the returns on investment are very moderate. In a move to accelerate the installation of wind power projects and similar projects like solar power, bio-mass power etc. which are based on renewable energy sources and do not have any adverse impact on environment and climate change, the Govt. of India has mandated that utilities should source a minimum percentage of their power from renewable source based projects.

The need to encourage installation of environment friendly wind power projects has been universally recognized and carbon credit benefits are extended under the Kyoto Protocol of UNFCCC (United Nations Framework Conference for Climate Change). Company had applied for such carbon credit benefit for the 4.75 MW bundled wind power project which has been approved and registered by UNFCCC, Bonn, Germany from 1st May 2011. The Company will be eligible to get carbon credit certificate for ten years from the date of Registration based on the yearly generation. As the first year has been completed on 30th April 2012, the Company is in the process of collecting data of monitoring, verification etc. and submitting to UNFCCC for approval. M/s. TUV India

Pvt. Ltd (subsidiary of TUV Nord, Germany) has been appointed to validate the project. Once the carbon credit certificate is issued, the same can be traded in the carbon credit market.

5. HEALTH, SAFETY & ENVIRONMENT

Health and Safety are the issues getting major attention of Regulatory Authorities. Govt is insisting on regular health check of mine workers especially for respiratory diseases like Silicosis. Company has responded to all such calls by arranging health camps for mine workers and thereafter regular follow up. During the year at least 1000 workers had undergone medical check up.

Maintaining a good, clean & cool environment at its workplace is the top most priority of the Company.

Environmental issues are getting serious momentum. Company has been complying with all environmental requirements and has set up a separate Environment Cell to monitor various parameters and taking up corrective steps in case of any deviation. Special attention is paid on plantation in mine area and rightful conservation of water source.

6. CORPORATE GOVERNANCE

The Company has complied with mandatory provisions of Corporate Governance as prescribed under the Listing Agreement.

A separate report on Corporate Governance is produced as a part of the Annual Report along with Auditors' Certificate on its compliance.

7. DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of Companies Act, 1956, your Directors subscribe to the "Directors Responsibility Statement" and confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of

the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the annual accounts have been prepared on a going concern basis.

8. DIRECTORS

Shri. Pramod G. Lath retires by rotation in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company but being eligible, offers himself for reappointment.

Shri. S.M Shroff has resigned as Director of the Company w.e.f 02nd February, 2012. The Board wishes to place on record its gratitude and appreciation for the co-operation and guidance rendered by him during his tenure as Director of the Company.

9. AUDITORS

M/s. B.L. Ajmera & Co., Chartered Accountants, retires as auditors of the Company at the ensuing Annual General Meeting and are eligible for reappointment.

10. STATUTORY INFORMATION

The information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is not applicable.

The Information pursuant to 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 is in Annexure.

The Company has been accepting deposits within the provisions of Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975. The Fixed Deposits as on 31st March, 2012 was Rs 251.25 Lacs.

11. ACKNOWLEDGEMENT

Your Directors would like to acknowledge and place on record their sincere appreciation to all stakeholders-clients, Financial Institutions, Banks, Central and State Governments, the Company's valued investors and all other business partners for their continued co-operation and excellent support received during the year.

Your Directors recognize and appreciate the efforts and hard work of all the employees of the Company and their continued contribution to its progress.

On behalf of the Board of Directors

Mumbai
30th May, 2012

**Sd/-
Deepak Jatia
Chairman & Managing Director**

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULE, 1988.

CONSERVATION OF ENERGY

The aforesaid information is not applicable to the Company. The Company has taken effective measures to replace D.G. Power generation by the Grid Power where available. It has improved not only the environment but also reduced the cost of production.

Although Company's operations are not high power consuming, yet all efforts are made to conserve energy by way of improving power factor, using day lights for office working, reducing air conditioning and providing central cooling instead.

TECHNOLOGY ABSORPTION / RESEARCH & DEVELOPMENT

Company has focused on R & D work on utilising quarry waste for manufacture of normal portland cement. Ways and means are being worked out to reduce cost of enrichment and make the project viable.

Research and Development always remained a central issue for the Company's growth and prosperity. Exhaustive tests and studies have been organized in various Govt. of India's Laboratories to probe possibilities of recycling quarry wastes accumulated in large quantity over the years.

Imported Technology : None. It is all in-house development.

FOREIGN EXCHANGE EARNING AND OUTGO.

The relevant figures pertaining to Foreign Exchange Earning and Outgo are given in notes on accounts annexed to and forming part of Balance Sheet.

On behalf of the Board of Directors

Mumbai
30th May, 2012

**Sd/-
Deepak Jatia
Chairman & Managing Director**

Associated Stone Industries (Kotah) Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion should be read in conjunction with the Company's financial statements and related notes appearing elsewhere. The discussion is not necessarily indicative of the results that the Company will achieve in future period. Important developments that could affect the Company's operations include downtrend in construction/infrastructure industry, significant changes in political and economic environment in India, Govt. policies, litigations, fuel cost, labour relations and interest costs.

OVERVIEW & INDUSTRY OUTLOOK

Generally the Kotah Stone Industry has shown an uprising trend of growth. However, recently Apex Court has zeroed in on the environmental issues in mines which has created a panic for small mines. This may affect over all production in coming years. Company has to foresee the situation in its favour.

The demand for Kotah Stone in the country and even in the global market has shown an upward trend throughout the year and is expected to be so over the years to come. Company believes that value added products should be introduced in the market which will fetch a better price. Company has taken advanced precautionary measures in cost cutting, quality improvement and strengthening the supervision to achieve targeted production.

Company has been actively considering the use of quarry waste for manufacturing of cement and other products and the Company has taken necessary initiatives in this regard.

REVIEW :

Financial results for the year ended 31st March, 2012, segment wise are as under:-

(Rs. In Lacs)

Particulars	Stone	Wind Power	Trading	Total	
	2011-12	2011-12	2011-12	2011-12	2010-11
REVENUE					
Sales	10980.39	151.63	5776.66	16908.68	17036.29
Other Operating Income	48.45	-	-	48.45	127.64
Other Income	125.61	5.45	-	131.03	200.91
RESULTS					
Profit before Finance					
Cost & Tax	1895.72	12.47	152.95	2061.14	2416.95
Less: Finance Cost	(501.31)	(100.51)	-	(601.82)	(559.48)
Profit/Loss Before Tax				1459.32	1857.47
Tax Expenses				(516.45)	(690.08)
Net Profit/ (Loss)				942.87	1167.39

OPPORTUNITIES AND THREATS

Company looks for better market in the year to come and there appears no immediate threat to the Industry. Overall market for Kotah Stone appears to be stable. However, continuous increase in the wage structure, fuel price and other additives has to be counteracted through improved technology, productivity and optimum assets utilisation.

Company is actively considering the use of quarry waste, which is low grade Limestone, in the manufacturing of Cement.

ENVIRONMENT

The Company strives to have a better tomorrow with a cleaner & greener environment. Company has been monitoring and abiding by all the guidelines and restrictions outlined in the environment clearance by Ministry of Environment & Forests and strives for compliance to enviro-friendly mining techniques.

PERFORMANCE AND REVIEW OF OPERATIONS

Company has been conducting operations at its mines and factory smoothly and economically and achieving its targets set for the year. To reduce the power cost in mining process, Company has taken 5MW electric power from State Electricity Board to replace 25 DG sets. This will reduce the pollution also in mines.

Company is planning to enter in Realty business under banner of ASI Realty. To start with Company is planning to develop a housing complex on its own surplus land in Ramganjmandi.

RISK AND CONCERNS

Years ahead are full of challenges. As the Company is nearing to lease boundaries, it has to purchase more land, acquire more lease area adjoining to existing area to continue the operation for many more years. Any deviation in environmental parameters will be open to high risk.

The Company does not foresee any risk in near future. However, changes in Government policies and economic slow down, environmental restrictions and other restrictions imposed on construction activities may affect the turn over and profitability of the Company.

OUR EDGE

Maintaining good industrial relations, carrying on its operations professionally & economically, respecting regulatory requirement especially on safety, health and environmental front will help in maintaining its leadership in the industry.

The Company has established a record of consistent relationship with customers. We are the only Company in the organized sector of Kotah Stone mining & processing which gives us an edge over our competitors.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has maintained a strong and adequate internal control systems to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and transactions are authorised, recorded and reported correctly.

The internal control is designed to ensure that financial and other records are reliable for preparing financial information and other data and for maintaining accountability of assets.

DEVELOPMENT IN HUMAN RESOURCE / INDUSTRIAL RELATIONS

Our Industry is highly labour oriented which needs regular interaction with the labours and attending to their concern. Company has always recognized human resource as natural capital and regular on job training and class room lectures have helped in improvement in the quality and utilization of resources.

Being a good pay master in the industry has helped in maintaining good industrial relation and facing challenges successfully. Mutual understanding, maintaining harmonious and cordial industrial relationship is of utmost priority of the Company.

Company has maintained very harmonious and cordial industrial relations throughout the year. This has helped in the improvement of productivity and optimum utilization of Company's resources including human resources.

CORPORATE SOCIAL RESPONSIBILITIES

Company has been discharging its social responsibility by contributing richly in the various social cause and events. The Company has been providing financial support for education, medical, technical institutions, supply of drinking water in the adjoining villages and religious functions of different religions. This has to continue even on a larger scale.

The Company is providing all support for running school and college and providing financial support in the form of scholarships for deserving meritorious children of employees for higher education.

CORPORATE GOVERNANCE REPORT

The detailed report on Corporate Governance as per the format prescribed by SEBI and incorporated in Clause 49 of the Listing Agreement is set out below:

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company has been practising the principle of good Corporate Governance since inception.

The Company's philosophy on Corporate Governance aims at attaining the highest level of transparency, accountability towards its stakeholders, including shareholders, employees, the Government and lenders and to maximize return to the shareholders through creation of wealth on sustainable basis.

Corporate governance at ASI is an ongoing process and the Company continuously strives to improve upon its practices in line with changing demand of the business environment.

The Company believes that all its operations and actions should be devoted for enhancing corporate performance and maximising shareholders value, over a period of time.

2. BOARD OF DIRECTORS

Composition and category

The composition of the Board is in conformity with the clause 49 of the Listing Agreement which stipulates that at least 50% of the Board should consist of Independent Directors, if the Chairman is an Executive Director.

The Company's Board as on date consists of Three Non-Executive and Two Executive Directors. The details are as under:-

Name of Director	Category of Directorship	Number of Directorship held in other Companies (#)	Number of outside Committees	
			Chairman	Member
Shri. Deepak Jatia Chairman & Managing Director	Promoter/ Executive	1	-	-
Shri. Padam Kumar Poddar	Independent/ Non-Executive	-	-	-
Shri. Pramod G. Lath	Independent/ Non-Executive	3	-	-
Shri Tushya Jatia Executive Director	Promoter/ Executive	-	-	-
Shri Anshul M. Sonawala	Independent/ Non-Executive	1	-	-

(#) excludes Directorships in Indian Private Limited Companies.

Associated Stone Industries (Kotah) Ltd.

Attendance of each Director at the Board Meetings and the last Annual General Meeting

During the financial year ended 31st March, 2012, Seven Board Meetings were held on 30th May 2011, 1st July 2011, 29th July, 2011, 15th September 2011, 7th November 2011, 10th January 2012 and on 2nd February, 2012. The attendance of each Director at Board Meetings and the last Annual General Meeting (AGM) are as under:

Name of the Director	No. of Board Meeting attended	Attendance at last AGM held on 10th August, 2011
Shri. Deepak Jatia	6	-
Shri. Padam Kumar Poddar	7	-
Shri. S.M. Shroff (resigned w.e.f 02.02.2012)	-	-
Shri. Pramod G. Lath	7	-
Shri. Tushya Jatia	6	Present
Shri. Anshul M. Sonawala	6	-
Smt. Anita Jatia (Alternate to Shri. S.M. Shroff) (upto 02.02.2012)	6	-

3. AUDIT COMMITTEE

The Board constituted an Audit Committee of Directors comprising Members well versed in finance & accounts / legal matters and general business practices. During the Financial Year ended 31st March 2012, four Audit Committee Meetings were held on 30th May 2011, 29th July, 2011, 7th November 2011 & 2nd February 2012.

The composition of the Audit Committee and attendance at each meeting is as under:-

Name of the Directors	Category	No. of Meetings Attended
Shri. Pramod G. Lath	Chairman	4
Shri. Padam Kumar Poddar	Member	4
Shri. Anshul MS onawala	Member	3

Broad terms of reference

The terms of reference of this Committee cover the matters specified for Audit Committee under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee include the following:

- Oversight 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.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with stock exchange and legal requirements concerning financial statements.
 - Compliance with accounting standards.
 - Any related party transaction i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- 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.
- Discussions with external auditors before the audit commences on nature and scope of audit as well as to have post-audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- 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.