



International Combustion (India) Limited



ANNUAL REPORT 2012-13

CORPORATE INFORMATION

Board of Directors

S. Bagaria *Chairman*
 Indrajit Sen *Managing Director*
 Sanjoy Saha *Executive Director*
(Whole-time Director)
 R. L. Gaggar
 S. Ray
 P. K. Mallik

Board Committees

Audit Committee

S. Ray *Chairman*
 R. L. Gaggar
 P. K. Mallik

Share Transfer/Shareholders' Grievance Committee

S. Bagaria *Chairman*
 Indrajit Sen
 S. Ray

Remuneration Committee

R. L. Gaggar *Chairman*
 S. Ray
 P. K. Mallik

Vice President (Finance) & Secretary/ Compliance Officer

S. C. Saha

Auditors

Lodha & Co.
 Chartered Accountants

Bankers

UCO Bank
 Axis Bank
 IDBI Bank
 ICICI Bank

Registered Office

Infinity Benchmark
 11th Floor, Plot No. G-1
 Block-EP & GP, Sector-V
 Salt Lake Electronics Complex
 Kolkata - 700 091
 Telephone : (033) 3315-3000
 Fax : (033) 2357-6653
 Email : info@internationalcombustion.in
 Website : www.internationalcombustion.in

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NOTICE

Notice is hereby given that the SEVENTY-SEVENTH ANNUAL GENERAL MEETING of the shareholders of International Combustion (India) Limited will be held at Kala Kunj, 48, Shakespeare Sarani, Kolkata – 700017 on Wednesday, the 4th September, 2013 at 2.00 P.M. to transact the following business:-

AS ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2013, the Balance Sheet as at that date together with the Reports of the Board of Directors and Auditors thereon.
2. To declare a Dividend.
3. To appoint a Director in place of Mr. Sukhendu Ray who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Prasanta Kumar Mallik who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration.

The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, 23rd August, 2013 to Wednesday, 4th September, 2013 (both days inclusive).

By Order of the Board

Kolkata
The 17th May, 2013

S. C. Saha
Vice President (Finance) & Secretary

NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a Member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the meeting.**
2. Corporate members are requested to send/bring a duly certified copy of Board/Governing body Resolution under Section 187 of the Companies Act, 1956, authorising their representative to attend and vote on their behalf.
3. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Businesses is annexed hereto.
4. Members are requested to bring their attendance slips alongwith copy of the Annual Report to the Annual General Meeting.
5. The dividend, if declared at the Meeting, will be paid to those members/beneficial owners whose names appear on the Company's Register of Members as at the close of business on Thursday, 22nd August, 2013 or to their mandatees. The payments will be made to them **on and from Monday, 16th September, 2013.**
6. In order to provide better services to the shareholders, the Company has already introduced National Electronic Clearing Services (NECS) mode for payment of dividend directly to the credit of the members' Bank Accounts. Shareholders who are not availing the NECS facility, may provide the required information to the Company's Registrar & Share Transfer Agents – M/s. C. B. Management Services (P) Ltd., P-22, Bondel Road, Kolkata 700019.
- 7.a) In order to provide protection against fraudulent encashment of the dividend warrants, shareholders holding shares in physical form, are requested to intimate their Bank particulars, giving the name of the Bank and the Branch with address, the type of Account with Bank Account No. to the Company's Registrar & Share Transfer Agents at their address given under Item no. 6 above.
b) Shareholders holding shares in electronic form, may kindly note that their Bank Account details as furnished by their Depositories to the Company, will be printed on their Dividend Warrants. Any change in Bank particulars and/or change of address may please be furnished immediately to their respective Depository participants.
c) Shareholders are hereby intimated that under instructions from SEBI furnishing of Bank particulars by the shareholders has become mandatory.
8. In accordance with the provisions of Section 205A read with 205C of The Companies Act, 1956 (the Act), the unpaid/unclaimed dividend for the year ended 31st March, 2006 will be transferred to Investors' Education and Protection Fund (IEPF) of the Central Government after 2nd October, 2013. Shareholders who have not so far encashed their dividend warrants, are requested to claim the dividend in writing to the Company's Registrar & Share Transfer Agents on or before 2nd September, 2013. It may please be noted that once the unclaimed dividend is transferred to IEPF, no claim shall be made either to the Company or to the Fund.

NOTICE (Contd.)

The Shareholders who have not encashed their dividend warrants for the years 2006-07 to 2011-12, are requested to claim immediately the dividend in writing to the Company's Registrar & Share Transfer Agents at the address given under Item No. 6 above. It may please be noted that once the unclaimed dividend is transferred to IEPF, on expiry of 7 years from the date they first became due for payment, no claim shall lie against the Company or IEPF in respect of such unclaimed dividends.

9. Shareholders holding shares in physical form are requested to notify immediately to the Registrar & Share Transfer Agents any change of address and/or "Pin Code" in case the mailing address mentioned on this Annual Report is without Pin Code/incorrect Pin Code.
10. In terms of the provisions of Section 109A of the Act, individual shareholders holding shares in physical form, may make nomination in Form 2B which can be obtained from the Registrar & Share Transfer Agents of the Company. However, in case of demat holdings, the shareholders should approach their respective depository participants for making nominations.
11. Members, who have multiple accounts in identical names or joint names in same order are requested to intimate the Registrar & Share Transfer Agents – M/s. C.B. Management Services (P) Ltd., at their address given under item no. 6 above, the Ledger Folios of such accounts to enable the Company to consolidate all such shareholdings into one account.
12. Members are requested to fill in the Attendance Slips in all respects including Folio No. or DP ID, Client ID as the case may be and sign the same before presenting to registration desk at the venue of AGM.
13. Keeping in view the Circular issued by Ministry of Corporate Affairs (MCA) in April 2011, the Annual Report for the year 2012-13 in electronic form shall be sent by e-mail to those shareholders who have intimated/ registered their e-mail addresses for the purpose. In addition, the Annual Report for the year 2012-13 in physical form shall be sent to those shareholders who have not intimated/ registered their e-mail addresses for the purpose of receiving the same in electronic form. It may please be noted that the full text of the Annual Report will also be available in an easily navigable format on the website www.internationalcombustion.in for download by the shareholders.

BRIEF PROFILE OF DIRECTORS SEEKING REAPPOINTMENT AT THE FORTHCOMING ANNUAL GENERAL MEETING PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT

Name	SUKHENDU RAY	PRASANTA KUMAR MALLIK
Age	90 years	82 years
Qualifications	B.Sc., F.C.A. (England & Wales)	B.Com., F.C.A., C.A. (Scotland)
Other Professional Membership	<ul style="list-style-type: none"> ▮ Fellow of the Institute of Chartered Accountants of England & Wales 	<ul style="list-style-type: none"> ▮ Fellow of the Institute of Chartered Accountants of India ▮ Member of the Institute of Chartered Accountants of Scotland
Expertise in specific functional area	41 years' experience in Corporate Management. Retired as Managing Director & CEO of Guest Keen Williams Ltd.	More than four decades of experience in Corporate Finance, Management, Accounts and Audit. Retired as Sr. Partner of Price Waterhouse Coopers.
List of other public Companies in which Directorship held	<ul style="list-style-type: none"> ▮ Asiatic Oxygen Ltd. ▮ Stone India Ltd. 	<ul style="list-style-type: none"> ▮ Kesoram Industries Ltd. ▮ NRC Ltd. ▮ Peerless Financial Services Ltd. ▮ Rupantar Investments Pvt. Ltd.
Member of the Committees of the Board of other Companies on which he is a Director as on 31st March, 2013	Audit Committee - <ul style="list-style-type: none"> ▮ Asiatic Oxygen Ltd. (Chairman) ▮ Stone India Ltd. (Chairman) Shareholders'/Investors' Grievance Committee <ul style="list-style-type: none"> ▮ Stone India Ltd. (Chairman) 	Audit Committee - <ul style="list-style-type: none"> ▮ Kesoram Industries Ltd. (Chairman) Shareholders'/Investors' Grievance Committee <ul style="list-style-type: none"> ▮ Kesoram Industries Ltd. (Chairman)
Shareholding in the Company	NIL	NIL
Relationship between Directors Inter-se	NIL	NIL

By Order of the Board

Kolkata
17th May, 2013

S. C. Saha
Vice President (Finance & Secretary)

**DIRECTORS' REPORT**

To the Members,

Your Directors take pleasure in presenting the Seventy-seventh Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2013 :

FINANCIAL HIGHLIGHTS

	(Rs. in lacs)	
	2012-13	2011-12
Profit before depreciation, interest, exceptional items & tax	1255.93	1778.64
Less: Interest	121.77	84.08
Depreciation	403.22	363.59
Profit before Tax & Exceptional Items	730.94	1330.97
Add: Exceptional Items	—	988.84
Profit before Tax	730.94	2319.81
Less: Provision for Income Tax –		
Current Tax	337.23	37 9.21
Deferred Tax (reversal)/charge	(54.25)	294.67
Profit after Tax	447.96	1645.93
Profit brought forward from last year	148.07	141.04
Profit available for appropriations	596.03	1786.97
Appropriations :		
General Reserve	311.91	1500.00
Proposed Dividend	119.51	119.51
Tax on Proposed Dividend	20.31	19.39
Balance carried over to Balance Sheet	144.30	148.07
	596.03	1786.97

DIVIDEND

Your Directors are pleased to recommend a dividend of 50 % (i.e. Rs. 5/- per equity share) on 23,90,276 equity shares of Rs.10/- each for the financial year ended 31st March, 2013. The dividend, if approved at the forthcoming Annual General Meeting, will absorb Rs. 119.51 lac excluding tax on dividend of Rs. 20.31 lac.

OPERATIONS

Your Company achieved sales of Rs. 11843 lac during the year under review as compared to Rs. 10587 lac for the previous year. The operating surplus for the year was Rs. 731 lac as compared to previous year's earnings of Rs. 1331 lac.

The year under review was marked with unabated industrial downturn especially in the capital goods sector, where the growth declined to 0.9% as against 3.7% of the previous year. Further, insufficient demand led to aggressive market competition and unfavourable price.

The demand for Sugar Sizers, which contributes substantially to the performance of the Company, dropped sharply during the year because of inadequate production of sugarcane.

The export of components to the collaborators also declined during the year by over 20% as a consequence of the overall global industrial downturn.

Other factors which affected performance was the continued increase in the input costs, transportation cost and power cost.

On account of the above unfavourable conditions, the operating surplus for the year declined in comparison with that of previous year.

DIRECTORS' REPORT (Contd.)

Though the position is yet to change in any significant manner, there are indications that the market is likely to improve in the latter part of the current year.

During the year the Company has successfully executed the crushing & screening plant contract received from Danieli for a Myanmar project. This area is expected to grow in the future years to contribute to the growth of the company.

FUTURE OUTLOOK

To circumvent the market downturn, the Company decided to expand its product range and entered into an agreement with Allgaier Werke GmbH, Germany for manufacture and marketing of sophisticated Rotary Dryers and Coolers. This product finds a wide range of application in the mineral, chemical, fertilizer and other industries.

Allgaier manufactures these equipment under brand name of 'Mozer' who are considered to be the technology leader in this product segment. The technology of Allgaier Process Technology is far advanced than the Rotary Dryers technology currently available in India. This agreement is in two parts –

1. A license agreement between your Company and Allgaier Process Technology Limited for manufacture of Rotary Dryers and Coolers.
2. Forming a marketing Joint Venture Company with 50:50 equity participation between your Company and Allgaier Werke GmbH for marketing of Rotary Dryers and Coolers manufactured by your Company under license as mentioned above.

These products are also synergic to other equipment manufactured by your Company such as Screens, Feeders, etc. as they work in tandem.

HUMAN RESOURCE MANAGEMENT

The development programme in various operational areas has been undertaken as an ongoing programme.

INDUSTRIAL RELATIONS

Industrial relations for the year under review at all units remained cordial.

FIXED DEPOSITS

The Company did not have any outstanding fixed deposits as on 31st March, 2013 or as on 31st March, 2012. The Company did not accept any fixed deposits during the year.

TECHNOLOGY AND FOREIGN EXCHANGE

As required under Section 217(1)(e) of the Companies Act 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, particulars regarding Technology Absorption, Foreign Exchange Earnings and Outgo are set out in Annexure – I, forming part of this Report.

PARTICULARS OF EMPLOYEES

A statement as required under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975, forming part of this Report, is annexed. (Annexure – II).

CAPITAL EXPENDITURE

In view of the ongoing business environment, there was no significant capital expenditure for the year under review. The total capital expenditure incurred for the year was Rs. 483 lac.

CONSERVATION OF ENERGY

The Company is continuing with the efforts to conserve energy and have plans to progressively undertake energy audit at all manufacturing plants for taking further appropriate measures as considered necessary.

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement relating to Corporate Governance, the following Reports/Certificates are attached which form part of this Annual Report :

- i) Report on Corporate Governance.
- ii) Certificate of CEO/CFO.
- iii) Declaration from the Managing Director on compliance of Code of Conduct by the Directors and Senior Management Personnel.
- iv) Auditors' Certificate regarding compliance of conditions of Corporate Governance.
- v) Management Discussions and Analysis Report.

DIRECTORS' REPORT (Contd.)

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors, to the best of their knowledge and belief, confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed by the Company, along with proper explanation relating to material departures, if any ;
- ii) appropriate accounting policies have been selected and applied consistently and such judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended on that date;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the Annual Accounts have been prepared on a going concern basis.

COST AUDIT

Mr. Anup Laha, Cost Accountant in Practice, who conducted the audit of the cost accounting records relating to Power Driven Pumps manufactured at the Company's Baidyabati unit for the Financial Year 2011-12 filed the Cost Audit Report with the Ministry of Corporate Affairs, Government of India on 23rd February, 2013. The due date for filing the said report was 28th February, 2013.

Cost Audit of the cost accounting records for all the products manufactured by the Company has become mandatory with effect from the Financial Year 2012-13 by virtue of the Order No. F.No. 52/26/CAB-2010 dated 24th January, 2012, issued by the Cost Audit Branch, Ministry of Corporate Affairs, Government of India, pursuant to Section 233B of the Companies Act, 1956. Accordingly, M/s. S. Datta & Co., Cost Accountants in Practice, have been appointed by your Board as the Cost Auditors of the Company for the Financial Year 2012-13 and the said appointment has been duly approved by the Central Government. The Cost Audit Report for the said Financial Year 2012-13 shall be filed within the due date.

DIRECTORS

The Board of Directors of the Company re-appointed Mr. Indrajit Sen as the Managing Director of the Company for a further period of three years with effect from 1st May, 2012, which was duly approved by the shareholders of the Company vide a Special Resolution passed at the 76th Annual General Meeting of the Company held on 7th September, 2012.

The Board of Directors of the Company re-appointed Mr. Sanjoy Saha as the Executive Director (Whole-time Director) of the Company for a further period of three years with effect from 1st May, 2012, which was duly approved by the shareholders of the Company vide a Special Resolution passed at the 76th Annual General Meeting of the Company held on 7th September, 2012.

Mr. Sukhendu Ray and Mr. Prasanta Kumar Mallik retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. Lodha & Company, Chartered Accountants – Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank all government authorities, banks, customers and shareholders, for the continuous support extended by them to the Company. Your Directors place on record their appreciation for the dedication and commitments of the employees at all levels in achieving and sustaining excellence in all areas of the operation of the Company.

For & on behalf of the Board

Kolkata
17th May, 2013

S. Bagaria
Chairman

ANNEXURE TO DIRECTORS' REPORT - I

TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

A. TECHNOLOGY ABSORPTION

I. Research & Development (R&D)

- i) Specific Areas:
Research and Development activities have been focused on improvement of quality and efficiency of the equipments manufactured by the Company.
- ii) Benefits derived:
Implementation of quality development and product up-gradation programme.
- iii) Future plan of action:
The Company will continue its quality up-gradation programme through latest available technology from its collaborator along with company's own R & D set-up.
- iv) Expenditure on R & D

Expense heads	(Rs. in lacs)
a) Capital	—
b) Recurring	78.95
c) Total	78.95
d) Total R&D expenditure as a percentage of total turnover	0.66 %

II. Technology Absorption, Adaptation and Innovation

- i) Efforts made:
The Company continues its effort in absorption of latest technology available through its collaborators as a part of its total quality management programme.
- ii) Benefits derived:
Improvement in efficiency of the equipment manufactured by the Company.
- iii) Imported Technology:

Technology imported	Year of Import	Has technology been fully absorbed?	If not absorbed, areas where this has not taken place, reasons thereof & future plans of action
Air Classifier for fine products ALPHA 300	2009	Yes	N. A.
BM Ball Mill for fine grinding	2009	Yes	N. A.
Cone Crushers, Jaw Crushers & Roll Crushers	2010	No	Under process of absorption
Single & Double MOZER Type Drum Dryer	2012	No	Under process of absorption

B. FOREIGN EXCHANGE EARNINGS & OUTGO

During the year foreign exchange earnings was Rs. 1006.28 lac (Previous Year - Rs. 1087.16 lac) against outgo of Rs. 556.43 lac (Previous Year - Rs. 938.44 lac).

ANNEXURE TO DIRECTORS' REPORT - II

PARTICULARS OF EMPLOYEES

Employed throughout the year

Name	Age Last Birthday (Years)	Designation & Nature of Duties	Remuneration (Rs.)	Qualification	Experience (Years)	Date of Commencement of Employment	Last Employment
Indrajit Sen	73	Managing Director	1,17,43,315	B.E.(Mech)	51	14.12.1971	Hooghly Docking & Engg. Co. Ltd.

Notes :

- Gross remuneration comprises of salaries, commission, allowances, leave travel assistance, reimbursement of medical expenses, Company's contribution to Provident & Superannuation Funds. In addition to the above remuneration, the Managing Director is entitled to gratuity in accordance with the Company's Rules.
- The appointment of the Managing Director is contractual.

For & on behalf of the Board

Kolkata
17th May, 2013

S. Bagaria
Chairman

REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

The Company's Report on Corporate Governance for the year ended 31st March, 2013 as required under Clause 49 of the Listing Agreement, is furnished below :

A. Company's Philosophy on Corporate Governance

The philosophy of the Company is to aim for optimum performance at all levels. For achieving the same, the Company follows the basic Corporate Governance practices viz. fair and transparent business practices, effective management control by the Board, compliance of laws, monitoring of executive performance, accountability for performance and monitoring of business risks. The Company believes that good Corporate Governance generates from the mind-set of the organisation and is based on the principles of equity, accountability and commitment to do things in a manner where the resources available can be effectively utilised to meet the stakeholders' aspirations and social expectations.

B. Board of Directors

(i) Composition

The Board of Directors of the Company as on 31st March, 2013 comprised of 6 (six) members with two Executive Directors – Managing Director and Executive Director (Wholetime Director) and four Non-Executive Directors. The Chairman of the Board is a Non-Executive Director. The Non-Executive Directors with specialization in their respective fields are bringing in a wide range of skills and experience.

(ii) Attendance

Attendance of the Directors at the Board Meetings of the Company held during the year ended 31st March, 2013 and at the last Annual General Meeting (AGM) along with no. of other Directorship(s), other Committee Membership(s) and the Directors' shareholding as on 31st March, 2013 are given below :-

Sl. No.	Name of Director	Category	No. of Board Meetings attended	Attendance at last AGM held on 07.09.12	No. of Other Directorships*	Other Membership of Committees**		Shares held (Nos.)
						Chairman	Member	
1.	Mr. Sanjay Bagaria [#]	Chairman & Non-Executive Director (Promoter)	7	Yes	4	—	—	43,900
2.	Mr. Indrajit Sen [#]	Managing Director (Non-Promoter)	7	Yes	1	—	2	—
3.	Mr. Sanjoy Saha [#]	Executive Director (Wholetime Director)	7	Yes	—	—	—	—
4.	Mr. Ratan Lal Gagar	Non-Executive Independent Director	6	Yes	11	—	8	—
5.	Mr. Sukhendu Ray	Non-Executive Independent Director	7	Yes	2	3	—	—
6.	Mr. Prasanta Kumar Mallik	Non-Executive Independent Director	6	Yes	3	2	—	—

[#] Denotes Non-Independent Directors.

* For the purpose of above information in computing 'Other Directorship', Private Limited Companies and Section 25 Companies have been excluded and for Committee Memberships, Chairmanship/ Membership in Audit Committee & Shareholders' Grievance Committee only have been considered.

** None of the Directors on the Board is a member of more than 10 Committees or Chairman of more than 5 Committees (as specified in Clause 49 of the Listing Agreement) across all the Companies in which he is a Director.

(iii) Meetings of the Board of Directors

The meetings of the Board are usually held at the Registered Office of the Company at Infinity Benchmark, 11th Floor, Plot No. G-1, Block EP & GP, Sector – V, Salt Lake Electronics Complex, Kolkata - 700 091. During the year under review, 7 (seven) Board Meetings were held on 18.05.2012, 06.07.2012, 02.08.2012, 07.09.2012, 08.11.2012, 05.12.2012 & 07.02.2013. The Company Secretary prepares the Agenda in consultation with the Chairman of the Board, for each meeting and circulates the same in advance to the Directors. The Board meets at least once in every quarter to review the Quarterly Results and other items on the Agenda. The information as required under Annexure

REPORT ON CORPORATE GOVERNANCE (Contd.)

1A to Clause 49 of the Listing Agreement is made available periodically to the Board. Details of Directors seeking reappointment at the 77th Annual General Meeting are being circulated with the Notice convening the Annual General Meeting. The Board periodically reviews the compliance reports to various laws applicable to the Company and takes steps to rectify instances of non-compliance, if any. Copies of Minutes of the Board Meetings are circulated among the members of the Board for their comments, if any.

C. Board Committees**(i) Audit Committee**

The Audit Committee of the Company comprises three Directors – all of whom are Independent and Non-Executive. The Chairman of the Committee is an Independent Non-Executive Director, nominated by the Board. The composition of the Audit Committee is in line with the Clause 49 of the Listing Agreement and provisions of the Companies Act, 1956. During the year ended 31st March, 2013, the Meetings of the Audit Committee were held on 04.05.2012, 18.05.2012, 26.06.2012, 06.07.2012, 02.08.2012, 08.11.2012 & 07.02.2013. The composition of the Audit Committee along with the attendance of the each member are given below :-

Name of Director	Designation	Profession	Committee Meetings	
			Held	Attended
Mr. Sukhendu Ray	Chairman	Chartered Accountant	7	7
Mr. R. L. Gaggar	Member	Solicitor & Advocate	7	6
Mr. P. K. Mallik	Member	Chartered Accountant	7	6

The Vice President (Finance) & Secretary attends the Committee Meeting as Secretary to the Committee. The Statutory Auditors, Internal Auditors, Managing Director & Sr. General Manager (Finance) are invitees to the Audit Committee meetings.

The Audit Committee acts as a link between the management, statutory auditors, internal auditors and the Board of Directors. The terms of reference of the Audit Committee include those specified under Clause 49 of the Listing Agreement as well as under Section 292A of the Companies Act, 1956, such as :

- 1 The adequacy of the Internal Audit function and observations of the Internal Auditors.
- 1 Compliance with accounting standards.
- 1 Compliance with the Listing Agreement and other legal requirements concerning financial statements and related party transactions.
- 1 Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of Statutory Auditors, Cost Auditors, Internal Auditors and Tax Auditors and fixation of their audit fees.
- 1 Approval of payment for any other services rendered by Statutory Auditors.
- 1 Reviewing the Quarterly/half yearly results and the Audited Financial Results before they are submitted to the Board.
- 1 Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- 1 Disclosure of contingent liability, if any.

(ii) Share Transfer/Shareholders' Grievance Committee**(a) Terms of reference**

- 1 Redressal of investors' complaints including non-receipt of Annual Reports, non-receipt of dividend warrants, non-receipt of share certificates after transfer, etc.
- 1 Approval of transfer and transmission of shares or other securities, if any, issue of new share certificates, split/consolidation, issue of duplicate share certificates against lost/mutilated shares, etc.

(b) Composition

The Committee comprises of three Directors viz. Mr. S. Bagaria, Non-Executive Director as Chairman of the Committee, Mr. I. Sen, Managing Director and Mr. Sukhendu Ray, Non-