

DENSO

**TWENTY SIXTH
ANNUAL REPORT
2010-2011**

DENSO INDIA LIMITED

DENSO INDIA PLANT(S)

AT TILPATTA



AT HARIDWAR



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BOARD OF DIRECTORS**MANAGING DIRECTOR**

Mr. Koji Shiga

DIRECTORS

Mr. A.C. Chakrabortti

Mr. J.S. Baijal

Mr. R.K. Bhatnagar

Mr. K. Sugita

(Alternate Director to Mr. H. Wakabayashi)

Mr. K. Asai

Mr. H. Wakabayashi

Mr. K. Arima

Mr. E. Seto

Mr. T. Nanko

(Alternate Director to Mr. E. Seto)

Mr. T. Aoyama

(Alternate Director to Mr. Koji Arima)

COMPANY SECRETARY

Mr. Lalit Prabhakar

(till 09.05.2011)

AUDITORS

Price Waterhouse

Chartered Accountants,

Gurgaon

REGISTERED OFFICE

B-1/D-4, Ground Floor,

Mohan Co-operative Industrial Estate

Mathura Road,

New Delhi-110044

Tel. No. : 26953994, 26952308

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WORKS

1. Noida-Dadri Road, P. O. Tilpatta,
Tehsil-Dadri, District Gautam Budh Nagar,
Uttar Pradesh- 203 207
2. Plot No. 16, Industrial Park-II
Salempur, Mehdood, Haridwar
Uttarakhand - 249402

DENSO

DIRECTORS' REPORT

Your Directors are pleased to present their Twenty Sixth Annual Report together with the audited statement of accounts for the financial year ended 31st March, 2011.

FINANCIAL RESULTS

| | For the Year Ended 31.03.11 Rs. 000 | For the Year Ended 31.03.10 Rs. 000 |
|--|---|---|
| Gross Sales | 1013,94,76 | 797,87,98 |
| Sales (Net of Excise) | 925,07,69 | 736,32,56 |
| Gross Profit (before depreciation and miscellaneous expenditure write-off) | 28,03,26 | 44,10,51 |
| Depreciation & Miscellaneous Expenditure written off | 22,93,43 | 15,92,57 |
| Profit for the year before Taxation | 5,09,83 | 28,17,94 |
| Tax Provision | 1,62,74 | 7,98,86 |
| Deferred Tax | 1,43,24 | 1,30,36 |
| Profit after Tax | 2,03,85 | 18,88,72 |

MANAGEMENT DISCUSSION AND ANALYSIS : OPERATIONS :

The year ended 31 March, 2011 witnessed a stable growth in the Auto Industry with an average growth of 33% in the Four wheeler and 27% in two wheeler segment. In conformity with this growth trajectory, the gross sales of the Company grew by 27% as compared to previous year. Despite this increase in sales, the Company's profit showed a sharp decline due to rising raw material cost & expenses, which was further aggravated by price reduction pressure on sales. To add to the problem, the company had to resort to importation of raw materials and components at high cost to meet the upsurge in demand which had an adverse impact on profitability. The Company also had to resort to use funds raised on short term basis for long term investment purpose of quickly upgrading the machines to meet the upsurge in demand.

In order to meet the challenges, the management has initiated various steps, as outlined hereunder, for bringing improvement during the current year.

1. Enhancement of capacity.
2. Indigenization of productions.
3. Cost reduction process.
4. Reducing the level of inventory
5. Meet the customer requirements to boost the Company Growth.

It is expected that once the above measures have been implemented, the Company, barring unforeseen

circumstances, will return back to its position of higher profitability in line with that of the earlier years.

FACTORY AT HARIDWAR

The Company's factory at Haridwar catering to the two wheeler major – Hero Honda Motors Limited has been completed and is fully operational and has reached to break even. The Company is supplying to the requirements of its major customer – Hero Honda which is witnessing positive growth and also to avail tax incentives being offered by the government of Uttarakhand.

DIVIDEND :

Due to inadequacy of profit, no dividend is recommended for the year ended 31st March, 2011.

FUTURE OUTLOOK :

Opportunities and Threats:

The last quarter of the financial year ended 31 March, 2011 saw robust sales of the OEMs. The market leader Maruti Suzuki in the Four Wheeler segment and Hero Honda in the Two Wheeler segment recorded impressive growth and the Indian economy is on the rebound with the auto industry leading the way. The demand for the Two wheelers and the Four Wheelers is expected to grow significantly as compared to previous year. In order to cater to enhanced demand, the Company is in the process of enhancing its production capacities.

All the major international auto players have already established their production facilities in the country and are looking at the Indian auto industry to propel them to grow by introduction of new models which are being introduced into the market. All the auto manufacturers are emphasizing on the low cost production facilities for survival in the highly competitive and complex Indian auto market. Your Company is also developing its strategies to cater to the needs of the original equipments manufacturers who are introducing new models every year.

As all the major auto players are looking at the Indian auto market, the competition among the OEMs shall intensify which shall also put the prices of the products of the Company under pressure. In order to off set this, the Company is pursuing active plans for cost reduction, higher productivity, lower rejection, quality improvement etc. so that the company continues to operate on a viable and profitable lines in the long term.

Any adverse change in the Government policy is likely to have its own effect.

Cautionary Note :

Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Directors'

envisage in terms of the future performance and outlook.

Segment wise Performance:

The Company's operating business is organized and managed according to the nature of product, with single Primary Reportable Segment comprising of manufacturing and supply of electrical automotive components.

Internal Control Systems:

The Company maintains a system of internal control, including suitable monitoring procedures. The Internal Auditors regularly conducts a review of the financial and operating controls.

Human Resources:

The Company continued to have cordial and harmonious relations with its employees.

FIXED DEPOSITS:

The Company has not invited or availed Fixed Deposits from the public during the year under review.

AUDIT COMMITTEE :

During the year the Audit Committee Meetings were conducted as per the provisions of listing agreement with the Stock Exchange(s). The details about the functioning of the committee are being enumerated in the Corporate Governance report section which is part of the Annual Report for the year ending March 31, 2011.

AUDITORS:

M/s Price Waterhouse, Chartered Accountants retire as Auditors at forthcoming Annual General Meeting and are eligible to be reappointed as Auditors. Observations made in the Auditors' Report read with Notes to Accounts and Directors' Report are self explanatory and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

DIRECTORS:

There were no changes in the composition of the Board of Directors of the Company during the financial year 2010-11.

PARTICULARS OF CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO.

The Statement pursuant to 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 the Annexure forming part of this Report.

PERSONNEL

None of the employees of the Company are covered under Section 217(2-A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended to date.

Directors Responsibility Statement as per Section 217(2AA) of the Companies Act, 1956.

1. The Financial Statement for the year ended 31.03.2011 are prepared to comply in all material aspects with all the applicable accounting principles in India, the applicable accounting standards notified under section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956.
2. The Directors of Denso India Ltd. accept the responsibility for the integrity and objective of these Financial Statement as reflected through the consistent application of the Accounting Policies as well as for the estimates made and the judgment exercised relating to matters not concluded by year-end.
3. The Directors believe that the Financial Statements reflect fairly the form and substance of the transactions concluded and reasonably present the Company's financial condition and true and fair view of the results of the operation for the year and the state of affairs of the business as at 31st March, 2011.
4. The Company has installed an accounting system and the financial statements have been prepared on a going concern basis along with a system of controls which are reviewed, evaluated and updated on an on going basis.
5. Our internal Auditors have conducted periodic audits to provide reasonable assurance that the established policies and the procedures of the Company have been followed for safeguarding the assets of the Company and for preventing any form of fraud and other irregularities subject to the inherent limitations in any system and procedure and coverage thereof that should be recognized in weighing the assurance provided by any system of internal controls. These have been reviewed periodically at Audit Committee Meetings.
6. The financial statements have been audited by M/s Price Waterhouse, Chartered Accountants, the statutory auditors.

ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the customers, vendors, shareholders, the bankers, the Central and State Governments and other agencies for their continued support, co-operation and contribution during the year under review. Your Directors place on record their deep appreciation of the management of Denso Corporation, Japan, Sumitomo Corporation, Japan and ASMO Co. Ltd., Japan and Maruti Suzuki India Limited, Denso International India Pvt Ltd for their assistance and support during the year. Your Directors wish to place on record their appreciation of the contribution made by the employees at all levels.

For and on behalf of the Board

| | | |
|---------------------|-----------|-------------------|
| Place : New Delhi | K. Sugita | Koji Shiga |
| Date : May 30, 2011 | Director | Managing Director |

ANNEXURE TO DIRECTORS' REPORT

INFORMATION REQUIRED UNDER 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.

A. CONSERVATION OF ENERGY

Form A of Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 – Not Applicable.

B. TECHNOLOGY ABSORPTION

The Company has obtained technical know how for the manufacture of auto components from Denso Corporation, Japan. The process of absorption of the technology is a continuing process.

No expenditure either of Capital or Revenue nature on Research & Development has been incurred during the year under review.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

Efforts made : New models are being developed to help in further localisation by vehicle makers.

Benefits derived: In-house skills are being developed in design, production engineering and endurance testing. Extensive help is also being provided to vendors to upgrade their technology to meet quality requirements.

a) Technology imported: Import of technology for the manufacture of auto electricals

b) Year of import:

| <u>Product</u> | <u>Year</u> |
|---------------------------------------|-------------|
| Alternators | 1984 |
| Regulators | -do- |
| Starters | -do- |
| Wiper Motors (with Link) | -do- |
| AC Generators / Flywheel Magnetos | 1988 |
| Ignition coils for two/three wheelers | -do- |
| CDI Systems for two/three wheelers | -do- |
| Fan Motor Assembly for Ventilation/ | -do- |
| Engine Cooling | -do- |

The technologies imported as above are also upgraded by regular updation based on the new technology and requirement of the customers by its suppliers as on date on regular basis.

c) Has technology been fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.

Wherever practicable technology absorbed to the maximum, however for new products the new technology is being used and absorbed on a continuous basis by localization process.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company is pursuing its export plans. The exports of the products of the Company have been made to affiliates of Denso Companies around the world.

The Company has identified exports as one of the major areas of growth. However, the global recession has effected the export plans of the Company. However, in the near future, the Company expects to re-focus on this area as and when global demand picks up.

| | <u>Rs. Lacs</u> |
|--|-----------------|
| EARNINGS [On exports of Goods] | 501 |
| OUTGO [(F.O.B.) On Accrual Basis]: | |
| - Raw Materials & components (including Trading Goods) | 34357 |
| - Stores & Spares | 495 |
| - Capital Goods | 4062 |
| - OUTGO [On Cash Basis, Net of Taxes]: | |
| - Royalty | 1541 |
| - Technical Service Fees and Application cost | 1466 |
| - Travelling, Training & Others | 103 |
| Total | 42024 |

We are one of the major suppliers in our range of products to Maruti Suzuki India Limited for majority of their export designated vehicles.

Corporate Governance Report :

The Directors are pleased to present Tenth Corporate Governance Report for the financial year 2010-2011. The Securities and Exchange Board of India (SEBI) introduced the Code of Corporate Governance for implementation by the listed Companies vide an amendment to the Listing Agreement.

Corporate Governance relates to number of laws, rules, regulations and voluntary practices to enable companies to have good and efficient financial and human capital, perform to the best of the efficiency resulting in maximization of the long term value in the hands of shareholders at the same time respecting the aspect of multiple stake holders which include the society as well.

1. Company's Philosophy on "Code of Corporate Governance"

The Company is committed to achieve highest international standards of Corporate Governance and it is a matter of integral system for our Company. We believe that Corporate Governance is dependent on transparency, maximum disclosures, un-biased monitoring, being fair to all shareholders especially minority shareholders. To ensure a good Corporate Governance, we have a good professional management team and our Board of Directors consist of Professional, Non-Executive, and Independent Directors who effectively monitor the management progress and key corporate decisions.

2. Board of Directors

As per the requirements of Corporate Governance, the composition of Board of Directors is required to have optimum combination of Non-Executive and Independent Directors along with the Executive Directors.

The Board of Directors of the Company include eminent personalities from all walks of life.

(a) Composition of Board of Directors

As of March 31, 2011, the Company's Board of Directors consisted of eight Directors. The Board comprised of one Executive Director, four Non-Executive Directors, and three Independent and Non- Executive Directors. As one third of the Board consists of Independent Directors, the composition of the Board is in accordance with Clause 49.

The Chairman of the Board is Mr. J.S Baijal, an Independent Non-Executive Director thereby complying with the provisions of the Code of Corporate Governance.

Details of the composition of Board and number of other companies in which Director is a Director or Member /Chairperson of the Committee is as hereunder:

| | Name of Director | Number of outside Directorships held | Number of Committee Memberships and Chairmanships held (other Companies) |
|---|--|---|--|
| | | (excluding Indian Private Limited Companies, Foreign Companies, section 25 Companies and Alternate Directorships) | |
| (A) Executive and Non-Independent Directors: | | | |
| (1) | Mr. Koji Shiga* | 0 | 0 |
| (2) | Mr. K. Sugita (Alternate Director to Mr. H. Wakabayashi) | 0 | 0 |
| (3) | Mr. Takashi Aoyama (Alternate Director to Mr. Koji Arima) | 0 | 0 |
| (B) Non-Executive and Independent Directors | | | |
| (1) | Mr. J.S. Baijal | 2 | 4 |
| (2) | Mr. R.K. Bhatnagar | 0 | 0 |
| (3) | Mr. A.C. Chakrabortti | 12 | 7 (Chairman in 3) |
| (C) Non-Executive and Non-Independent Directors | | | |
| (1) | Mr. Koji Arima* | 0 | 0 |
| (2) | Mr. Hiroyuki Wakabayashi* | 0 | 0 |
| (3) | Mr. Keiichi Asai# | 2 | 0 |
| (4) | Mr. Eichi Seto ## | 1 | 0 |
| (5) | Mr. Taro Nanko (Alternate Director to Mr. Eichi Seto) | 1 | 0 |

* Nominee of Denso Corporation, Japan which owns 47.93% of equity in the Company.

Nominee of the Maruti Suzuki India Limited, which owns 10.27% equity of the Company.

Nominee of the Sumitomo Corporation, which owns 10.27% equity in the Company.

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None of the Directors on the Board holds the office of Director in more than 15 Companies nor are they members in Committee of the Board in more than 10 Committees or Chairman of more than 5 Committees. Further, there are no pecuniary relationships or transactions between the Independent Directors and the Company, except for the sitting fees drawn by the Independent Directors for attending the meetings of the Board and Committees thereof.

(b) Shareholding of Non-Executive Directors

None of the Non-Executive (Including Independent) Directors holds any shares (as own or on behalf of other persons on beneficial basis) in the Company.

(c) Board Meetings

During the financial year ended 31st March, 2011, Seven meetings of Board of Directors were held. The intervening period between two Board Meetings was well within the maximum time gaps of four months as prescribed under Corporate Governance Norms. The dates on which the said meetings were held are 28th May, 2010; 30th July, 2010; 31st August, 2010; 28th October, 2010; 17th January, 2011, 31st January, 2011 and (adjourned to 10th February, 2011), and 28th March, 2011.

(d) Procedures of Board Meetings

The Board of Directors met for seven times during the year as mentioned in the paragraph 2(c) above. The agenda papers were sent to all the Directors well in advance for each meeting and the management presented before the Board all statutory and other important items as recommended by the SEBI Committee. In addition to regular business items, the following items / information are regularly placed before the Board to the extent applicable:

- Annual operational plans and budgets
- Minutes of meetings of the Audit Committee and other Committee's meetings of Board
- Materially important show cause, demands and notices
- Details of quarterly foreign exchange exposures and steps taken by the management to limit the risk of adverse exchange rate movement
- Quarterly Statutory Compliance Report

- Matters related to work force
- Worker productivity report
- Quarterly and Half yearly results of the Company
- Share prices and shareholding pattern of the Company
- Current operation(s) of the Company
- Significant developments in Human Resources/Industrial Relations front like signing of wage agreement.

(e) Directors' Attendance Record

| Name of Director | Number of Board Meetings held during his tenure | Number of Board Meetings attended | Attended last AGM held on 31 st August, 2010 |
|---|---|-----------------------------------|---|
| Mr. Koji Shiga | 7 | 7 | Yes |
| Mr. Takashi Aoyama (Alternate Director to Mr. K. Arima) | 7 | 1 | No |
| Mr. Kazuyasu Sugita (Alternate Director to Mr. H. Wakabayashi) | 7 | 7 | Yes |
| Mr. J.S. Bajjal | 7 | 7 | Yes |
| Mr. R.K. Bhatnagar | 7 | 7 | Yes |
| Mr. A.C. Chakrabortti | 7 | 7 | Yes |
| Mr. Koji Arima | 7 | 0 | No |
| Mr. Taro Nanko (Alternate Director to Mr. E. Seto) | 7 | 6 | Yes |
| Mr. Eichi Seto | 7 | 0 | No |
| Mr. Hiroyuki Wakabayashi | 7 | 0 | No |
| Mr. Keiichi Asai | 7 | 0 | Yes |

3. Committees of the Board

(A) Audit Committee

The Audit Committee has been constituted as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement with Stock Exchanges. As on March 31, 2011, the Audit Committee comprises of Mr. A.C.Chakrabortti, Non-Executive and Independent Director who is the Chairman of the Audit Committee, Mr. R.K. Bhatnagar, Non-Executive and Independent Director and Mr. J.S.Bajjal, Non-Executive and Independent Director. Mr A.C.Chakrabortti was

present in the previous AGM held on August 31, 2010. The members of the Committee have adequate knowledge in the field of finance and accounting. The role and "terms of reference" of the Audit Committee are enumerated below, which are as per the guidelines given in the code of Corporate Governance.

Brief Role and Terms of Reference of the Audit Committee:

- i) The Audit Committee shall meet atleast three times in a year with the gap between two meetings of not more than 6 months.
- ii) The Audit Committee shall meet compulsory before the finalization of Annual Accounts.
- iii) The Audit Committee shall have the power to seek any clarification regarding any financial matter relating to the Books of Accounts of the Company.
- iv) The Audit Committee shall be empowered to review with the management the annual financial statements before submission to the Board.
- v) The Audit Committee can summon any Officer of the Company and seek clarification from him and obtain outside legal or professional advice.
- vi) The Audit Committee shall have the power to summon the Internal and Statutory Auditors of the Company.
- vii) The Audit Committee shall appoint any of their members to be the Chairman of the meeting and in the event of any difference, the decision of the Chairman shall be final.
- viii) It shall be within the ambit of the Audit Committee to give any proposal, suggestion, directive on any matter relating to the financial and accounting practices or any other matter of material nature effecting the business of the Company, including the going concern assumption, and the advice tendered shall be binding on the Company.

The internal auditors and statutory auditors attend the meetings of the committee on the invitation of the Chairman. The Company Secretary of the Company acts as the Secretary of the Committee.

Number of Audit Committee Meetings held during 2010-2011 and Directors' Attendance Report:

During the year 2010-2011, total seven meetings of Audit Committee were held on 28th May, 2010; 30th July, 2010; 28th October, 2010 and 17th December, 2010, 21st December, 2010, 31st January, 2011, 10th February, 2011. The attendance record of members of the Audit Committee is given below:

| Name of Audit Committee Member | Position held | Number of the meeting held during his tenure | Number of meetings attended |
|--------------------------------|---------------|--|-----------------------------|
| Mr. A.C. Chakrabortti | Chairman | 7 | 7 |
| Mr. J.S. Baijal | Member | 7 | 7 |
| Mr. R.K. Bhatnagar | Member | 7 | 7 |

(B) Remuneration Committee

A Committee of Directors (Remuneration Committee) of the Company has been constituted for the purpose of appointment / remuneration payable to executive / non-executive directors of the Company and Senior Management personnel of the Company.

Terms of Reference:

The Broad terms of reference of Remuneration Committee of the Company are as follows:

To determine the appointment and remuneration packages of Executive directors / non-Executive Directors, Chief executive officer and Senior Management Personnel including remuneration policy, pension rights and any compensation payments.

The remuneration policy of the Company is aimed at rewarding performance, based on review of achievements on a regular basis.

Composition :

The Remuneration Committee of the Company consists of three non executive independent Directors.

Mr. A.C. Chakrabortti - Independent Director
(Chairman of Committee)

Mr. J.S. Baijal - Independent Director

Mr. R.K. Bhatnagar - Independent Director

Meeting details :

During the year 2010-11, no Remuneration Committee meeting was held.

(C) Shareholders / Investors Grievance Committee

The Company has a Committee to look into issues relating to shareholders and focus primarily on share transfers, redressals of shareholders, investor complaints and matters relating thereto. Mr. J.S. Baijal, the Chairman of the Committee is a Non-Executive Independent Director.

| S. No. | Name of Member of Committee | Position held |
|--------|-----------------------------|---------------|
| 1 | Mr. J.S. Baijal | Chairman |
| 2 | Mr. K. Sugita | Member |
| 3 | Mr. Koji Shiga | Member |

The meeting of this committee is held once in a month and sometimes fortnightly. The minutes of each Investors Grievance Committee Meeting are placed at the Board Meeting held immediately after the meeting of Investors Grievance Committee.

The Company Secretary being the Compliance Officer is the secretary of the Committee. The Company has an efficient system of dealing with investors grievances. The Company Secretary being the compliance officer carefully looks into each issue and reports the same to the Shareholder's Grievances Committee.

A total of 43 complaints were received during the year under review, and all of them were replied till 31st March, 2011 to the satisfaction of shareholders. No shares were pending for registration for transfer as on 31st March, 2011.

4. CEO/CFO Certification

The Company is fully cognizant of, and committed to, adhering to the statutory requirements for internal controls as set out by the Securities and Exchange Board of India. Accordingly, the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) have duly verified and certified to the Board for Company's procedure and internal controls of the reporting as fully compliant with SEBI guidelines.

The CEO and the CFO have certified to the Board by placing a certificate thereof on the financials of the Company that:

- (a) They have reviewed financial statements, cash flow statement and directors' report for the year ended 31st March, 2011, and to the best of their knowledge and belief;

- (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading; and
 - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
 - (c) They have ensured that all the members of the Board of Directors and Senior management personnel have confirmed compliance with the Code of Conduct adopted by the Company.
 - (d) They accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
 - (e) They have indicated to the Auditors and the Audit Committee :
 - (i) significant changes in internal control over financial reporting during the year ;
 - (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

5 Code of Conduct

The Company has also laid down a Code of Conduct for Board Members and Senior Management personnel of the Company. The Company is committed to conducting its business in accordance with applicable laws, rules and regulations, and the highest standard of business ethics, and to full and accurate disclosure in