

<b>BOARD OF DIRECTORS</b>	:	SUDIP B. PATEL CHAIRMAN
		RASESH H. PATEL MANAGING DIRECTOR
		ALPESH B. PATEL WHOLE TIME DIRECTOR
		CHANDUBHAI T. SHAH INDEPENDENT DIRECTOR
		KAUSHIK N. PATEL INDEPENDENT DIRECTOR
		PRAFUL G. SHAH INDEPENDENT DIRECTOR (From June 1, 2009)
<b>AUDITORS</b>	:	BAHETI BHADADA & ASSOCIATES CHARTERED ACCOUNTANTS
		201, SHAILY COMPLEX, OLD GUJARAT HIGH COURT ROAD, NR. DR. AMRISH PARIKH HOSPITAL, ASHRAM ROAD, AHMEDABAD - 380 009
<b>BANKERS</b>	:	CORPORATION BANK OPP. NAVRANGPURA BUS STOP, NAVRANGPURA, AHMEDABAD - 380 009.
		THE AHMEDABAD MERCANTILE CO-OPERATIVE BANK LTD. (SCHEDULED BANK) AMCO HOUSE, STADIUM ROAD, NAVRANGPURA, AHMEDABAD - 380 009.
		HDFC BANK LTD. MITHAKHALI BRANCH, NAVRANGPURA, AHMEDABAD-380 009.
<b>REGISTERED OFFICE</b>	:	"DUTRON HOUSE", NR. MITHAKHALI UNDERBRIDGE, NAVRANGPURA, AHMEDABAD - 380 009.
<b>FACTORY</b>	:	BLOCK NO. 642, AT & P. O. HARIYALA, N.H. 8 TA. KHEDA, DIST. KHEDA-387 411. GUJARAT
<b>REGISTRARS &amp; SHARE TRANSFER AGENT</b>	:	SHAREPRO SERVICES (INDIA) PVT. LTD. 13-AB SAMHITA WAREHOUSING COMPLEX, SAKINAKA TELEPHONE LANE, SAKINAKA ANDHERI (E), MUMBAI - 400 072.

## Summarised Financial Data

(Rupees in lacs)

Particulars	Financial Year Ended on				
	2005-06	2006-07	2007-08	2008-09	2009-10
<b>Profit and Loss Account</b>					
Total Receipts	2789.84	2780.93	3483.33	4308.84	5339.78
Profit Before Depreciation, Interest and Tax	210.98	205.17	200.64	281.28	387.75
Interest	(72.68)	(73.32)	(32.75)	(44.80)	(46.71)
Depreciation	(56.66)	(57.50)	(69.06)	(82.03)	(84.66)
Profit before Tax	81.64	74.35	98.83	154.45	256.38
Profit after Tax	52.13	45.91	68.34	102.73	166.98
Dividend (Rs. Per Share)	1.00	0.60*	0.90	1.10	1.50
Earning Per Share (EPS) Rs.	1.74	0.77*	1.14	1.71	2.78
<b>Balance Sheet</b>					
Net Fixed Assets	476.03	444.73	557.77	672.50	658.98
Investments	0.10	0.10	0.10	0.10	0.10
Net current Assets+Misc. Exp.	1052.46	1088.30	1060.25	1023.72	1098.00
Total Application	1528.59	1533.13	1618.12	1696.32	1757.08
Borrowings	906.39	307.49	387.67	440.71	439.79
Net worth	622.20	1225.64*	1230.45	1255.61	1317.29
Total Sources	1528.59	1533.13	1618.12	1696.32	1757.08
Book Value Per Share (Rs.) of Rs. 10 each	20.74	20.43	20.51	20.93	21.95
Debit/Equity Ratio	0.27	0.19	0.14	0.19	0.30
Operationg EBIDTA (%)	7.56	7.38	5.76	6.53	7.26
Profit After Tax (%)	1.87	1.65	1.96	2.38	3.13
Return on Net worth (%)	8.38	3.75	5.55	8.18	12.68

\* Share capital enhanced consequent to 1:1 rights issue.

## **NOTICE**

Notice is hereby given that the 29<sup>th</sup> **ANNUAL GENERAL MEETING** of the members of DUTRON POLYMERS LIMITED will be held on Friday, 24<sup>th</sup> September 2010 at 11.30am at The Ahmedabad Textile Mills Association (ATMA) hall, Opp. City Gold Cinema, Ashram Road, Ahmedabad – 380009 to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2010 and the Profit and Loss Account for the year ended that date together with Director's Report and Auditor's Report thereon.
2. To declare dividend on equity shares.
3. To appoint a director in place of Shri Prafulbhai G. Shah, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a director in place of Shri Alpesh B. Patel, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint statutory Auditors and to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF ON A POLL AND THAT A PROXY NEED NOT BE A MEMBER.
2. Members who have not encashed their dividend warrants for the financial year 2002-03 and onwards are requested to approach the Company for revalidation/obtaining duplicate warrants. Pursuant to the provisions of Section 205A(5) and 205C of the Company Act, 1956, the amount of dividend remaining unclaimed for financial year 2002-03 and onwards shall be transferred to the Investor Education and Protection Fund (IEPF) established by the Government.
3. The Equity Shares of the Company are listed at the Stock Exchange, Mumbai, Phiroze jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 (Company Code:517437). The annual listing fee for the financial year 2010-2011 has been paid to the Stock Exchange.
4. The Register of members and the Share transfer Books of the Company will remain closed from Saturday, 18th September 2010 to Friday, 24th September 2010 (both days inclusive).
5. Members of physical shares are requested to notify to the registrar any change in their address.
6. Members desiring any information as regards accounts are requested to write to the Company at least 7 days before the Meeting to enable the management keep the information ready.
7. All Members are requested to send nomination for each member folio to the Company's Registrar.
8. The member representing more than one folios in same name (or same sequence of names in case of joint name) are requested to approach the Company's Registrar for consolidation of their folios into a single folio for simplification.
9. A member or his Proxy is requested to bring the copy of the Annual Report already circulated to the members, at the Meeting.
10. Members/Proxies should bring the Attendance slip sent herewith duly filled in for attending the Meeting.

**BY ORDER OF THE BOARD**

**Place : Ahmedabad**  
**Date : May 29, 2010**

**S. B. Patel**  
**Chairman**

## DIRECTORS' REPORT

To

The Members,

**DUTRON POLYMERS LIMITED**

Your Directors have pleasure in presenting the 29th Annual Report together with the Audited Statements of Accounts of the Company for the year ended on 31st March 2010.

### OPERATING RESULTS AND BUSINESS

The performance of the Company during the year 2009-2010 is summarised below :

	<u><b>2009-10</b></u>	<u><b>2008-09</b></u>
	(Rs. in Lacs)	(Rs. in Lacs)
Profit before Depreciation & Taxation	<b>538.03</b>	236.48
Depreciation	<b>84.66</b>	82.03
Provision for Taxation	<b>89.45</b>	51.25
Fring Benefit Tax	<b>0.06</b>	0.47
(Excess)/Short Provision for Taxation (Earlier years)	<b>(0.11)</b>	0
Net Profit after Tax	<b>166.98</b>	102.73
Profit Available for Appropriation	<b>196.99</b>	126.23
Proposed Dividend	<b>90.00</b>	66.00
Transfer to General Reserve	<b>45.00</b>	19.00

The company has given another Outstanding performance during 2009-10 across all its products and financial indicators. Our expansion into CPVC pipes manufacturing has also given desired returns; inspite of growing competition in that field. Our HDPE and RPVC pipes have also shown steady growth in business. India's HDPE /PVC/CPVC pipes and fittings market demand has grown in 2009-10 by over 20% and Dutron is in the line with this; and even has expanded its market penetration.

Dutron has achieved turnover of Rs. 53.26 crore from its goods and services, an increase of 24% ; and net profit of Rs. 1.67 crore, an increase of 62.5%. These numbers speak of strength of Dutron in product quality, marketing and sound management practices.

### DIVIDEND

Your directors recommend a dividend of 15% on 60,00,000 equity shares of Rs. 10/- each for the year ended March 31, 2010 which will be free of tax in the hands of share holders.

### FIXED DEPOSITS

During the year, the Company has not accepted any deposits from the public except deposits from directors as at 31.03.2010 amounting to Rs. 4,19,84,208/-. The Company has filed a statement in lieu of advertisement with the Registrar of Companies, Gujarat .

### PARTICULARS AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975

The Company has not paid any remuneration attracting the provisions of section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, as amended to date. Hence no information is required to be appended to this report in this regard.

### INSURANCE

All the assets of the Company including inventories, building, plant & machineries are adequately insured.

## **DUTRON POLYMERS LIMITED**

### **DIRECTORATE**

Persuant to Article 84 of the Articles of Association of the Company read with section 256 of the Companies Act, 1956, Shri Prafulbhai G. Shah and Shri Alpeshbhai B. Patel, Directors of the company, are due to retire at the ensuing Annual General Meeting, and are eligible for reappointment.

### **AUDITORS**

M/s. Baheti Bhadada & Associates, Chartered Accountants, Ahmedabad retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The Company has received letter from them to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956

### **DIRECTOR'S RESPONSIBILITY STATEMENT**

As required under Section 217(2AA) which was introduced by the Companies (Amendment) Act, 2008 your directors confirm that :

- i In the preparation of the annual accounts, the applicable accounting standards have been followed.
- ii The Directors have selected such accounting policies and applied them consistently and made judgement 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.
- iii The Directors to the best of their knowledge and information, 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.
- iv The Directors have prepared the annual accounts on a going concern basis.
- v Corporate Governance

Pursuant to Clause 49 of the Listing Agreement with the Stock Exchange, a separate section titled "Corporate Governance" is attached to this Annual report.

### **INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956**

Information as per clause (e) of sub-section (1) of section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in the Annexure forming part of this report.

### **OUTLOOK FOR THE CURRENT YEAR**

We are carrying out addition of PVC pipe manufacturing capacity by increasing production lines as well as ancillaries. We will focus on increasing efficiency and expansion of market presence. With India's economic recovery, Dutron will continue its growth in the current year.

### **ACKNOWLEDGEMENTS**

Your Directors are grateful to all the stakeholders for their trust in the Company and continuous support. Your Directors also take this opportunity to express their special appreciation for committed services by the employees of the Company.

By Order of the Board of Directors

**Ahmedabad**  
May 29, 2010

**S. B. PATEL**  
Chairman

## ANNEXURE TO DIRECTORS' REPORT

Disclosure as per the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

### A. CONSERVATION OF ENERGY (FORM A)

Energy conservation measures carried out during the year are :

- (i) New dryer installed on HDPE pipe plant to increase production output.

#### Form for disclosure of Particulars with respect to consumption of energy

Not Applicable

### B. TECHNOLOGY ABSORPTION (FORM B)

Details are provided in Form B annexed hereto

#### Form for disclosure of particulars with respect to absorption of technology, reserach & development.

#### (a) Research and Development (R &D)

- |   |                  |
|---|------------------|
| 1. Specific areas in which R & D carried out by the Company   | : Nil            |
| 2. Benefits derived as a result of the above R & D            | : Not Applicable |
| 3. Future plan of action                                      | : Nil            |
| 4. Expenditure on R & D                                       |                  |
| (a) Capital   | : Nil            |
| (b) Recurring   | : Nil            |
| (c) Total   | : Nil            |
| (d) Total R & D expenditure as a percentage of total turnover | : Not Applicable |

#### b) Technology Absorption, Adaptation and Innovation

- |  |   |
|--|---|
| 1. Efforts, in brief, made towards technology absorption | : (i) Lead free compounding started for UPVC plumbing pipes used for potable water<br>(ii) Retrofitting of offline socketiing machine to online socketing machine up to 315mm PVC pipes |
| 2. Benefits derived as a result of the above efforts     | : (i) Reducing risk of health hazards<br>(ii) Considerable saving of manpower   |
| 3. Information regarding technology imported             |   |
| (a) Technology imported                                  | : HDPE pipe manufacturing, sale and application   |
| (b) Year of Import                                       | : 1993-94   |
| (c) Has technology been fully absorbed                   | : Yes   |

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

	2009-10 (Rs.)	2008-09(Rs.)
Total foreign exchange outgo	6,63,49,636/-	2,30,79,342/-
Total foreign exchange earnings	-----	-----

For and on behalf of the Board of Directors

Ahmedabad  
May 29, 2010

**S. B. PATEL**  
Chairman

## **CORPORATE GOVERNANCE**

Dutron Polymers Limited has established a tradition of the highest standards of corporate governance principals and best practices. The Company is committed to introducing corporate governance practices in tandem with domestic and international developments to position it to conform to the best governance practices.

### **1. GOVERNANCE PHILOSOPHY**

The company's philosophy on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operation and in all its interactions with its stake holders including shareholders, employees, the government, lenders and the society. The company believes that all its operations and actions must be underlying goal of enhancing overall shareholder value, over a sustained period of time. In our commitment to practice sound governance principles, we are guided by the following core principles:

#### **1.1 Transparency**

To maintain the highest standards of transparency in all aspects of our interactions and dealings

#### **1.2 Disclosures**

To ensure timely dissemination of all price sensitive information and matters of interest to our stakeholders

#### **1.3 Accountability**

To demonstrate highest levels of personal responsibility and continually affirm that employees are responsible to themselves for the pursuit of excellence

#### **1.4 Compliances**

To comply with all the laws and regulations as applicable to the company

#### **1.5 Ethical conduct**

To conduct the affairs of the company in an ethical manner

#### **1.6 Stakeholders' interests**

To promote the interests of all stakeholders including customers, shareholders, employees, lenders, vendors and the community

### **2. GOVERNANCE PRACTICES BEYOND REGULATORY REQUIREMENTS**

Our governance practices go beyond the statutory and regulatory requirements. Our endeavor is to follow the spirit of good governance than mere compliance with the conditions specified by regulatory authorities. With this objective, we have formulated, inter alias, the following policy documents and introduced best practices of governance:

#### **2.1 Values and Commitments**

We have set out and adopted policy documents on 'values and commitments' of the Company. We believe that any business conduct can be ethical only when it rests on the nine core values of honesty, integrity, respect, fairness, purposefulness, trust, responsibility, citizenship and caring.

#### **2.2 Code of Ethics**

Our policy document on 'code of ethics', in essence, directs that our employees should conduct the business with integrity by excluding consideration of personal advantage.

#### **2.3 Business Policies**

Our 'business policies' contain the policy on fair market practices, inside information, financial records and accounting integrity, external communication, work ethics, personal conduct, policy on prevention of sexual harassment, health, safety & environment and quality.

#### **2.4 Separation of the Board's Supervisory Role from the Executive Management**

In line with the best global practices, we have adopted the policy of separating the Board's supervisory role from the executive management and splitting the posts of chairman and MD.

#### **2.5 Prohibition of Insider Trading Policy**

This document contains the policy on prohibiting trading in the equity shares of the Company, based on inside or privileged information.

#### **2.6 Prevention of Sexual Harassment**

Our policy on prevention of sexual harassment aims at promoting a productive work environment and protects individual rights against sexual harassment.



**2.7 Whistle Blower Policy**

Our whistle blower policy encourages disclosure in good faith of any wrongful conduct on a matter of general concern and protects the whistle blower from any adverse personnel action.

**2.8 Risk Management**

Our risk management procedures ensure that the management controls risks through means of a properly defined frame work.

**3. BOARDROOM PRACTICES****3.1 Board Charter**

The board of directors has adopted a comprehensive board charter. The charter has set out matters relating to board composition, scope and functions of the board and its committees, etc.

**3.2 Tenure of Independent Directors**

Tenure of independent directors on the board of the Company shall not extend beyond stipulated years, subject to their re-appointment on retirement by rotation as per statutory provisions.

**3.3 Director's Interaction with Shareholders**

Shri Rasesh H. Patel, Shri Chandubhai T. Shah and Shri Kaushik N. Patel interact with shareholders on their suggestions and queries which are forwarded to the company secretary.

**3.4 Meeting of Independent Directors with Operating Team**

The independent directors of the company meet in executive sessions with the operating teams in each of the respective areas, on a regular basis as they deem necessary. These executive session discussions may include topics such as, operating policies and procedures; risk management strategies; measures to improve efficiencies; performance and compensation; strategic issues for board consideration; flow of information to directors; management progression and succession and others as the independent directors may determine. During these executive sessions, the independent directors have access to members of management and other advisors, as the independent directors may determine and deem fit.

**3.5 Commitment of Directors**

The board meeting dates for the entire financial year are scheduled in the beginning of the year and an annual calendar of meetings of the board and its committees is circulated to the directors. This enables the directors to plan their commitments and facilitates attendance of all directors at the meetings of the board and its committees. Such advance planning of meetings enable the directors to plan their commitments, particularly in the context that the meetings of the board normally extend over the entire working day.

**4. GOVERNANCE PRACTICES BEING FOLLOWED TO PROMOTE THE INTERESTS OF OUR STAKEHOLDERS**

We have in the recent past introduced several trend setting governance practices to improve stakeholder satisfaction.

**5. COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT**

Dutron Polymers Limited is fully compliant with the mandatory requirements of clause 49 of the listing agreement formulated by Securities and Exchange Board of India (SEBI). We present our report on compliance of governance conditions specified in clause 49.

**5.1 The Board of Directors****5.1.1 Board composition - Board Strength and Representation**

As at March 31, 2010, the board consisted of Six members. The composition of and the category of directors on the board of the company were as under:

Category	Particulars of Directors
<b>Promoters &amp; Executive Directors</b>	<ul style="list-style-type: none"> <li>- Shri Sudip B. Patel</li> <li>- Shri Rasesh H. Patel</li> </ul>
<b>Promoter &amp; Non Executive Director</b>	<ul style="list-style-type: none"> <li>- Shri Alpesh B. Patel</li> </ul>
<b>Independent &amp; Non- Executive Director</b>	<ul style="list-style-type: none"> <li>- Shri Chandubhai T. Shah</li> <li>- Shri Kaushik N. Patel</li> <li>- Shri Praful G. Shah</li> </ul>
<b>Nominee Director</b>	<ul style="list-style-type: none"> <li>- None</li> </ul>



## DUTRON POLYMERS LIMITED

### 5.1.2 Conduct of Board Proceedings

The day to day business is conducted by the officers and the managers of the Company under the direction of the board led by the Chairman. The board holds five to six meetings every year to review and discuss the performance of the company, its future plans, strategies and other pertinent issues relating to the company.

The board performs the following specific functions in addition to the oversight of the business and the management:

- ❖ Review, monitor and approve major financial and business strategies and corporate actions.
- ❖ Assess critical risks facing the company their mitigation.
- ❖ Provide counsel on the selection, evaluation, development and compensation of senior management.
- ❖ ensure that processes are in place for maintaining the integrity of
  - the company
  - the financial statements
  - compliance with law
  - relationships with all the stakeholders
  - Delegation of appropriate authority to the senior executives of the company or effective management of operations.

### 5.1.3 Board Meetings

Eight Board Meetings were held during the year. They were held on 1<sup>st</sup> June 2009, 18<sup>th</sup> June 2009, 31<sup>st</sup> July 2009, 2<sup>nd</sup> September 2009, 17<sup>th</sup> September 2009, 6<sup>th</sup> October 2009, 31<sup>st</sup> October 2009, 2<sup>nd</sup> January 2010, 30<sup>th</sup> January 2010.

### 5.1.4 Attendance of directors at the Board Meetings held during 2008-09 and the last Annual General Meeting (AGM)

Directors	Meetings In year	Meetings Attended	AGM Attended
Shri S. B. Patel	8	8	Yes
Shri R. H. Patel	8	8	Yes
Shri A. B. Patel	8	8	Yes
Shri C. T. Shah	8	8	Yes
Shri K. N. Patel	8	4	No
Shri P. G. Shah	8	7	Yes

#### Notes :

- \* None of the Directors have business relationship with the Company
- \* None of the Directors have received any loans or advance from the Company

### 5.1.5 Other Directorships

None of the directors holds directorships in more than 15 public limited companies.

The details of directorships (including private limited, foreign company and companies under section 25 of the Companies Act, 1956), Chairmanships and the Committee memberships held by the directors as on March 31, 2010 :

Name of Directors	Number of other Membership / Directorship
Shri S. B. Patel	4
Shri R. H. Patel	3
Shri A. B. Patel	3
Shri C. T. Shah	Nil
Shri K. N. Patel	3
Shri P. G. Shah	Nil

#### Notes:

1. The information provided above pertains to the following committees in accordance with the provisions of clause 49 of the listing agreement :
  - a. Audit committee
  - b. Shareholders/investors' grievances committee
2. Membership of committees includes chairmanship, if any.

### 5.1.6. Memberships of Board Committees

No director holds membership of more than 10 committees of boards nor is any director a chairman of more than 5 committees of boards.

**5.1.7 Details of Directors**

The abbreviated resumes of all Directors are furnished hereunder:

❖ **Shri Sudip B. Patel**

He has B.E.in Chemical Engg. from L.D. College of Engineering, Ahmedabad and M. Tech. Engg. From UDCT, Mumbai. He later on completed his MBA from USA.. After completing his education he has joined the family business. He is looking after production. He is also key person for new product developments & R&D activities. He is also the Whole time Director of the other group companies: Dutron Plastics Ltd., Nippon Polymers Pvt. Ltd., Dutron Telecom Pvt.Ltd. & Cosmofil Platisack Pvt. Ltd.

❖ **Shri Rasesh H. Patel**

He is possccsses M.S. in Electrical Engineering & MBA from USA. He is son of founder of Dutron Group Late Shri Hasmukhlal Patel. After completing his education he has joined the family business. He is looking after production, raw material purchases, automation and MIS activities. He is also Compliance Officer of the company and looking after all legal, stock exchange and SEBI requirements. He is also Whole time Director of the other group companies: Dutron Plastics Ltd., Nippon Polymers Pvt. Ltd. & Dutron Telecom Pvt.Ltd..

❖ **Shri Alpesh B. Patel**

Alpesh is plastics engineering degree from Ahmedabad and MBA from USA. He is son of founder of Dutron Group Late Shri Bipinbhai Patel. He is Whole time Director of the company and looking after Marketing and General Administration. He is the key person for new product development. He is also Whole time Director of the other group companies: Dutron Plastics Ltd., Nippon Polymers Pvt Ltd. & Dutron Telecom Pvt. Ltd.

❖ **Shri Chandubhai T. Shah**

Shri Chandubhai T. Shah is businessman having 42 years of experience in the sales and distribution of plastic pipes. He has been acting as an Independent Director of the Company for past 8 years. His experience in sales and distribution guides the company in marketing and selling its products effectively in the market.

❖ **Shri Kaushik N. Patel**

He is practicing Chartered Accountant having professional experience of 22 years. He is also a partner in M/s. Kaushik Jayendra & Co. (Chartered Accountant). He is an independent Director of the Company.

❖ **Shri Praful G. Shah**

He is B.Com., LLM, age 76 years, practicing in Income Tax (Advocate) for 38 years. He has varied experience as Lacture in Law Collage. He is member of Income Tax Appellate Tribunal Association and also Income Tax Bar Association for last many years. He is an Independent Director of the Company.

**5.1.8 Insurance coverage**

The company has not obtained director's liability insurance coverage in respect of any legal action that might be initiated against directors.

**5.2 Details of Committes****5.2.1 Audit Committee**

The Audit Committee has been constituted w.e.f. 2<sup>nd</sup> January 2003. Audit Committee presently comprises of three Non Executive Directors, namely :

- \* Shri Chandubhai T. Shah
- \* Shri Kaushik N. Patel
- \* Shri Praful G. Shah

All the members of Audit Committee have good knowledge of finance, accounts and company law. The chairman of committee has financial management expertise. Shri Kaushik N. Patel is an eminent chartered accountant and has accounting and related financial management expertise. The committee held 4 meetings during the year. The audit committee also advises the management on the areas where internal audit can be improved. The minutes of the meetings of the audit committee are placed before the board. The terms of reference of the audit committee are in accordance with all the items listed in clause 49 (II) (D) and (E) of the listing agreement and section 292A of the Companies Act, 1956, as follows:

1. Overseeing of the company's financial reporting process and the disclosure of its financial information to ensure that the financial information is correct, sufficient and credible.