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**25<sup>th</sup> Annual Report**

2008-2009

**CALS REFINERIES LIMITED**

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**BOARD OF DIRECTORS**

MR.M.S.RAMACHANDRAN  
MR.RAVI CHILUKURI  
MR.RAMESH BHOSALE  
MR.SARVESH GOORHA  
MR.B.SRINIVASA RAO  
MR.DEEP KUMAR RASTOGI  
MR.MANABENDRA GUHA ROY

**VICE PRESIDENT (LEGAL) & COMPANY SECRETARY**

MR.S.K.JAIN

**BANKERS**

AXIS BANK LIMITED

**CORPORATE OFFICE**

326 UDYOG VIHAR PHASE IV, GURGAON – 122 015, HARYANA

**REGISTERED OFFICE**

21 BASANT LOK COMPLEX, VASANT VIHAR, NEW DELHI – 110 057

**REGISTRAR & SHARE TRANSFER AGENTS**

MCS LIMITED  
F-65 OKHLA INDUSTRIAL AREA PHASE I,  
NEW DELHI 110 020

**LISTING OF SECURITIES**

THE BOMBAY STOCK EXCHANGE  
PHIROZE JEEJEEBHOY TOWERS  
25TH FLOOR, DALAL STREET,  
MUMBAI - 400 001

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NOTICE IS HEREBY GIVEN that the 25<sup>th</sup> Annual General Meeting of Cals Refineries Limited will be held on Wednesday, the 16<sup>th</sup> September 2009 at 10.30 a.m. at Executive Club, Dolly Farms & Resorts 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110 074 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the audited Balance Sheet as on 31<sup>st</sup> March 2009 and the Profit and Loss account for the year ended on that date together with the reports of Directors' and Auditors' thereon.
2. To reappoint Mr. Ravi Chilukuri who retires by rotation and being eligible offers himself for reappointment.
3. To reappoint Mr. Manabendra Guha Roy who retires by rotation and being eligible offers himself for reappointment
4. To reappoint auditors and fix their remuneration.

**SPECIAL BUSINESS**

5. 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, *inter alia*, of Section 257 & other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof for the time being in force), Mr. Ramesh Bhosale be and is hereby appointed Director of the Company liable to retire by rotation."

6. 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, *inter alia* of Section 198, 269 and 309 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory (modification(s) or re-enactment thereof for the time being in force) and subject to the approvals of the Central Government and financial institutions, if required, and such other approvals as may be necessary, the approval of the Company be and is hereby accorded to the appointment of Mr. Ramesh Bhosale as Whole Time Director designated as Chief Finance Officer of the Company for a period of 5 years with effect from 1st February 2009 and be paid remuneration in the manner and to the extent set out: -

- A. Salary Rs. 300,000/- per month.
- B. In addition to salary, Mr. Ramesh Bhosale, Whole Time Director will be entitled to perquisites and allowances like furnished

residential accommodation or house rent allowance in lieu thereof, club fees, premium on personal accident insurance and such other perquisites and allowances as decided by the Remuneration Committee of the Board of Directors subject to the monetary value of the such perquisites and allowances being limited to Rs. 500,000/- per month.

- C. Mr. Ramesh Bhosale, Whole Time Director will be eligible to the following perquisites, which shall not be included in the computation of aforesaid ceiling on remuneration: -

1. Contribution to provident fund @ 12% on basic salary;
2. Gratuity payable at the rate of half-a-month's salary for each completed year of service; and
3. Encashment of leave at the end of the tenure.
4. Fringe Benefit Tax, if any, on perquisites and allowances as mentioned above.

- D. The Company shall also provide a car with driver to Mr. Ramesh Bhosale, Whole Time Director for Company's business and also telephone at his residence. Personal long distance calls on telephone shall be billed by the Company to Mr. Ramesh Bhosale. The value of these perquisite will be determined in accordance to the Income Tax Rules, 1962 and/or guidelines issued thereunder.

In the event of absence or inadequacy of profits, Mr. Ramesh Bhosale, Whole Time Director shall be paid remuneration, perquisites and benefits as stated above, subject to approval of the Central Government, if and to the extent necessary."

By Order of the Board of Directors

Gurgaon

28<sup>th</sup> July 2009

**(S.K. Jain)**

Vice President (Legal) & Company Secretary

**NOTES**

1. A member entitled to attend and vote at this Annual General Meeting may appoint a proxy to attend and vote on a poll on his behalf. A proxy need not be a Member of the Company. Proxies in order to be effective must be received at the Registered Office of the Company at 21 Basant Lok Complex, Vasant Vihar, New Delhi - 110 057 not less 48 hours before this Annual General Meeting.
2. The Register of Member and Share Transfer Books of the Company will remain closed from Wednesday,

9<sup>th</sup> September 2009 to Wednesday 16<sup>th</sup> September 2009 (both days inclusive).

3. The members are requested to:
  - a. bring their copy of Annual Report at the Annual General Meeting.
  - b. (I) In case shares are held in physical form: notify immediately the change of address, if any, to the Company at 21 Basant Lok Complex, Vasant Vihar, New Delhi - 110 057 or to the Registrar and Share Transfer Agent of the Company, MCS Limited, F 65, 1<sup>st</sup> Floor, Okhla Industrial Area Phase I, New Delhi-110 020 quoting their folio number.
  - (II) In case shares are held in dematerialised form: notify to their depository participants, change/ correction in their address/bank account particulars etc. as the Company uses the information provided by Depositories in respect of shares held in dematerialized form.
  - c. Send, in case of those members who have multiple accounts in identical names or joints names in same order, all the share certificates to the Registrar and Share Transfer Agent of the Company, MCS Limited at the aforesaid address for consolidation of all such shareholdings into one account to facilitate better service.
4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
5. All the documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company between 11.00 a.m. to 1.00 p.m. on all the working days except Saturday up-to the date of the Annual General meeting.

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

##### **Item No. 5**

The Board of Directors of the Company (the Board), had, at its meeting held on 23<sup>rd</sup> January 2009 appointed, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Article 85 of the Articles of Association of the Company, Mr. Ramesh Bhosale as the Additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. Ramesh Bhosale would hold office upto the date of this Annual General Meeting.

The Company has received a notice in writing from member alongwith a deposit of Rs. 500/- each, proposing the candidatures of Mr. Ramesh Bhosale for the office of Director of the Company, under the provisions of Section 257 of the Act.

Brief resume of Mr. Ramesh Bhosale, nature of his expertise in specific functional areas and names of companies in which he holds directorship and membership/chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are provided in Report on Corporate Governance forming part of the Annual Report.

The Board of Directors accordingly recommends the resolution set out at Item No. 4 of the accompanying Notice for the approval of the Members.

Mr. Ramesh Bhosale may be deemed to be concerned or interested in the resolution.

##### **Item No. 6**

Mr. Ramesh Bhosale has over 25 years of experience in the field of Costing, Finance, Accounts, MIS, Merger & Acquisition and Project Finance. He has worked with numerous multinationals such as Johnson & Johnson, ISPAT Group and many others. Mr. Bhosale has been an Executive Director - Finance for a fully integrated steel plant with a capacity of about 2 million tons per annum. He has, further, played a major role in acquisitions of plants in different parts of the world. Apart from this, Mr. Bhosale has also been an integral part of joint ventures with a number of the worlds' leading companies in the areas of mining, power and entertainment. He has been involved in identifying opportunities and choosing or recommending potential acquisitions. He has also essayed the role of CFO for a government company at the age of 31. He has also been a company representative on various committees of Industrial Associations such as IMC, CII, etc. He is a qualified Cost Accountant (AICWA) and M. Com from Mumbai University.

The Remuneration Committee and the Board of Directors respectively at their meetings held on 23<sup>rd</sup> January 2009 have appointed Mr. Bhosale, as the Whole Time Director designated as Chief Finance Officer for a period of 5 years effective 1<sup>st</sup> February 2009. The Remuneration Committee having considered the qualifications, extensive experience in management and allied field and the work and responsibilities involved and also the amount being paid to managerial person occupying similar position in other comparable companies, fixed salary at Rs. 300,000/- per month (Rs. 3,600,000/- per annum) with effect from 1<sup>st</sup> February 2009 besides the other perquisites and allowances subject to Rs. 500,000/- per month (Rs. 6,000,000/- per annum).

The remuneration payable to Mr. Ramesh Bhosale shall be subject to Section 198, 269 and 309 of the Companies Act, 1956 and the approvals of the members of the Company and financial institutions, if required and Central Government since it exceeds the ceiling prescribed in Schedule XIII to the Companies Act, 1956. Mr. Bhosale does not hold any other directorship in other Company.

The Board of Directors accordingly recommends the resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

None of the directors except Mr. Ramesh Bhosale is, in any way, concerned or interested in the resolution.

By Order of the Board of Directors

Gurgaon

(S.K. Jain)

28<sup>th</sup> July 2009

Vice President (Legal) & Company Secretary

**NOTES ON DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT AS REQUIRED UNDER CLAUSE 49VI(A) OF THE LISTING AGREEMENT ENTERED INTO WITH THE STOCK EXCHANGES**

At the ensuing Annual General Meeting, Mr. Ravi Chilukuri and Mr. Manabendra Guharoy retire by rotation and being eligible, offer themselves for reappointment and Mr. Ramesh Bhosale is appointed Director of the Company.

**Mr. Ravi Chilukuri** - Mr. Ravi Chilukuri, joined Spice Energy after having worked with one of the worlds leading Management Consultancy organisation, bringing on board several years of experience in the Oil & Gas sector both with Upstream Majors and Downstream companies like Shell and BP. After his Masters degree, he joined Arthur Andersen where he qualified as an Accountant, and then went on to spend 14 years with a Management Consultancy organisation, leading large projects and delivering high quality solutions to his clients. He left the organisation as a Partner to join Spice Energy where he

aims to nurture the company into a world-class organisation. Other Directorship-Spice Energy Private Limited.

**Mr. Manabendra Guharoy** has over 39 years of experience in executing projects in the Oil and Gas industry. Prior to joining Spice Energy, he was the Project In-charge for the 60,000 BBLPD Ras Issa Refinery in Yemen. Previously he was the Vice-President of the Essar Group for over 16 years. Over the years he has held several important positions of management in the refining and petrochemicals sector, including: Ras Issa Refinery (JV between Hood Oil Ltd., Yemen and Reliance Industries Ltd., India), Project In-charge Essar Group, Vice President - His responsibilities included selection of process technologies, selection of contractors and suppliers, co-ordination with engineers Paradeep Phosphates Ltd., Project Indian Fertilizer Co-operative Ltd., Senior Engineer Hindustan Copper Ltd., Assistant Engineer Bird & Co., Engineer. He does not hold any other directorship.

**Mr. Ramesh Bhosale** has over 25 years of experience in the field of Costing, Finance, Accounts, MIS, Merger & Acquisition and Project Finance. He has worked with numerous multinationals such as Johnson & Johnson, ISPAT Group and many others. Mr. Bhosale has been an executive Director - Finance for a fully integrated steel plant with a capacity of about 2 million tons per annum. He has, further, played a major role in acquisitions of plants in different parts of the world. Apart from this, Mr. Bhosale has also been an integral part of joint ventures with a number of the worlds' leading companies in the areas of mining, power and entertainment. He has been involved in identifying opportunities and choosing or recommending potential acquisitions. He has also essayed the role of CFO for a government company at the age of 31. He has also been a company representative on various committees of Industrial associations such as IMC, CII, etc. He is a qualified Cost Accountant (AICWA) and M. Com from Mumbai University. He does not hold any other directorship.

The Twenty Fifth Annual Report together with the Audited Statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2009 is being submitted.

## FINANCIAL RESULTS

	(Rs. in lakhs)	
Particulars	2008-2009	2007-2008
Sales and other Income	2.69	30.15
Profit/(Loss) before Depreciation, Interest, Prior Period	-1.41	3.44
Less: Interest	-	-
Less: Depreciation	0.48	2.42
Less: Prior Period Expenses	0.31	2.20
Profit/(Loss) before Tax	(2.20)	(8.06)
Income Tax	0.01	0.08
Liabilities Written Back Net	-	77.05
Profit/(Loss) after Income Tax	(2.21)	68.91
Balance carried forward from previous year	(672.46)	(741.37)
Net Profit/(Loss) transferred to Balance Sheet	(674.67)	(672.46)
EPS (In Rs.)	0.00	0.03

## DIVIDEND

As the Company is in the process of implementing the refinery project, your directors have not recommended any dividend.

## PROGRESS OF THE PROJECT

The Company has made considerable progress in implementation of 5 MMTPA refinery project at Haldia, West Bengal. The Company has taken possession of 400 acre of land from HDA and started preliminary site work such as land filling and boundary wall construction. Your Company is happy to inform you that Special incentive package has been received from West Bengal Government as applicable to mega projects. Such incentives shall also be available for future expansion of refinery capacity. Ministry of Environment and Forests (MOEF) has approved Terms of Reference (TOR) and public hearing condition was waived as project site is located in industrial zone. Several interactive presentations have been completed and all required information submitted and final approval from MOEF is expected shortly.

The Company had signed agreement with British Petroleum (BP) for supply of crude and off-take of part of diesel & gasoline. The Company has also signed an MOU with Bharat Petroleum Corporation Limited (BPCL) for off-take of all balance products. A confirmation has been received from Haldia Dock Complex for handling 8.5 MMPTA of crude and petroleum products also permission of right of way for laying of crude and product pipelines in port area.

Major contracts awarded to companies for ISBL & OSBL engineering and PMC works. Front End Engineering Document (FEED) has been prepared and based on this

refinery configuration and layout has been finalised. Refinery units being relocated have been started decommissioning during August/September 2008 and cleaning work is in progress as per local & international procedures. The units including plant & machinery have been inspected by international engineering company for health check up. Internationally renowned inspection agencies have assessed and certified more than 20 years of useful residual life for all units, which are being relocated.

## DIRECTORS

Mr. Ravi Chilukuri and Mr. Manabendra Guha Roy retire by rotation as required under the Companies Act, 1956 and being eligible, offers themselves for reappointment.

Mr. Ramesh Bhosale was co-opted as the Additional Director on the Board of the Company with effect from January 23, 2009 and holds office as such upto the ensuing Annual General Meeting. Notice from a shareholder together with necessary deposit proposing his name as the Director has been received.

Mr. Ramesh Bhosale, Director was appointed Whole-Time Director, designated as Chief Finance Officer (CFO) by the Remuneration Committee and the Board of Directors in their meetings held on 23<sup>rd</sup> January 2009 for 5 years effective 1<sup>st</sup> February 2009.

Mr. D. Sundararajan resigned from the directorship of the Company and the Board placed on record its appreciation for the valuable services rendered by him during his tenure on the Board.

## FIXED DEPOSITS

Company has not accepted any deposit under section 58A of the Companies Act, 1956, during the financial year under review.

## CORPORATE GOVERNANCE

The Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. A separate report on Corporate Governance is included as a part of the Annual Report along with the Auditors' Certificate on its compliance.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to the Directors' Responsibility Statement, the Directors confirm on the basis of information placed before them by the Management and Auditors: -

1. That in the preparation of the annual accounts for the Financial Year ended 31st March 2009 the applicable Accounting Standards have been followed;
2. That the Company has selected appropriate accounting policies and applied them consistently



and made judgment and estimates that were reasonable and prudent so as to give a true and fair state of the affairs of the Company at the end of the financial year and of the Profit and Loss of the Company for the year under review;

3. That the Company has 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; and
4. That the accounts of the Company for the financial year ended 31<sup>st</sup> March 2009 have been prepared on a going concern basis.

## CODE OF CONDUCT

The Code of Conduct, as adopted by the Board of Directors, is applicable to all Directors, senior management and employees of the Company. This Code is based on fundamental principles, viz. good corporate governance and good corporate citizenship. The Code covers Company's commitment to sustainable development, concern for occupational health, safety and environment, a gender friendly workplace, transparency and auditability and legal compliance.

## AUDITORS' REPORT

With regard to the qualification in the Auditors' Report read together with Annexures referred to in Paragraph 3 of the Auditors' Report, the explanation is as under:

Since the Company is setting up a refinery project, the indirect expenditure/income during construction period has been taken in the statement of Pre-operative Expenses, which forms part of Capital Work in Progress. The said statement includes Foreign Exchange Gain/ Loss of Rs. 9,024.25 lakhs, Corporate Expenses of Rs. 46.14 lakhs and Interest on statutory dues of Rs. 419.51 lakhs till March 31, 2009. At the time of allocation of Preoperative Expenses to the respective assets on commissioning of the project, above mentioned expenses/income shall not be capitalized. The above accounting treatment is in accordance with the clarification given by the Department of Company Affairs (Letter No. 2/17/64-PR, dated 29-1-1964).

The Company is renegotiating with Lohrmann International GmbH ('Lohrmann'), the supplier of plant and machinery and technical services contractor related to the project, for payment schedule as agreed vide agreement dated August 23, 2007 and February 27, 2008 respectively. The liability of Euro 66 million (Rs. 44,536.80 lakhs) towards the supply of plant and machinery and Euro 13 million (Rs. 8,772.40 lakhs) towards technical services, as stipulated in the agreements, has not been recognised in view of renegotiation of payment terms.

## AUDITORS

The Company's Auditors M/s. Walker, Chandiok & Co., Chartered Accountants, New Delhi and M/s. Arun K. Gupta & Associates, Chartered Accountants, New Delhi retire at

the forthcoming Annual General Meeting and are eligible for appointment. M/s. Walker, Chandiok & Co., Chartered Accountants, New Delhi and M/s. Arun K. Gupta & Associates, Chartered Accountants, New Delhi have submitted the certificate under Section 224(1B) of the Companies Act, 1956 confirming that their appointment as joint Statutory Auditors, if made, shall be in accordance with the said section.

## LISTING OF SECURITIES

Your Company's securities are currently listed with Bombay Stock Exchange. The Company has paid the listing fees to Bombay Stock Exchange for the financial year 2009-2010. The Company's Global Depository Receipts (GDRs) are listed at Luxembourg Stock Exchange. During the year, the securities of Company were delisted from Ahmedabad and Delhi Stock Exchanges.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The prescribed details as required 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 are not applicable to our type of Company.

## PARTICULARS OF THE EMPLOYEES

The particulars of the employees drawing the salary as prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 form part of this report.

As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the reports and accounts are being sent to all shareholders of the Company excluding the statement of particulars of the employees. Any shareholder interested in obtaining a copy may write to the Company Secretary of the Company.

## TECHNOLOGY ADOPTION AND ENERGY CONSERVATION

No technology transfer agreement was entered into during the year. Disclosure of particulars with respect to conservation of energy is not applicable to the company.

## FOREIGN EXCHANGE

The details of the foreign exchange earnings and out go during the year have been given in the schedules to the accounts.

## ACKNOWLEDGEMENT

The Directors have pleasure in recording their appreciation of the assistance extended to the Company by various officials of Central Government, State Government and participating Financial Institutions. The Directors would like to express their appreciation of the co-operation extended by the Company's bankers and employees.

For and on behalf of the Board

Gurgaon  
28<sup>th</sup> July 2009

(M.S. Ramachandaran)  
Chairman

To

**The Members of Cals Refineries Limited,**

We have examined the compliance of conditions of corporate governance by Cals Refineries Limited, for the year ended on 31<sup>st</sup> March 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with 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 the 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 the above mentioned 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 the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**RSM & CO.**

Company Secretaries

**(M.V. Srinivas)**

Partner

Membership No. 2771

Gurgaon

28<sup>th</sup> July 2009





In compliance with Clause 49 of the Listing Agreement with Stock Exchanges the Company submits the report on the matters mentioned in the said Clause and practice followed by the Company:

### 1. Company's Philosophy on Code of Governance

Your Company believes that good corporate governance practice ensures the attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all its interactions with its stakeholders, including shareholders, employees, the government and the lenders.

### 2. Board of Directors

The Board of Directors consists of 8 directors.

Composition and category of Directors is as follows:

Category	Name of the Directors
Promoter Director	Deep Kumar Rastogi
Non Executive and Independent Directors	M.S. Ramachandaran Sarvesh Goorha Ramesh Bhosale* Ravi Chilukuri Manabendra Guha Roy D. Sundararajan B. Srinivasa Rao

\* Appointed Director on 23<sup>rd</sup> January 2009

Mr. Ramesh Bhosale was appointed Chief Finance Officer of the Company.

Attendance of each Director at the Board meetings, last Annual General Meeting and Number of other Directorship and Chairmanship/Membership of Committee of each Director in various companies:

Name of The Director	Attendance Particulars		No. of other directorships And committee member/chairmanship		
	Board Meeting	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
Sarvesh Goorha	4	Yes	2	2	1
M.S. Ramachandaran	4	Yes	5	-	-
D. Sundararajan	4	Yes	10	6	-
Ramesh Bhosale*	1	-	-	-	-
Ravi Chilukuri	1	-	1	-	-
Manabendra Guha Roy	4	Yes	-	-	-
Deep Kumar Rastogi	4	Yes	13	2	1
B. Srinivasa Rao	3	Yes	1	1	1

\* Appointed director on 23<sup>rd</sup> January 2009

### Number of Board Meetings held and the dates on which held

4 Board Meetings were held during the year, the dates on which the meetings were held are as follows:

- 12th May 2008
- 29th July 2008
- 15th October 2008
- 23rd January 2009

### 3. Audit Committee

The terms of reference stipulated by the Board to the Audit Sub Committee are, as contained under Clause 49 of the Listing Agreement, as follows:

- a. To oversee financial reporting and disclosure process.
- b. To recommend the appointment and removal of statutory auditors and decide their remuneration.
- c. To review financial results and statements, before submission to the Board, focus primarily on-
  - Any change in accounting policies and practices.
  - Major accounting entries, based on exercise of judgement by the management.
  - Qualifications in the draft audit report.
  - Significant adjustments arising out of the audit.
  - Going Concern Assumption.
  - Compliance with Accounting Standards.
  - Compliance with Stock Exchange and legal requirements concerning financial statements.
  - Any related party transactions i.e. transactions of the Company of a material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with larger interests of the Company.
- d. to oversee adequacy of internal control systems.
- e. Reviewing adequacy of internal audit function, coverage and frequency of internal audit report.
- f. Discussion with internal auditors and concurrent auditors on any significant findings in their reports and follow up thereon.
- g. Discussion with external auditors before audit commences, as regards nature and scope of audit, as well as having post audit discussions to ascertain any areas of concern.
- h. Reviewing the Company's financial and risk management policies.

During the year, the Committee has met 4 times on 12<sup>th</sup> May 2008, 29<sup>th</sup> July 2008, 15<sup>th</sup> October 2008 and 23<sup>rd</sup> January 2009.

The Board of the Company has reconstituted an Audit Committee, comprising Mr. Deep Kumar Rastogi, Mr. B. Srinivasa Rao and Mr. D. Sundararajan which meets with the requirements under Section 292A of the Companies Act, 1956. Mr. B. Srinivasa Rao is the Chairman of Audit Committee.

#### **4. Remuneration Committee**

The Board has reconstituted the Remuneration Committee comprising of Mr. Sarvesh Goorha, Mr. Deep Kumar Rastogi and Mr. D. Sundararajan. The Committee met once on 23<sup>rd</sup> January 2009 to consider the appointment of Mr. Ramesh Bhosale, Whole Time Director as Chief Finance Officer. Mr. Deep Kumar Rastogi is the Chairman of Remuneration Committee.

##### **Details of remuneration paid to the Directors for the year**

The aggregate value of salary and perquisite for the year ended 31<sup>st</sup> March 2009 to Mr. Manabendra Guha Roy and Mr. Ramesh Bhosale, Whole Time Directors - Rs. 108.72 lacs. For detail, please refer Note No. 9 of Schedule 14 to Notes to Accounts of the Balance Sheet.

The Company pays sitting fees to all Non Executive Directors. The sitting fees paid for the year ended 31<sup>st</sup> March 2009 to the Directors are as follows: - Mr. M.S. Ramachandaran, Chairman, Rs. 80,000/-, Mr. Sarvesh Goorha, Director-Rs. 500,000/- and Mr. B. Srinivasa Rao, Director-Rs. 120,000/-.

Mr. Deep Kumar Rastogi, Mr. D. Sundararajan and Mr. Ravi Chilukuri have opted not to take the sitting fees for the Board Meeting/Committee Meetings.

#### **5. Share Transfer Cum Shareholders'/Investors' Grievance Committee**

The Board of the Company has reconstituted Share Transfer Cum Shareholders'/Investors' Grievance Committee, comprising of Mr. Sarvesh Goorha, Mr. Deep Kumar Rastogi and Mr. D. Sundararajan. The Committee, inter-alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfers.