



**GUJARAT POLY-AVX ELECTRONICS LIMITED**

# **24th Annual Report**

**2012 - 2013**



## GUJARAT POLY-AVX ELECTRONICS LIMITED

### TWENTY FOURTH ANNUAL REPORT 2012-2013

#### ANNUAL GENERAL MEETING

On Friday, the 2nd August, 2013  
at B-17/18, Gandhinagar Electronic Estate,  
Gandhinagar, Gujarat at 1.00 p.m.

As a measure of economy, copies of the  
Annual Report will not be distributed at the  
Annual General Meeting. Shareholders are requested  
to kindly bring their copies to the meeting.

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### BOARD OF DIRECTORS

Mr. T. R. Kilachand (Chairman)  
Mr. P. T. Kilachand  
Mr. A. H. Mehta (*Executive Director-Finance & Legal*)  
Mr. Chandrakant Khushaldas  
Brig. K. Balasubramaniam  
Mr. A.B.Shah (*GLIC Nominee*)  
Mr. R. K. Jani (*GLIC Nominee - upto 23-05-2013*)  
Mr. D. D. Patel (*GLIC Nominee - w.e.f. 23-05-2013*)

### COMPANY SECRETARY

Mr. J. M. Shah

### BANKERS

Bank of Baroda

### AUDITORS

Messrs. C. C. Chokshi & Co.  
(Chartered Accountants)

### SOLICITORS AND LEGAL ADVISERS

Crawford Bayley & Co.

### REGISTERED OFFICE AND WORKS

B-17/18, Gandhinagar Electronic Estate,  
Gandhinagar 382 024,  
Gujarat.

### CORPORATE OFFICE

7, Jamshedji Tata Road,  
Churchgate Reclamation,  
Mumbai 400 020.

## NOTICE

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of GUJARAT POLY-AVX ELECTRONICS LIMITED will be held at B-17/18, Gandhinagar Electronic Estate, Gandhinagar, Gujarat on Friday, the 2nd August, 2013 at 1.00 p.m. to transact the following business:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr.Tanil R. Kilachand who retires by rotation, but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. A.B.Shah who retires by rotation, but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass with or without modification/s, the following resolution as an Ordinary Resolution for appointing Auditors for the current year.

**"RESOLVED THAT** pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. C.C.Chokshi & Company, Chartered Accountants, Ahmedabad (Registration No.101876W) be and are hereby appointed as Auditors of the Company from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company.

Further Resolved that the Board of Directors be and is hereby authorised to fix the remuneration of the Auditors and reimbursement of travelling and all other out of pocket expenses incurred in connection with the audit".

By Order of the Board of Directors  
**J. M. SHAH**  
Company Secretary

### Registered Office:

Plot No.B-17/18,  
Gandhinagar Electronic Estate,  
Gandhinagar 382 024,  
Gujarat.  
Dated : 24th May, 2013.

## NOTES :

- (a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT PROXY/PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER. The Proxies to be effective, should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the meeting.
- (b) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, 18th June, 2013 to Tuesday, 25th June, 2013 (both days inclusive).
- (c) Members holding shares in the dematerialized mode are requested to intimate changes in their address, if any, to their Depository Participants and Members holding shares in physical form are requested to intimate the change of address, if any, immediately to the Registrar & Share Transfer Agents at Sharepro Services (India) Pvt. Ltd., 13AB, Samhita Warehousing Complex, 2nd Floor, Sakinaka Telephone Exchange Lane, Off Andheri Kurla Road, Sakinaka, Andheri (E), Mumbai 400 072.  
Telephone : 022-67720300 / 022-67720400  
Fax : 022-28591568  
Email : sharepro@shareproservices.com
- (d) The Notice of the 24th Annual General Meeting along with the printed Attendance Slips is being dispatched to all Members. Electronic copy of the Annual Report for 2013 is being sent to all the members whose email address is registered with the Company/ the Depository Participant(s) unless any member has requested for a hard copy of the same. For members who have not registered their email address, the Annual Report for 2013 is sent along with the Notice. Members who have not yet registered their email address are encouraged to submit their request with their respective Depository Participant or the Company, as the case may be.

Members may also note that the Notice of the 24th Annual General Meeting and the Annual Report for 2013 will also be available on the Company's website [www.polyavx.com](http://www.polyavx.com) for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during business hours. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon receipt of request for the same, by post free of cost.

- (e) The Company's securities are listed on the following Stock Exchange:

Name & Address of the Stock Exchange	Nature of Security
Bombay Stock Exchange Limited Jeejeebhoy Towers Dalal Street, Mumbai 400 023.	85,50,000 Equity Shares of Rs.10/- each



The Company has paid Annual Listing fees for 2012-13 to the above Stock Exchange.

(f) **Members who have not yet collected the Share Certificates issued in the year 2002, are requested to collect the New Share Certificates from the Company at the earliest.**

Information as required under Clause 49(IV)(G)(i) of the Listing Agreement, in respect of Directors being re-appointed / appointed :

<b>Name of Director</b>	Mr.Tanil R. Kilachand	Mr. A.B.Shah
<b>Age</b>	76 years	54 years
<b>Qualification</b>	B.A. from Cambridge University in History & Law M.B.A in Business Administration from Harvard Business School.	B.E. Mechanical
<b>Date of Appointment</b>	11.03.1992	31.10.2002
<b>Expertise</b>	He has over 49 years of experience in industry, management, implementation of projects etc. He has been associated with various Chambers of Commerce and was the President of Indian Merchants' Chambers. He has been associated with various Charitable trusts and is Director/ Chairman of several Companies.	Working with Financial institution since 1983. Appraising and analysing projects technically and financially. He has vast experience in the field of engineering.
<b>Other Directorship in Public Companies (excluding Private Companies) as on 31st March, 2013.</b>	Polychem Limited & Ginnars & Pressers Limited.	Gujarat Themis Biosyn Limited, Gujarat Industrial & Technical Consultancy Organisation Ltd (GITCO), Gujarat Sidhee Cement Ltd, Gujarat State Machine Tools Corp. Ltd, Gujarat Lease Financing Ltd & Gujarat Trans Receivers Ltd.
<b>No. of Equity Shares held</b>	49602	-

By Order of the Board of Directors

**J. M. SHAH**  
Company Secretary

**Registered Office:**  
Plot No.B-17/18,  
Gandhinagar Electronic Estate,  
Gandhinagar 382 024,  
Gujarat.

Dated : 24th May, 2013.

Email : njn@kilachand.com

## DIRECTORS' REPORT TO THE MEMBERS

Your Directors present the Twenty Fourth Annual Report together with the Audited Statement of Accounts for the year ended 31st March, 2013

### 1. PRODUCTION ACTIVITIES

During the Financial Year 2012-13 your Company recorded a Production of 1706.06 Lacs pcs in comparison to 1384.28 Lacs pcs in Financial Year 2011-12, an increase of 23 %.

### 2. SALES

The total sales during the Financial Year 2012-13 was Rs. 946.86 Lacs against sales of Rs.827.26 Lacs in last Financial Year, an increase of 14%. The products mix continue to change and customer requirements shift from large size to smaller size and due to this ASPs come down marginally. Sales to Instrumentation & Industrial Electronics Segments increased by 44%.

### 3. FINANCIAL RESULTS

The Company's operations for the year has resulted in to loss of Rs.7.20 Lacs (Previous year profit of Rs. 48.36 Lacs). However, before interest, depreciation and tax there is Surplus of Rs. 38.27 Lacs (Previous year Rs.83.45 Lacs). After debit of Rs. 200.79 Lacs (Previous year Rs.123.40 Lacs) under exceptional items, there is loss of Rs. 207.99 Lacs (Previous year Rs.75.04 Lacs).

In view of the accumulated loss, your Directors have not been able to recommend any Dividend for the year 2012-13.

### 4. FINANCE

After the One Time Settlement (OTS) with IFCI last year, the Company negotiated with IDBI for OTS against their all dues, costs etc. IDBI accepted the payment of Rs.201 lacs as full and final settlement of their dues. The Company thereafter received "No Dues Certificate" from IDBI also.

The Company has negotiated with Bank of Baroda for OTS of Rs.165.91 lacs in full and final settlement of all claims against the Company, including interest and all other charges, cost, expenses etc., excluding overdraft facility of Rs.75 lacs. Company is in process of payment of this amount.

### 5. FIXED DEPOSITS

The Company has not received any deposits from Public during the year.

### 6. PARTICULARS OF EMPLOYEES

Provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 are not applicable to the Company.

### 7. PROCEEDINGS BEFORE THE HIGH COURT OF GUJARAT AT AHMEDABAD/BIFR/AAIFR.

As informed to you in the previous year, BIFR had vide its order dated 28.04.2009 directed the Company to redeem 1/2 % non-cumulative Redeemable Preference shares of Rs.981.50 lacs issued to Term Lenders as per AAIFR Order dated 27.03.2002. Against the said order of BIFR, the Company had filed an appeal to AAIFR. AAIFR vide its order dated 22.02.2011 upheld the said order of BIFR. The Company then had filed Writ petition in the High Court of Gujarat, Ahmedabad, against the said Order of AAIFR.

High Court of Gujarat vide its order dated 8.04.2013 quashed and set aside the order passed by AAIFR and BIFR.

### 8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO ETC.

As required by the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1968, the Report of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo etc. is given in Annexure-I forming part of this report.

### 9. DIRECTORS

Mr. Tanil R. Kilachand and Mr. A. B. Shah retire from office by rotation but being eligible, offer themselves for reappointment.

Gujarat Industrial Investment Corporation Ltd (GIIC) has withdrawn nomination of Mr. R. K. Jani. Board noted active participation & Contribution of Mr. R. K. Jani during his tenure as a Director. GIIC has proposed to appoint Mr. D. D. Patel as its nominee on the Board of the Company. Mr. D. D. Patel has been appointed in the casual vacancy of Mr. R. K. Jani.

### 10. AUDIT COMMITTEE

Your Company has set-up an Audit Committee of Directors as mandated by section 292(A) of the Companies Act, 1956 as amended. Mr.Chandrakant Khushaldas, Brig.K.Balasubramaniam and Mr.T.R.Kilachand are the members of the Audit Committee.

### 11. DIRECTORS' RESPONSIBILITY STATEMENT

Your Directors confirm that :

- (i) in the preparation of the annual accounts, applicable accounting standards have been followed, with proper disclosure of any departures;
- (ii) the accounting policies are consistently applied and reasonable, prudent judgement and estimates are made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

### 12. CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement a separate report on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of the conditions of Corporate Governance are annexed to the Directors' Report.

### 13. AUDITORS' REMARKS

As regards the remarks in the Auditors' Report, please refer to the Notes on Accounts which are self-explanatory.

### 14. APPOINTMENT OF AUDITORS

You are requested to appoint Auditors. The retiring Auditors M/s.C.C.Chokshi & Co., Chartered Accountants, Ahmedabad are eligible for re-appointment.

### 15. APPOINTMENT OF COST AUDITORS

Complying with the provisions of Section 233B of the Companies Act, 1956 and the MCA General Circular No.15/2011 dated April 11, 2011, (as amended vide General Circular No. 36/2012 dated 6th November, 2012) the Audit Committee has



recommended and the Board of Directors has appointed M/s. V. H. Savaliya and Associates, Cost Accountants, Ahmedabad (Membership No.13867) being eligible and having sought re-appointment, as Cost Auditors of the Company to carry out the cost audit of all the products manufactured by the Company for the year ending March, 2014.

#### 16. ACKNOWLEDGEMENT

Your Directors express their sincere thanks to the Central and State Government authorities, including Gujarat Industrial Investment Corporation Ltd., Bank and Financial Institutions and the Collaborators Kyocera-AVX Corp of USA.

Sincere thanks are also due to the Management team, the staff

and workers for their valuable contribution during this critical period of the Company.

On behalf of the Board of Directors,

**T. R. KILACHAND**  
Chairman

#### Registered Office:

Plot No. B-17/18,  
Gandhinagar Electronic Estate,  
Gandhinagar 382 024,  
GUJARAT.

Dated : 24th May, 2013.

## ANNEXURE I

### A. CONSERVATION OF ENERGY

- a) Energy conservation steps taken :
  - i) Replacement of old control Instruments with more accurate instruments have increased the performance of the machines with better productivity.
  - ii) Resulting in low consumption of energy and better performance of the equipments
  - iii) Improve performance of utility equipments (chiller, compressor etc.)
- b) Additional Investments & Proposals being implemented
  - i) Effective utilization of all the installed equipments, thereby minimizing the energy consumption.
  - ii) Planned Preventive Maintenance schedule and monitoring for effective use of the Production machinery.
- c) Impact of measures at (a) & (b) above:  
The above implementation have resulted in achieving better productivity and reduce energy cost.
- d) Power & Fuel Consumption : Not Applicable

### B. TECHNOLOGY ABSORPTION FORM - B

#### 1. SPECIFIC AREAS IN WHICH R & D CARRIED OUT BY THE COMPANY

- i) Replacing/Repairing of imported spares by local vendors.
- ii) Development of RTS Aluminum Track to increase the productivity.
- iii) Effective management of manufacturing processes to reduce the consumption of raw material.

#### 2. BENEFITS DERIVED AS A RESULT OF ABOVE R & D

- i) Increased in product range
- ii) Reduce the procurement of imported spares.

- iii) Consistent manufacturing process

### 3. FUTURE PLAN OF ACTION

- i) Continuous indigenization of machine tooling, jigs & fixtures and raw materials.
- ii) To develop jigs & fixtures to increase the product range.
- iii) Continue the development of products similar to our present range of products.

### 4. EXPENDITURE OF R & D

Negligible

#### TECHNOLOGY- ABSORPTION, ADAPTATION & INNOVATION

##### (1) (a) Technology Absorption.

Technology Absorption is complete in the areas commissioned.

##### (b) Adaptation.

As part of continuous quality improvement , alteration of process condition and parameters are being undertaken on a regular basis.

##### (c) Innovation.

Systems adopted have led to improved the process.

##### (2) BENEFITS

- i) Increase in product range.
- ii) Reduction in down time and improve the processes of the equipment.

##### (3) IMPORTED TECHNOLOGY

No additional import of Technology in the Financial Year 2012-13.

### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- i) Total Foreign Exchange used : Rs. 3,93,23,415/-
- ii) Total Foreign Exchange earned : Rs. NIL

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Overview

Gujarat Poly-AVX Electronics Ltd (GPAEL) was established in 1989 & Commenced Commercial Production in 1993. This state of the art facility has been setup in the pollution free Electronic Estate in GANDHINAGAR, Gujarat in Collaboration with AVX Ltd., USA, a world leader in Passive Components. Your company manufactures Multilayer Ceramic Capacitors in Radial, Axial & SMD Configurations, Single Layer Ceramic Disc Capacitors both High & Low Voltage & Metal Oxide Varistors. The complete Plant & Machinery has been imported, installed & setup with AVX Support. Over the Years GPAEL's Products have been well received in the market & is, today, one of the largest manufacturers of Ceramic Capacitors in India.

### Industrial Structure and Development

Electronics Components can be classified into Active & Passive Components. These Components are the building blocks of any Electronic Industry. Our Ceramic Capacitors are classified as Passive Components & find wide application due to their miniature size, wide range & low cost. They find applications primarily in the following Market segments:

- (1) Computer & Peripherals
- (2) Instrumentation and Industrial Electronics
- (3) Consumer Electronics
- (4) Strategic Electronics
- (5) Telecommunications
- (6) Electronic Manufacturing Services (EMS)

Your Company supplies parts to the Original Equipment Manufacturers (OEM's) in the above segments. In addition to this our Components are also sold through a country-wide Dealer Network.

### Opportunities and Threats

- Ceramic Capacitors as elicited above are immensely popular in the Electronic Industry & find applications in any Electronic Circuit.
- Ceramic Capacitors due to its variable Dielectric constant exhibit superior Electrical properties & have a wide Range.
- The sales are directly to OEM's & is an Industrial Product.
- The company is also Trading in other Electronic components like TANCAP's Etc.
- Ceramic Capacitors are Fiercely Competitive & is very easy to import.
- The Customs Duty on our capacitors is NIL.
- These parts are also imported in KIT form.
- The Dollar & Commodity Price volatility directly effects the margins.

### Risks and Concerns

- The evolution of the EMS segment has led to Global sourcing thereby making our products very competitive.
- New Technology areas continue to Import Components in KIT form.
- Volatility in currency, Metals, oil etc. have a direct impact on the Raw Material prices.

### Performance by Sector

The overall market sentiment during the Financial Year 2012 – 2013 was improving. Instrumentation and Industrial Electronics segments recorded a growth in the Sales of our products. The Telecommunication and other sectors sales marginally increased.

Sales of Radial MLCC and SMD was continuously growing in compare to previous year. High Voltage Single Layer Disc Ceramic Capacitors sales also improving. .

Overall the sales achieved in FY 2012-13 was Rs.946.86 Lacs in comparison to Sales of Rs. 827.26 Lacs in FY 2011-12 an increase of 14 % . Similarly the Production during the FY 2012-13 increased to 1706.06 PCS in Comparison to 1384.28 Lacs PCs in FY 2011-12 an increase of 23 %.

### Outlook

The Directors are hopeful of increasing the sales Turnover of the Company.

The Company is Cautiously optimistic about the growth prospects for the current Financial Year.

### Internal Control System and their Adequacy

Gujarat Poly-AVX Electronics Ltd has adequate system of internal controls to ensure all assets are safeguarded and protected against loss from unauthorised use or disposition and that transactions are authorised, recorded and reported correctly.

Your Company has nominated Internal Auditors who evaluate all financial and operating system control of the company. The Internal Auditors also review the internal controls to ensure Accounts of the Company are maintained and transactions are in accordance with the prevailing laws and regulations.

Internal Audit findings and recommendations are reviewed by the top management and the Audit Committee of the Board. The Committee reviews the quarterly, half yearly and annual financial statements before these are submitted to the Board and ensures compliance of internal control system.

### FINANCIAL PERFORMANCE

#### Reserves & Surplus

During the year under review there has been no changes in the capital reserves of the company which stands at Rs.29,75,000/-

#### Fixed Assets (Net Block)

The Net Block as on 31.3.2013 is Rs.227.86 Lacs compared to Rs.246.92 Lacs for previous year . The net block has gone down due to depreciation / adjustment for the year.

#### Investments

The Company has not made any investments during the year.

#### Net Current Assets

The net current liability of the Company is Rs. 24 Lacs as compared to net current assets Rs. 164.03 Lacs in the previous year.

#### Results of operations

The revenue during the year has increased from Rs. 827.26 Lacs to Rs.946.86 Lacs

There is loss of Rs. 7.20 lacs (previous year profit of Rs.48.36 Lacs) before exceptional item. Provisions for the interest and financial charges are Rs. 25.78 Lacs compared to Rs.8.93 Lacs during the previous year.

Payment to and provision for employees amounts to 21 % of sales compared to 20 % in the previous year. Depreciation amounts to 2 % of sales during the year compared to 3 % in the previous year.

The Company cannot recommend dividend due to accumulated losses.

#### Material Development in Human Resources

Your Company's vision for the future is designed to provide a total quality environment, which will delight its customers - both internal & external. To achieve this objective the company has embark on developing its Human Resources by sharpening the industrial skills for multitasking . This empowers every employee to be a leader in its stride towards total quality.





## CORPORATE GOVERNANCE REPORT

The Securities and Exchange Board of India (SEBI) ushered in a formal code of corporate governance (hereafter the code) through clause 49 in the listing agreement executed by the Company with a stock exchange. Clause 49 lays down several corporate governance practices which listed companies are required to adopt. The code has been periodically upgraded to ensure the adoption of best corporate governance practices by the corporates. While most of the practices laid down in clause 49 require mandatory compliance, few are recommendatory in nature. This report sets out the compliance status of the Company with the requirements of corporate governance, as set out in clause 49, for the financial year 2012-2013.

### Company's Philosophy on Corporate Governance:

The Philosophy on Corporate Governance aims at attainment of the highest level of transparency, accountability and equity in the functioning of the Company vis-à-vis interactions with employees, shareholders, creditors and customers. The objective of the Company is not only to meet the statutory requirements of the code but also go well beyond it by instituting such systems and procedures as are required in accordance with the latest global trend of making management completely transparent and institutionally sound.

### 1. Board of Directors

The Company has 7 Directors including a Non-Executive Chairman. There are 6 Non-Executive Directors out of which 2 are Independent Directors. Board of Directors is responsible for management of the Company's business. The Board's role, functions, responsibility and accountability are clearly defined.

The names and categories of the Directors on the Board, their attendance at Board Meetings held during the year and the number of Directorships and Chairmanships/Memberships held by them in other companies is given below. Other directorships do not include alternate directorships, directorships of private limited companies, Section 25 companies and of companies incorporated outside India. Chairmanship/Membership of Board Committees includes only Audit and Shareholders'/Investors' Grievance Committees.

The table below provides the composition of the Board of Directors as on 31.03.2013

**FY 2012-13 (April '12 to March '13)**

Name of the Director	Attendance Particulars			Board Meeting Sitting Fees	No. of other Directorship and Committee Membership/Chairman-ship	
	Category	Board meetings	Last AGM held on 03.08.12		Other Directorship in Public Limited Companies	Committee Membership/Chairmanship
Mr. T.R.Kilachand	Chairman					
	NED	3	Yes	9,000/-	2	2
Mr. P.T.Kilachand	NED	2	No	6,000/-	3	1
Brig.K.Balasubramaniam	NED(I)	2	No	6,000/-	-	-
Mr. C.Khushaldas	NED(I)	4	Yes	12,000/-	1	1
Mr. A.B.Shah (Nominee of GIIC)	NED	1	Yes	3,000/-	6	2
Mr. R.K.Jani (Nominee of GIIC)	NED	2	Yes	6,000/-	-	-
Mr. A.H.Mehta	ED	4	Yes	-	2	-

#### Notes:

1. NED – Non-Executive Director.
2. NED (I) – Non-Executive and Independent Director.
3. ED – Executive Director.
4. Mr. Tanil R. Kilachand and Mr. Parthiv T. Kilachand, are related. No other directors are related.

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

Four Board Meetings were held during the year and the gap between two meetings did not exceed four months. The dates on which the Board Meetings were held are as follows:

30th May, 2012, 3rd August, 2012, 30th October, 2012 and 29th January, 2013.

### 2. Audit Committee:

- i. The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreement with the Stock Exchange read with Section 292A of the Companies Act, 1956. Terms of reference of the Audit Committee are broadly include overseeing financial report processes, reviewing with the management the financial statements and adequacy of internal control systems, reviewing the adequacy of internal audit function and discussion with internal auditors on any significant findings and follow-up thereon.
- ii. Minutes of meetings of the Audit Committee are circulated to members of the Committee and the Board is kept apprised.
- iii. Composition and Attendance

During the year under review, Four meetings of the Audit Committee were held on the following dates and the attendance of each member of the Committee is given below:

30th May, 2012, 3rd August, 2012, 30th October, 2012 and 29th January, 2013.



Name of the Director	Designation	Category	Committee Meetings	
			Held during the tenure	Attended
Mr Chandrakant Khushaldas	Chairman	Non Executive Independent Director	4	4
Brig. K.Balasubramaniam	Member	Non Executive Independent Director	4	2
Mr T.R. Kilachand	Member	Non-Executive	4	3

The majority of the members of the Audit Committee are independent and have knowledge of finance, accounts, company law and telecom industry as a whole. The quorum for audit committee meeting is minimum of two members.

The Company Secretary acts as the Secretary to the Committee.

**Details of Number of shares and Convertible Instruments held by Non-Executive Directors.**

Except Mr. T.R.Kilachand and Mr. P.T.Kilachand who hold 49,602 and 17,682 Equity shares of Rs.10/- each of the Company respectively, no other Non-Executive Director holds any shares or Convertible Instruments of the Company.

**3. Adoption of non-mandatory requirement of clause 49**

The Company complies with the following non-mandatory requirements stipulated under clause 49.

**Remuneration Committee:**

Terms of Reference:

The Terms of Reference of Remuneration Committee include recommending to the Board of Directors specific remuneration packages for Executive Director and management staff.

The Composition of the Remuneration Committee as on 31st March, 2013 was as under:

Sr. No	Name of the Director	Designation
1.	Mr. Chandrakant Khushaldas	Chairman
2.	Brig. K.Balasubramaniam	Member
3.	Mr. T.R. Kilachand	Member

All the above Directors are Non-Executive and the Chairman is an Independent Director.

One Remuneration Committee meeting was held on 3rd August, 2012, during the year 1.04.2012 to 31.03.2013.

**4. Shareholders' / Investors' Grievance Committee**

The following directors are the members of the said Committee:-

Sr. No.	Name of the Director	No. of Meeting(s)	
		Held	Attended
1.	Mr T.R.Kilachand – Chairman	16	14
2.	Mr. P.T.Kilachand – Non-Executive Director	16	14
3.	Mr. A.H.Mehta - Executive Director	16	15

The Committee would look into the redressal of the shareholders' complaints in respect of all matters including transfer or credit of shares to demat accounts, non-receipt of Notices/Annual Reports, non-receipt of Share Certificates etc.

Share Transfer formalities are attended to once a week.

Mr. J.M.Shah, Company Secretary provided secretarial support to the Committee and was also the designated Compliance Officer of the Company.

No complaints were received during the year. There are no complaints from the shareholders pending as on 31.3.2013.

**5. CEO/CFO Certification**

Mr. A.H.Mehta, Executive Director (Finance & Legal) and Mr. Harshad H. Jani, Assistant General Manager (Accounts and Finance) of the Company have certified to the Board that:

- (a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:-
  1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
  2. 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 ended 31st March, 2013 which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) They accept responsibility for establishing and maintaining internal controls for financial reportings and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee those deficiencies of which they are aware, in the design or operation of such internal control and that they have taken the required steps to rectify these deficiencies.