



**Essar Ports Limited**

35th annual report  
2010-11

# **ESSAR PORTS LIMITED**

## **Annual Report 2010-11**

# **C O N T E N T S**

|   | <b>Pages</b> |
|---|--------------|
| 1. Essar Ports Limited – Standalone .....     | 1 - 44       |
| 2. Essar Ports Limited – Consolidated.....    | 45 - 86      |
| 3. Vadinar Oil Terminal Limited .....         | 87 - 113     |
| 4. Essar Bulk Terminal Limited.....           | 114 - 142    |
| 5. Essar Bulk Terminal (Salaya) Limited ..... | 143 - 162    |
| 6. Essar Bulk Terminal Paradip Limited .....  | 163 - 182    |
| 7. Essar Paradip Terminals Limited .....      | 183 - 195    |
| 8. Vadinar Ports & Terminals Limited.....     | 196 - 212    |



## ESSAR PORTS LIMITED

### BOARD OF DIRECTORS

**Shashi Ruia**

Chairman

**Anshuman Ruia**

Director

**R. N. Bansal**

Independent Director

**K. V. Krishnamurthy**

Independent Director

**Dilip J. Thakkar**

Independent Director

**Deepak Kumar Varma**

Independent Director

**T. S. Narayanasami**

Independent Director

**Rajiv Agarwal**

CEO & Managing Director

**K. K. Sinha**

Chief Executive Officer

**Shailesh Sawa**

Director Finance

**COMPANY SECRETARY**

Manoj Contractor

**AUDITORS**

Deloitte Haskins & Sells

**AUDIT COMMITTEE**

Anshuman Ruia

R. N. Bansal

Deepak Kumar Varma

K. V. Krishnamurthy

**SHAREHOLDERS' GRIEVANCE COMMITTEE**

R. N. Bansal

Deepak Kumar Varma

Rajiv Agarwal

Shailesh Sawa

**SHARE TRANSFER COMMITTEE**

Rajiv Agarwal

K. K. Sinha

Shailesh Sawa

**COMPENSATION COMMITTEE**

Shashi Ruia

Anshuman Ruia

R. N. Bansal

**REGISTERED OFFICE**

Administrative Building

Essar Refinery Complex

Okha Highway (SH-25)

Taluka Khambalia

District Jamnagar, Gujarat 361 305

**REGISTRAR & TRANSFER AGENT**

Data Software Research Company Private Limited

9, Pycroft Garden Road, Off Haddows Road

Nungambakkam, Chennai - 600 006

Tel: (044) 2821 3738 / 4487, 2821 2207, Fax: (044) 2821 4346

E-mail: [essar.ports@dsr-cid.in](mailto:essar.ports@dsr-cid.in)

**CORPORATE OFFICE**

Essar House

11, Keshavrao Khadye Marg

Mahalaxmi, Mumbai 400 034

## DIRECTORS' REPORT

### To the Members of Essar Ports Limited

Your Directors take pleasure in presenting the Thirty-fifth Annual Report of your Company together with Audited Accounts for the year ended March 31, 2011. Pursuant to the provisions of Section 219 of the Companies Act, 1956 and as permitted by the Securities and Exchange Board of India (SEBI), the abridged annual accounts of the Company are enclosed. Any member interested in obtaining a copy of the unabridged accounts may write to the Company Secretary at the Registered Office.

### 1. FINANCIAL RESULTS:

The summary of the standalone and consolidated financial results of your Company for the year ended March 31, 2011 are furnished below:

**The consolidated and standalone financial results for the year ended March 31, 2011 are presented after giving effect to the demerger of the shipping & logistics and oilfields drilling business effective October 1, 2010, hence previous year figures are not comparable.**

(₹ crore)

| Particulars                              | Consolidated                     |                                  | Standalone                       |                                  |
|--|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
|  | For the year ended<br>31.03.2011 | For the year ended<br>31.03.2010 | For the year ended<br>31.03.2011 | For the Year ended<br>31.03.2010 |
| Total Income                             | <b>2,086.13</b>                  | 3,092.14                         | <b>659.36</b>                    | 1,132.80                         |
| Total Expenditure                        | <b>1,174.10</b>                  | 1,985.64                         | <b>378.55</b>                    | 705.56                           |
| EBITDA                                   | <b>912.03</b>                    | 1,106.50                         | <b>280.81</b>                    | 427.24                           |
| Less: Interest & Finance charges         | <b>473.76</b>                    | 537.35                           | <b>184.07</b>                    | 218.69                           |
| Less: Provision for Depreciation         | <b>320.83</b>                    | 446.94                           | <b>59.87</b>                     | 119.51                           |
| Profit before Tax                        | <b>117.44</b>                    | 122.21                           | <b>36.87</b>                     | 89.04                            |
| Less: Provision for Tax                  | <b>(34.60)</b>                   | (27.01)                          | <b>16.00</b>                     | (0.96)                           |
| Profit before Share of Minority Interest | <b>82.84</b>                     | 95.20                            | <b>20.87</b>                     | 90.00                            |
| Add: Share of Minority Interest (loss)   | <b>12.69</b>                     | (1.43)                           | <b>-</b>                         | -                                |
| Profit after Tax                         | <b>70.15</b>                     | 93.77                            | <b>20.87</b>                     | 90.00                            |

### 2. SCHEME OF ARRANGEMENT

Your Company has successfully implemented the Scheme of Arrangement whereby Essar Ports & Terminals Limited and Essar International Limited got amalgamated with your Company and the Shipping & Logistics and Oilfields Drilling businesses were demerged into a separate company viz. Essar Shipping Limited.

The Demerger will enable your Company to focus on the Ports and Terminals Business which has tremendous growth and profitability potential and which requires focused leadership and management attention. The Scheme has resulted in focused business operations of the Company and will give the Company increased flexibility in taking advantage of the huge growth opportunities in the business segments it operates in. With the amalgamation, all the port and terminal operating companies have become direct subsidiaries of your Company.

Pursuant to the Scheme and in order to reflect the activities carried on by your Company in its name, the name of your

Company was changed to Essar Ports Limited effective May 13, 2011.

The authorised share capital of the Company stands reduced by an amount of ₹ 500,00,00,000/- to ₹ 1050,00,00,000/-.

The issued, subscribed and paid up share capital of the Company stands reduced by an amount of ₹ 205,22,77,680/- to ₹ 410,58,60,771/- (includes ₹ 13,05,251/- towards forfeited shares).

Every member holding shares in the Company as on the record date has been issued shares in the Company and Essar Shipping Limited (the Resulting Company).

### 3. DIVIDEND

Your Company operates in the ports & terminals sector which is highly capital intensive in nature. Your Company is implementing various port projects through its subsidiaries at Hazira and Salaya in Gujarat and Paradip in Orissa which necessitates that the resources be ploughed back into these projects. With a view to conserving resources for these

requirements, your Directors have not recommended any dividend for the year ended March 31, 2011.

#### 4. MANAGEMENT DISCUSSION & ANALYSIS

##### Indian Economy and Infrastructure Sector

The Indian economy has emerged remarkably from the economic crisis of 2007-2009 registering a growth rate of 8% per annum and 8.6% per annum for FY 2009-10 and FY 2010-11 respectively. In spite of surge in inflation in recent times and preventive steps taken by RBI to control it in terms of hike in interest rate, medium to long run outlook of the economic growth is highly encouraging. During 11<sup>th</sup> 5 year plan period (2007-12) 8.2% per annum growth rate is expected to be achieved in spite of economic recession of 2007-2009 and during the 12<sup>th</sup> 5 year plan growth rate of 9-10% per annum is expected to be achieved.

Infrastructure sector is a major focus area for growth in India. Huge investment in the sector is required to cater to the fast industrialisation of the country and growth in manufacturing sector. Role of transport infrastructure like rail, road and ports will be crucial for providing enabling facilities to the industry for growth and reduction in overall logistics cost of the companies.

##### Port Sector in India

The Ministry of Shipping has formulated a Maritime Agenda 2020 in January 2011 as a perspective plan for the coming years. As per Maritime Agenda 2020 port capacity is required to be increased from 963 million metric tons (MMT) in FY 2009-10 to 3130 MMT in 2020 in anticipation of traffic growth from 850 MMT in FY 2009-10 to 2495 MMT in 2020. Capacity of Major Ports will be required to be increased to 1460 MMT from 617 MMT at present with an estimated investment of ₹ 127,942 crore. On the other hand capacity of minor ports will be required to be increased to 1670 MMT from 346 MMT at present with an estimated investment of ₹ 167,931 crore. So overall the port sector will require an investment of ₹ 295,873 crore in the next 10 years.

Private sector has to play an important role in required capacity addition in the port sector. 1324 MMT addition at non Major Ports is expected to be carried out by private players and most of the capacity addition at non Major Ports will be carried out by BOT model where private sector will invest in port infrastructure and operate the terminal for fixed period sharing revenue with Major Ports. As a step towards meeting this capacity addition, your Company will increase its capacity from 88 MMT to 158 MMT by March 2014.

Addition of more than 2000 million tons of port capacity in 10 years or more than 200 million tons per annum will be a huge challenge. The port sector faces challenges in terms of environment and forest clearance, connectivity of ports with good quality rail and road network, availability of rolling stocks for the cargo movement through rail and further deepening of channel as cargo is being shipped in larger ships requiring higher draft at the berth and the channel.

##### Performance highlights of the Company

A 30 million metric tons per annum (MMTPA) all weather deep draft berth was commissioned in Hazira in May 2010 under Essar Bulk Terminal Limited (EBTL) and in its 1st year of operation, EBTL has handled 9.5 MMT of dry bulk and break bulk cargo. The 12 MMTPA liquid terminal expansion project got commissioned at Vadinar (Gujarat) on 1st of April 2011 under Vadinar Ports & Terminals Limited (VPTL) increasing the capacity at Vadinar from 46 to 58 MMTPA and that of the Company from 76 to 88 MMTPA. During FY 2011, your Company has handled 39.55 MMT of cargo which was 35% higher than FY 2010 when it handled 29.4 MMT of cargo. Average realisation has increased by 25% from ₹ 145 per ton in FY 2010 to ₹ 185 per ton in FY 2011.

During FY 2011 the ports business saw a strong growth of revenue and EBITDA on account of commissioning of deep draft coal berth at Hazira which has shown strong performance in its very first year of operations. Revenue and EBITDA has witnessed a healthy increase in wet bulk operations as well. During the year VOTL saw a revenue increase of 18% on year on year basis and EBITDA increase of 12% year on year on account of higher throughput. During the year EBTL was commissioned and it generated revenues of ₹ 245 crore and EBITDA of ₹ 147 crore in the first year of operations.

A 16 MMTPA mechanised bulk cargo handling facility at Paradip Port is under construction under Essar Bulk Terminal Paradip Limited. A 4500 tons/hr ship loader has already been installed and the work on conveyor gallery and yard development is under progress. On commissioning, the berth will handle iron ore pellets.

Another 14 MMTPA deep draft coal berth at Paradip Port is under development through Essar Paradip Terminals Limited. Engineering is under progress and construction will start once site is handed over by Paradip Port Trust which is awaiting forest clearance for the project.

A 20 MMTPA bulk cargo handling port at Salaya under Essar Bulk Terminal (Salaya) Limited is under construction at Salaya in Gujarat. 2 ship unloaders and 1 ship loader have already been delivered and stacker cum reclaimers are being erected. Work on jetty and conveyor system is under progress and the project is expected to be commissioned by March 2014.

Your Company has entered into a MoU with Port of Antwerp for strategic collaboration in areas of Consultancy, Investment, Training and enhancing Commercial relations. Your Company is in the process of entering into similar arrangement with other important international players in the port business.

##### Risk and Concern

Implementation and operation of port and terminal facilities are dependent on various statutory and regulatory approvals and government policies. Changes in macro economic factors like inflation, interest rate, world trade, natural catastrophes, etc. also play an important role in the movement of goods and cargoes thereby affecting the operations of ports. Any

adverse change in the above may affect the performance of your Company.

Your Company periodically reviews the risk associated with the business and takes steps to mitigate and minimise the impact of risk.

## **5. QUALITY, SAFETY AND ENVIRONMENT**

Your Company, in order to ensure highest standard of safety, has implemented and initiated various measures with respect to Quality, Safety and Environment Management Systems. The initiatives by your Company have been rewarded with several recognitions. Some of the noticeable ones amongst the many are as follows:

- The Marine Terminal has been awarded ISO 28001 certification by American Bureau of Shipping;
- The Marine Terminal has also been awarded the Integrated Management System (IMS) along with Essar Oil Limited Refinery by Det Norske Veritas (DNV);
- The Marine Terminal was awarded 5 Star rating by British Safety Council for Environment Management System; and
- Oil Companies International Marine Forum base line criteria audit was conducted by ABS for the Marine Terminal.

## **6. INTERNAL CONTROL FRAMEWORK**

Your Company conducts its business with integrity and high standards of ethical behavior and in compliance with the laws and regulations that govern its business. Your Company has a well established framework of internal controls in operation, including suitable monitoring procedures. In addition to the external audit, the financial and operating controls of your Company at various locations are reviewed by Internal Auditors, who report their observations to the Audit Committee of the Board.

## **7. HUMAN RESOURCE**

Human Resources have always been the key to success of the Ports Business. With the demerger, the segregation of resources was successfully carried out by carefully splitting, in particular, the common functions such that the activities of business continued uninterrupted and career aspirations of employees were taken care of. New teams were constituted to steer projects at Salaya near Jamnagar and Paradip in Orissa. A balance of internal and external talent was maintained to ensure right skills are available to initiate project activities. A large number of fresh talent comprising of engineers and management graduates was deployed to nurture future Essar Ports capabilities.

At existing ports of Hazira and Vadinar, special emphasis was laid on training of employees with a combination of On the job and Off the job training. The Company has introduced Technology enabled HR practices in Performance Management and Training to streamline and strengthen these practices.

## **8. INFORMATION TECHNOLOGY**

Your Company has successfully implemented SAP in its financial and related systems. For Bulk as well as Oil Terminals, system has been implemented to capture end-to-end workflow covering all activities from pre-arrival intimations to actual departure of vessels. Expected berth occupancy is being plotted thereby optimising the berth utilisation and increasing berth efficiency. Various dashboard reports will be implemented in the system for Berth performance and resource monitoring.

## **9. SUBSIDIARIES:**

Post the Scheme of Arrangement, following are the subsidiaries of your Company:

1. Vadinar Oil Terminal Limited (VOTL)
2. Vadinar Ports & Terminals Limited (VPTL) (a subsidiary of VOTL)
3. Essar Bulk Terminal Limited (EBTL)
4. Essar Bulk Terminal (Salaya) Limited (EBTSL)
5. Essar Paradip Terminals Limited (EPTL)
6. Essar Bulk Terminal Paradip Limited (EBTPL)

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit & Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The Company will make available the Annual Accounts of the subsidiary companies and the related information to any member of the Company who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept for inspection at the Registered Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include the financial results of the subsidiary companies.

## **10. DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Dilip J. Thakkar, Mr. R. N. Bansal and Mr. Anshuman Ruia retire at the ensuing Annual General Meeting of the Company and being eligible, offer themselves for re-appointment.

Mr. N. Srinivasan, Mr. A. R. Ramakrishnan, Mr. V. Ashok and Mr. S. V. Venkatesan have resigned from the directorship of your Company during the year. Your Board places on record their appreciation for the valuable contribution made by these Directors in the progress of the Company.

Mr. Shailesh Sawa and Mr. K. K. Sinha have been appointed as Additional Directors in the wholetime employment of the Company designated as Director Finance and Chief Executive Officer respectively. Mr. T. S. Narayanasami, has been appointed as an Additional Independent Director. The

Company has received notices from members proposing the appointment of Mr. Sawa, Mr. Sinha and Mr. Narayanasami as Directors of the Company.

## 11. AUDITORS

Your Company's Auditors, Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai retire at the ensuing Annual General Meeting and have expressed their inability to be appointed as Statutory Auditors. It is proposed to appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, Ahmedabad as the Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. The Company has received a notice from a member proposing the name of Messrs. Deloitte Haskins & Sells, Ahmedabad as Statutory Auditors.

## 12. CORPORATE GOVERNANCE

The Company has complied with the requirements under the Corporate Governance reporting system. The disclosures as required therein have been furnished in the Annexure to the Directors' Report under the head "Corporate Governance".

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

This does not apply to your Company as the Ports & Terminals industry is not included in the Schedule to the relevant rules.

Foreign exchange earnings and outgo are summarised below:

Total Foreign Exchange:

- |  |                  |
|--|------------------|
| (1) Earned (including freight, charter hire earnings, interest income, etc.) | : ₹ 131.10 crore |
| (2) Used (including loan repayments, interest, operating expenses, etc.)     | : ₹ 366.44 crore |

Your Company has obtained exemption from the Central Government under Section 211(4) of the Companies Act, 1956 from giving information required under clauses (a), (b), (c) and (e) of Paragraph 4-D of Part II of Schedule VI to the Companies Act, 1956 vide Order no. 46/60/2011-CL-III dated February 15, 2011.

## 14. PARTICULARS OF EMPLOYEES

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees)

Rules, 1975, as amended, is given in the Annexure forming part of this Report. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all the shareholders of the Company excluding the statement of particulars of employees u/s 217 (2A) of the said Act. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary for the same at the Registered Office of the Company.

## 15. STATEMENT OF DIRECTORS RESPONSIBILITIES

Pursuant to the requirement of Section 217(2AA) of the Companies Act, 1956 the Board of Directors hereby state that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
- the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts on a going concern basis.

## 16. APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors express their sincere thanks and appreciation to all the employees for their commendable teamwork and contribution to the growth of the Company.

Your Directors also thank its bankers and other business associates for their continued support and co-operation during the year.

For and on behalf of the Board

Mumbai  
July 4, 2011

**RAJIV AGARWAL**  
CEO & Managing Director

**R. N. BANSAL**  
Director

## CORPORATE GOVERNANCE REPORT

### 1. Statement on Company's philosophy on Code of Corporate Governance

Your Company believes that adhering to global standards of Corporate Governance is essential to enhance shareholders value and achieve long term corporate goals. The Company's philosophy on Corporate Governance stresses the importance of transparency, accountability and protection of shareholder interests. The Board overseas periodic review of business plans, monitors performance and ensures compliance of regulatory requirements including SEBI Regulations and Listing requirements.

### 2. Board of Directors

The Company has a non-executive Chairman and Independent Directors constitutes half the total number of Directors.

#### A. Composition, Category, Attendance and Number of other Directorships of the Directors are furnished below:

As at March 31, 2011 the Board consisted of twelve members. The composition, category of directors and directorships held in other companies was as under:

| Name of Director                            | Category of Director       | * No. of outside Directorships in other Indian public companies | **No. of Committee positions held in other public companies |        |
|---|----------------------------|---|---|--------|
|   |                            |   | Chairman  | Member |
| Mr. Shashi Ruia (Chairman)                  | Promoter Non-Executive     | 6   | –   | –      |
| Mr. Anshuman Ruia                           | Promoter Non-Executive     | 8   | –   | –      |
| Mr. R. N. Bansal                            | Independent Non-Executive  | 10  | 4   | 8      |
| #Mr. N. Srinivasan                          | Independent Non-Executive  | 14  | 4   | 5      |
| Mr. K. V. Krishnamurthy                     | Independent Non-Executive  | 10  | 4   | 3      |
| Mr. Dilip J. Thakkar                        | Independent Non-Executive  | 13  | 5   | 10     |
| Mr. Deepak Kumar Varma                      | Independent Non-Executive  | 1   | –   | 1      |
| Mr. S. V. Venkatesan                        | Independent Non-Executive  | 12  | –   | –      |
| Mr. Rajiv Agarwal (CEO & Managing Director) | Non-Promoter Executive     | 12  | –   | 7      |
| #Mr. A. R. Ramakrishnan (Wholtime Director) | Non-Promoter Executive     | 4   | –   | 1      |
| #Mr. V. Ashok (Director)                    | Non-Promoter Non-Executive | 11  | –   | 7      |
| Mr. Shailesh Sawa                           | Non-Promoter Executive     | 10  | –   | 7      |

Mr. Sanjay Mehta ceased to be Managing Director and Director w.e.f. July 24, 2010.

Mr. Rajiv Agarwal, Mr. Shailesh Sawa and Mr. Kamla Kant Sinha have been appointed as Directors in wholtime employment w.e.f. May 27, 2010, July 24, 2010 and July 4, 2011 respectively. Mr. T. S. Narayanasami has been appointed as an Independent Director w.e.f. July 4, 2011.

\* excludes foreign companies, private limited companies, Section 25 companies and Alternate Directorships.

\*\* includes membership of Audit and Share Transfer & Shareholders' Grievance Committee only.

# Mr. N. Srinivasan and Mr. A. R. Ramakrishnan have resigned from the Board of the Company w.e.f. May 22, 2011 and Mr V. Ashok has resigned from the Board of the Company w.e.f. June 14, 2011.

### B. Details of Board Meetings held during the year:

| Sr. No. | Date              | Board Strength | No. of Directors present |
|---------|-------------------|----------------|--------------------------|
| 1       | May 27, 2010      | 12             | 11                       |
| 2       | July 24, 2010     | 12             | 8                        |
| 3       | August 5, 2010    | 12             | 12                       |
| 4       | August 12, 2010   | 12             | 11                       |
| 5       | October 28, 2010  | 12             | 12                       |
| 6       | December 23, 2010 | 12             | 6                        |
| 7       | February 2, 2011  | 12             | 10                       |

### C. Attendance of Directors at Board Meetings and at the last Annual General Meeting:

| Director                | No. of Board Meetings attended | Attendance at last AGM |
|-------------------------|--------------------------------|------------------------|
| Mr. Shashi Ruia         | 4                              | N                      |
| Mr. Anshuman Ruia       | 5                              | N                      |
| Mr. R. N. Bansal        | 6                              | Y                      |
| +Mr. N. Srinivasan      | 6                              | N                      |
| Mr. K. V. Krishnamurthy | 6                              | N                      |
| Mr. Dilip J. Thakkar    | 5                              | Y                      |
| Mr. Deepak Kumar Varma  | 7                              | Y                      |
| Mr. S. V. Venkatesan    | 5                              | Y                      |
| *Mr. Sanjay Mehta       | 1                              | N                      |
| +Mr. A. R. Ramakrishnan | 6                              | Y                      |
| Mr. V. Ashok            | 7                              | Y                      |
| #Mr. Rajiv Agarwal      | 7                              | Y                      |
| **Mr. Shailesh Sawa     | 6                              | NA                     |

\* ceased to be a director on July 24, 2010

# was appointed as a director on May 27, 2010

\*\* was appointed as a director on July 24, 2010

+ ceased to be a director on May 22, 2011

### 3. Audit Committee:

The Audit Committee of the Company inter alia performs all the functions specified under the Companies Act, 1956 and Clause 49 of the Listing Agreement.

#### Composition:

The Committee comprises of four Directors of which three are Independent Directors. The Chairman of the Audit Committee is an Independent Director. All the members of the Committee are financially literate and have relevant financial management and/or audit exposure. The Managing Director, Wholtime Director, Director Finance, Head - Accounts, Statutory Auditors and Internal Auditors attend the meetings. The Company Secretary is the Secretary to the Committee.

#### Details of Audit Committee Meetings held during the year:

| Sr. No. | Date             | Committee Strength | No. of Members present |
|---------|------------------|--------------------|------------------------|
| 1       | May 27, 2010     | 4                  | 4                      |
| 2       | August 5, 2010   | 4                  | 4                      |
| 3       | October 28, 2010 | 4                  | 4                      |
| 4       | February 2, 2011 | 4                  | 3                      |

#### Attendance at Audit Committee Meetings:

| Director                   | No. of meetings held | No. of meetings attended |
|----------------------------|----------------------|--------------------------|
| Mr. R. N. Bansal, Chairman | 4                    | 4                        |
| * Mr. N. Srinivasan        | 4                    | 4                        |
| ** Mr. S. V. Venkatesan    | 4                    | 3                        |
| Mr. Anshuman Ruia          | 4                    | 4                        |

\* ceased to be a Director w.e.f. May 22, 2011

\*\* ceased to be a Director w.e.f. July 5, 2011

Mr. Deepak Kumar Varma and Mr. K. V. Krishnamurthy have been appointed as members of the Committee w.e.f. May 3, 2011 and July 4, 2011 respectively.

#### 4. Remuneration to Directors :

Details of Remuneration paid to the Managing Director and Wholtime Directors for the year ended March 31, 2011 is as under:

( ₹ )

| Name of Director                            | Basic Salary | Allowances and other benefits | Perquisites | Contribution to Provident & Superannuation Fund | Total       |
|---|--------------|-------------------------------|-------------|---|-------------|
| *Mr. Sanjay Mehta, Managing Director        | 3,77,419     | 15,91,725                     | 2,95,372    | 0   | 22,64,516   |
| *Mr. Rajiv Agarwal, CEO & Managing Director | 25,88,383    | 62,60,710                     | 0           | 3,10,606  | 91,59,699   |
| Mr. A.R. Ramakrishnan, Wholtime Director    | 48,00,002    | 84,35,862                     | 1,20,000    | 5,76,000  | 1,39,31,864 |
| *Mr. V. Ashok, Wholtime Director            | 4,85,836     | 9,34,531                      | 0           | 58,300  | 14,78,668   |
| *Mr. Shailesh Sawa Director Finance         | 38,80,956    | 54,01,184                     | 0           | 4,65,715  | 97,47,860   |

\* were in the employment of the Company for part of the year.

No Employee Stock Option Schemes have been provided by the Company till date. Services of the aforesaid Executive Directors can be mutually terminated by giving three months notice or three months salary in lieu thereof.

Details of sitting fees paid to Non-Executive Directors for the meetings held during the year ended March 31, 2011:

| Non-Executive Directors | Sitting Fees paid for Board/ Committee meetings (₹) |
|-------------------------|---|
| Mr. Shashi Ruia         | 80,000  |
| Mr. Anshuman Ruia       | 1,40,000  |
| Mr. R. N. Bansal        | 1,60,000  |
| Mr. N. Srinivasan       | 1,60,000  |
| Mr. K. V. Krishnamurthy | 1,20,000  |
| Mr. Dilip J. Thakkar    | 80,000  |
| Mr. Deepak Kumar Varma  | 1,40,000  |
| Mr. S. V. Venkatesan    | 1,40,000  |

No shares or convertible instruments are held by any members of the Board.

#### 5. Shareholders' Grievance Committee and Share Transfer Committee:

The Board at its meeting held on August 5, 2010 have re-constituted the Share Transfer and Shareholders Grievance Committee and has formed two committees viz. Shareholders Grievance Committee and the other known as Share Transfer Committee.

#### Terms of reference of Shareholders Grievance Committee:

To redress grievances and complaints of members on all matters pertaining to their shareholding in the Company.

#### Composition:

The Committee comprises of Mr. R. N. Bansal, Mr. Deepak Kumar Varma, Mr. Rajiv Agarwal and Mr. Shailesh Sawa.

#### Terms of reference of Share Transfer Committee:

To oversee the functioning of the Registrar & Share Transfer Agent and ensure that the process of share transfers, transmission and issue of duplicate shares is effective and efficient.

The Board has further authorised the Executive Directors and Company Secretary to approve the Share Transfer and other related transactions on a regular basis under the supervision of the Committee.

#### Details of shareholders complaints received, solved and pending share transfers:

There were no complaints pending at the beginning of the year. A total of 81 complaints were received