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**Lanco Global Systems Limited**  
**SIXTH ANNUAL REPORT**  
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## LANCO GLOBAL SYSTEMS LIMITED

### BOARD OF DIRECTORS

Sri L. Madhusudhan Rao	Chairman
Sri Suresh Chukkapalli	Vice Chairman
Sri G. Bhaskara Rao	Director
Sri Y. Harish Chandra Prasad	Director
Sri M.N. Nambiar	Director
Sri V.K. Srinivasan	Director
Dr Prasada Rao VDM Ravella	Director
Dr Kilaru Hanumantha Rao	Director
Sri Nagarjun Valluripalli	Director & C.E.O.

### COMPANY SECRETARY

Sri C. Krishnakumar

### GENERAL MANAGER (Finance & Accounts)

Sri Y. Srinivasa Rao

### AUDITORS

M/s. P. Murali & Co.,  
Chartered Accountants  
6-3-655/2/3, Somajiguda,  
Hyderabad - 500 082,  
Andhra Pradesh, India.

### REGISTERED OFFICE

"LANCO HOUSE",  
141, Avenue # 8,  
Road # 2, Banjara Hills,  
Hyderabad-500 034,  
Andhra Pradesh, India.

### SOFTWARE DEVELOPMENT CENTRE & CORPORATE OFFICE

"Lanco Towers", 8-3-993,  
Srinagar Colony,  
Hyderabad-500 073,  
Andhra Pradesh, India.

### BANKERS TO THE COMPANY

Bank of Baroda  
Oriental Bank of Commerce  
State Bank of India  
Andhra Bank

### REGISTRARS & SHARE TRANSFER AGENTS

M/s. Aarthi Consultants Private Limited  
1-2-285, Domalguda,  
Hyderabad-500 029,  
Andhra Pradesh, India.

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### NOTICE

Notice is hereby given that the Sixth Annual General Meeting of the Members of Lanco Global Systems Limited will be held at 3.00 P.M. on Wednesday, the 28<sup>th</sup> September, 2005, at Surana Udyog Auditorium, The Federation of Andhra Pradesh Chambers of Commerce and Industry, Federation House, 11-6-841, Red Hills, P.B.14, Hyderabad-500 004, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet of the Company as on 31<sup>st</sup> March, 2005 and the Profit and Loss Account for the year ended on that date along with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Sri Y. Harish Chandra Prasad, who retires by rotation, and being eligible, offers himself for re-appointment.
3. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.  
  
"RESOLVED THAT Sri Suresh Chukkapalli, Director retiring by rotation, having conveyed his decision to retire, be not reappointed and the resulting vacancy be not filled in at this Meeting or at any adjournment thereof."
4. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.  
  
"RESOLVED THAT Dr. Kilaru Hanumantha Rao, Director retiring by rotation, having conveyed his decision to retire, be not reappointed and the resulting vacancy be not filled in at this Meeting or at any adjournment thereof."
5. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration. The present Auditors, M/s. P. Murali & Co., Chartered Accountants, Hyderabad retire at the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 and other applicable provisions of the Companies Act, 1956 and Schedule XIII to the Companies Act, 1956, the Re-appointment of Sri L. Madhusudhan Rao as Wholtime Director of the Company with effect from 27<sup>th</sup> January, 2005 to 27<sup>th</sup> June, 2005 on remuneration of Rs.10,000/- per month be and is hereby approved."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 and 311 and other applicable provisions of the Companies Act, 1956 and Schedule XIII to the Companies Act, 1956, the appointment of Sri Nagarjun Valluripalli as Director & C.E.O of the Company for a period of 3 years, with effect from 27<sup>th</sup> June, 2005, be and is hereby approved.

RESOLVED FURTHER THAT the increase in the remuneration with effect from 27<sup>th</sup> June, 2005 payable to Sri Nagarjun Valluripalli, Director & C.E.O from Rs.25,000/- per month to remuneration asunder, be and is hereby approved.

- (a) Salary of Rs.2,00,000/- (Rupees Two Lakhs Only) per month.
- (b) Perquisites by way of payments for – residential accommodation, gas, electricity, water, medical expenses reimbursement for self and family and annual leave travel concessions for self and family, club fees, medical and personal accident insurance to be evaluated as per the Income-tax rules wherever applicable, subject to a maximum limit of Rs.50,000/- per month.
- (c) Facilities of – Car along with payments towards petrol, repairs & maintenance and salary of chauffeur, telephone and other communication facilities at residence for use on Company's business.



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- (d) Sri Nagarjun Valluripalli will not be entitled to any sitting fees for attending Meetings of the Board or of any Committee thereof."

By Order of the Board  
For LANCO GLOBAL SYSTEMS LIMITED

**C. KRISHNAKUMAR**  
COMPANY SECRETARY.

Place : Hyderabad,  
Date : 29.07.2005.

### NOTES :

1. A member, entitled to attend and vote at the Annual General Meeting, is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. The Proxy form is enclosed, which should be deposited at the Registered Office of the Company duly completed and signed not later than 48 hours before commencement of the meeting.
3. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 24<sup>th</sup> September, 2005 to Wednesday, the 28<sup>th</sup> September, 2005 (both days inclusive).
4. Members are requested to inform the change of address if any, to the Share Transfer Agents (physical and electronic), M/s. Aarthi Consultants Private Limited, (Unit: Lanco Global Systems Limited), 1-2-285, Domalguda, Hyderabad - 500 029, Andhra Pradesh, India.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.
6. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business is annexed hereto.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No.6

The Board of Directors at the Meeting held on 31<sup>st</sup> January, 2005, re-appointed Sri L. Madhusudhan Rao as Wholtime Director of the Company with effect from 27.01.2005 for a period of 3 years with remuneration of Rs.10,000/- per month, subject to the approval of

Members in the General Meeting. Subsequently, Sri L. Madhusudhan Rao due to personal reasons tendered his resignation for the position of Wholtime Director with effect from 27<sup>th</sup> June, 2005 and the Board of Directors in the Meeting held on 27<sup>th</sup> June, 2005 accepted the same.

His appointment from 27.01.2005 till 27.06.2005 is required to be approved by the Members in this Annual General Meeting.

Except Sri L. Madhusudhan Rao, none of the Directors is interested or concerned in the said resolution.

#### Item No.7

The Board of Directors at the Meeting held on 27<sup>th</sup> June, 2005, appointed Sri Nagarjun Valluripalli as Director & C.E.O of the Company for a period of 3 years with effect from 27.06.2005 with remuneration of Rs.25,000/- per month, subject to the approval of Members in the General Meeting.

Since, the salary of Rs.25,000/- was considered to be very low and inadequate for the Director & C.E.O with an established track record of leading start-up companies to large-scale revenue earning companies, therefore to compensate him in consonance with the industry standards, the Remuneration and Compensation Committee and the Board of Directors in their respective meetings held on 29.07.2005 increased the salary payable with effect from 27.06.2005, subject to the approval of Members in the General Meeting.

Except Sri Nagarjun Valluripalli, none of the Directors is interested or concerned in the said resolution.

This is to be treated as extract and memorandum of concern or interest under Section 302 of the Companies Act, 1956.

As required under Schedule-XIII to the Companies Act, 1956, a Statement of information is given as follows:

### **STATEMENT OF INFORMATION FORMING PART OF THE EXPLANATORY STATEMENT AS REQUIRED UNDER SCHEDULE XIII TO THE COMPANIES ACT, 1956.**

#### I. GENERAL INFORMATION:

##### (1) Nature of industry

Information Technology and Information Technology Enabled Services

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**(2) Date or expected date of commencement of commercial production.**

Certificate of Commencement of Business was issued on 10.02.1999.

**(3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospects.**

Not Applicable.

**(4) Financial performance based on given indicators .**

(Rs. In Lakhs)

Particulars	Audited for the Financial Year ended 31.03.2005	Audited for the Financial Year ended 31.03.2004
Income from Operations & Other Income	613.33	293.17
Profit After Tax	58.73	19.39

**(5) Export performance and net foreign exchange collaborations.**

Income from Exports for the Financial Year 2004-2005 is Rs.611.25 Lakhs

**(6) Foreign investments or collaborators, if any.**

Nil

## II. INFORMATION ABOUT THE APPOINTEE:

**(1) Background details**

Sri Nagarjun Valluripalli (37) did his MSc.. (Tech), from BITS, Pilani. He was one of the founders of Oxford Systems Inc and Intelligroup Inc. He served as Executive Vice President of Intelligroup from 1994 through 1996. On September 27, 1996 Intelligroup, Inc. became a publicly traded company listed with NASDAQ under the symbol ITIG.

He was responsible for the growth of the company from USD 1 Million in 1993 to over USD 80 Million by 1997. From 1997 through 1999 he served as the Co-Chairman and President of International Operations for Intelligroup and was responsible for the growth

of Intelligroup in India, Europe, Japan and Asia Pacific, from a revenue base of 4 Million to 46 Million in 2 Years.

He served as the Chairman, President and Chief Executive Officer of Intelligroup, Inc., from October 2000 through April 2005. Intelligroup Inc provides systems integration and IT outsourcing services with revenues over USD128 million per annum and employs over 2000 Professionals worldwide.

**(2) Past remuneration**

US\$ 5,07,000 Per Annum

**(3) Recognition or Awards**

Throughout the years, he has received various Awards such as NJ Fast 50 Awards in the years 1995, 1996, 1997; NJ Fast 500 Award in 1998; NJ Entrepreneur of the Year Finalist in the years 1995, 1996, 1997; NJ Ernst and Young Entrepreneur of the Year Winner in 2001; Var Business 500 Awards in 2000, 2001, 2002; Young Presidents' Organization, Inc. in 2003; and Recipient of Ronald Reagan Technology Award from The World Business Forum for 2004.

**(4) Job profile and his suitability**

The job requires a person, who can bag customers and orders and also has the ability to develop solutions, verticals etc..

Sri Nagarjun Valluripalli with established track record and contacts in United States of America & India and with the requisite technical expertise is considered suitable for the position.

**(5) Remuneration proposed**

As per the Special Resolution.

**(6) Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin).**

Generally, in the case of Software industry, for a Company of this size and for a person of this profile, the remuneration payable is much higher. Therefore, the remuneration proposed is well within the industry standards.



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- (7) **Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.**

Nil

### III. OTHER INFORMATION:

- (1) **Reasons for inadequate profits**

As the level of the Operations of the Company could not be up-scaled because of constraints of markets and technology, the profits are only marginal and are not adequate as defined under Sections 198, 269, 310 & 311 of the Companies Act, 1956 and Schedule-XIII to the Companies Act, 1956.

- (2) **Steps taken or proposed to be taken for improvement**

Plans are on to up-scale the operations and budgets are made for an increased level of turnover and profit after tax for the Financial Year 2005-2006 and subsequent years.

- (3) **Expected increase in productivity and profits in measurable terms.**

As Budgeted, the Gross Income and Profit after Tax for the Financial Year 2005-2006 are expected to increase by 50% and 150% respectively over the actuals of Financial Year 2004-2005.

### IV. DISCLOSURES:

All disclosures as stipulated have been complied with by way of disclosures in the Notice of Annual General Meeting and the Report on Corporate Governance.

#### **ADDITIONAL INFORMATION PRESCRIBED VIDE CLAUSE-49 OF THE LISTING AGREEMENT IN RESPECT OF DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AT THE ENSUING ANNUAL GENERAL MEETING**

##### **Sri Y. Harish Chandra Prasad**

Sri Y. Harish Chandra Prasad (45) Graduated in Mechanical Engineering from Osmania University. He did his Masters Degree in Computers and Information Sciences at Brooklyn College of the City University of New York. He worked in Desein Private Limited,

Spectrum Power Generation Limited before taking charge as Managing Director of Lanco Kondapalli Power Pvt. Ltd. He is a Director on the Boards of ABAN Power Company Ltd., Rithwik Energy Systems Ltd., Clarion Power Corporation Ltd., Lanco Electric Utility Ltd., Lanco Energy Private Ltd., Lanco Amarkantak Power Pvt. Ltd., Lanco Group Ltd., Lanco Green Power Private Limited and S R Power Engineering Services Pvt. Ltd. He is a Member of prominent Industry and Business Associations like Indian Institute of Engineers etc.

##### **Sri L. Madhusudhan Rao**

Sri L. Madhusudhan Rao (39) did his M.Tech. (Mech. Design) and M.S. (Indl.Engg.) in U.S.A. He worked in Meadours Products of Michigan, Wagganer Brighten Corporation, Exotic Rubber & Plastics in U.S.A. He is the Chairman of Lanco Group of Companies. He is on the Board of Directors of Lanco Industries Ltd., Lanco Kondapalli Power Pvt. Ltd., Lanco Infratech Ltd., Clarion Power Corporation Ltd., Rithwik Energy Systems Ltd., Lanco Projects Ltd., Lanco Group Ltd., Lanco Energy Private Ltd., Lanco Electric Utility Ltd., Lanco Net Ltd., Lanco Green Power Pvt. Ltd., Lanco Amarkantak Power Pvt. Ltd., Aban Power Company Ltd., Dharmashala Hydro Power Pvt. Ltd., Parvat Hydro Power Pvt. Ltd., Chamba Hydro Power Pvt. Ltd., Chatari Hydro Power Pvt. Ltd., Jubilee Hydro Power Pvt. Ltd., Occidental Power Pvt. Ltd., Pragdisa Power Pvt. Ltd., He is a Member of prominent Industry and Business Associations.

##### **Sri Nagarjun Valluripalli**

As the information by way of the brief resume and nature of expertise in specific functional areas has already been furnished in the statement of information annexed to the Item-7 of explanatory statement, to avoid duplication, the balance information, pertaining to Directorships / Memberships of Committees, is furnished hereunder.

He is on the Board of Directors of Reflexis Inc (Boston, MA, U.S.A), Arjun Software and Securities Pvt. Ltd., Maybull Infotech Pvt. Ltd., and HUL Power Pvt. Ltd.

By Order of the Board  
For Lanco Global Systems Limited

**C. KRISHNAKUMAR**  
**COMPANY SECRETARY.**

**Place :** Hyderabad.  
**Date :** 29.07.2005.

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### DIRECTORS' REPORT

To  
The Members,

Your Directors have pleasure in presenting the Sixth Annual Report on the business and operations of the Company together with the Audited Accounts for the year ended 31<sup>st</sup> March 2005.

(Rupees in lakhs)

FINANCIAL RESULTS	2004-2005	2003-2004
Income from Operations	611.25	287.73
Other Income	2.09	5.43
Gross Profit before Interest, Depreciation & Tax	115.36	79.01
<b>Less:</b> Interest	1.26	6.92
Depreciation	55.08	51.34
Provision for Tax	0.29	1.36
Profit after Tax	58.73	19.39
<b>Add:</b>		
Provision for Deferred Tax Asset	5.92	2.11
Profit after Deferred Tax	64.66	21.50
Balance Brought forward	85.57	64.07
Profit Carried to Balance Sheet	150.23	85.57

During the current year, the Company has generated total revenue of Rs.613.33 Lakhs as against Rs.293.17 Lakhs in the previous year. The profit after deferred tax during the current year is Rs.64.66 Lakhs as against Rs.21.50 Lakhs in the previous year.

### DEVELOPMENTS DURING THE YEAR

During the year, the Company opened a Branch in Atlanta, State of Georgia, United States of America for expansion of the Company's business in the United States of America.

### DIRECTORS

In accordance with the provisions of Companies Act, 1956 and the Articles of Association of the Company, Sri Y. Harish Chandra Prasad, Director retires by rotation and being eligible, offers himself for re-appointment.

Sri Nagarjun Valluripalli joined the Company as Director & C.E.O with effect from 27<sup>th</sup> June, 2005.

Sri L. Madhusudhan Rao resigned to the position of Wholetime Director with effect from 27<sup>th</sup> June, 2005. The Board of Directors places on record its appreciation of the contribution made by Sri L. Madhusudhan Rao during his tenure as Wholetime Director.

Sri Suresh Chukkapalli and Dr. Kilaru Hanumantha Rao, Directors, retiring by rotation, have conveyed their decision to retire, and therefore, are not seeking reappointment.

The Board of Directors places on record its appreciation of the contribution made by Sri Suresh Chukkapalli and Dr. Kilaru Hanumantha Rao, during their tenure as Directors of the Company.

### DEPOSITS

The Company has not accepted deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with Companies (Acceptance of the Deposits) Rules, 1975 during the year under review.

### AUDITORS

M/s. P. Murali & Co., Chartered Accountants, Auditors of the Company will retire at the conclusion of the Annual General Meeting and are eligible for re-appointment. They have conveyed their willingness to accept re-appointment and confirmed their eligibility under Section 224(1-B) of the Companies Act, 1956.

### PARTICULARS REGARDING CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information pursuant to Section 217(1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988, are as follows:

### CONSERVATION OF ENERGY

The Company uses electric energy for its equipment such as computer terminals, air conditioners, lighting and utilities in the work premises. As an ongoing process, the following measures are undertaken to conserve energy:

- Implementation of viable energy audit proposals.
- Installation of automatic power factor controllers to save maximum demand charges and energy.
- Training front-end operational persons on the opportunities and importance of energy conservation.





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- Automation of air conditioners is taken up in all locations.
- Precision temperature controllers are installed in all locations.
- Awareness and training sessions for maintenance personnel were conducted by experts.
- Ergonomic design of Office is made to ensure maximum use of natural resource of sunlight to keep expenses low.
- Optimum usage of air-conditioning equipment is made within the office space.
- Efforts will be made to provide for intelligent lighting, automatic lighting system based on sensors for optimum use of power.

### RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The Company's Research & Development investment would primarily focus on Solutions Research and Vertical Focus Research.

Solutions Research would identify new ideas which would enable business process improvement for customers and would be aligned with the business strategy and growth opportunities of the organization.

Vertical Focus would primarily deal with building Centers of Excellence (CoE) around verticals such as financial services, energy, retail and process / discrete manufacturing. The Company would also setup Research & Development facilities around tools such as Pacer Frame-work and building testing competencies.

The Company plans to be a player in niche technologies and lays emphasis in staying current in the new technologies. A significant budget would be set aside for building competencies in the new technologies and also building solutions in the migration space, particularly in the open source solutions.

### FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign Exchange Earnings	: Rs.486.93 Lakhs
Foreign Exchange outgo	: Rs.2.35 Lakhs

### PARTICULARS OF EMPLOYEES

The information required to be published under the provisions of Section 217(2A) of the Companies Act,

1956 read with Companies (Particulars of Employees) Rules, 1975 as amended is **NIL**.

### REPORT ON CORPORATE GOVERNANCE

Corporate Governance report is set out as Annexure to this Report.

### DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors hereby confirm:

1. that in preparation of annual accounts containing financial statements for the year ended 31<sup>st</sup> March, 2005 the applicable accounting standards have been followed.
2. that the accounting policies are consistently followed and your Directors have applied them to give a true and fair view of the state of affairs of the Company and the profit/loss for that period.
3. that 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.
4. the annual accounts have been prepared on a going concern basis.

### RECENT DEVELOPMENTS

The proposal for Merger of Lanco Global Systems Inc, U.S.A with Lanco Global Systems Limited, India is being pursued, subject to all legal and other formalities, procedures, approvals etc.,

### ACKNOWLEDGEMENTS

Your Directors would like to express their grateful appreciation for the assistance and cooperation received from the Banks, the Government Authorities and Shareholders during the year under review. Your Directors wish to place on record their sense of appreciation for the sincere services of all employees of the Company.

### FOR AND ON BEHALF OF THE BOARD

L. MADHUSUDHAN RAO  
CHAIRMAN

NAGARJUN VALLURIPALLI  
DIRECTOR & C.E.O.

Place : Hyderabad,  
Date : 29.07.2005.



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### REPORT ON CORPORATE GOVERNANCE

#### I. MANDATORY REQUIREMENTS

##### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The basic philosophy of corporate governance of the company is to achieve business excellence and enhance shareholder value keeping in view the interest of all stake-holders. The company stands by transparency in all its dealings and strict regulatory compliance.

##### 2. BOARD OF DIRECTORS

(i) The details of the Directors on the Board of the Company for the year 2004-2005 are given below:

Name	Category	Designation	Number of membership in Boards of other Public Companies	Only Chairmanship in Committees of Boards of Other Companies	Only Membership in Committees of Boards of Other Companies
Sri L. Madhusudhan Rao	Executive	Chairman & Whole-time Director	9	NIL	2
Sri Suresh Chukkapalli	Non-Executive Independent	Vice Chairman	4	NIL	NIL
Sri G. Bhaskara Rao	Non-Executive	Director	10	5	5
Sri Y. Harish Chandra Prasad	Non-Executive	Director	5	2	5
Sri M.N. Nambiar	Non-Executive Independent	Director	NIL	NIL	NIL
Sri V.K. Srinivasan	Non-Executive Independent	Director	NIL	NIL	NIL
Dr Prasada Rao VDM Ravella	Non-Executive Independent	Director	2	NIL	NIL
Dr Kilaru Hanumantha Rao	Non-Executive Independent	Director	NIL	NIL	NIL

**(II) Meetings & Attendance during the year**

5 Board Meetings were held during the year 2004-2005. The dates on which the Meetings were held are as follows:

29.04.2004, 29.07.2004, 15.10.2004, 31.01.2005 and 29.03.2005

The attendance of each Director at Board Meetings during the year 2004-2005 and the last A.G.M is given below:

Name	Number of Board Meetings attended	Attendance at the last A.G.M.
Sri L. Madhusudhan Rao	5	Yes
Sri Suresh Chukkapalli	5	Yes
Sri G. Bhaskara Rao	5	Yes
Sri Y. Harish Chandra Prasad	5	Yes
Sri M.N. Nambiar	3	Yes
Sri V.K. Srinivasan	5	Yes
Dr Prasada Rao VDM Ravella	NIL	No
Dr Kilaru Hanumantha Rao	NIL	Yes

Agenda papers along with detailed notes were circulated to the Directors in advance for each of these meetings. All relevant information, as recommended by the SEBI Committee on Corporate Governance as well as items required under Clause 49 of the Listing Agreement were placed before the Board from time to time.

None of the non-executive directors has any pecuniary or material relationship or transaction with the Company.

**3. AUDIT COMMITTEE****(i) Brief descriptions of terms of reference**

The Audit Committee consists of only Non-Executive Independent Directors and discharges all the responsibilities statutorily prescribed.

The functions of the Audit Committee include:-

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 their audit fee and also approval for repayment for any other services.

Reviewing with management the quarterly and annual financial statements before submission to the Board.

Reviewing the adequacy of Internal Control Systems and Internal Audit Reports, and their compliance thereof etc.