



**KAMA Holdings Limited**  
(Formerly SRF Polymers Limited)

**Annual Report  
2009-10**

# BOARD OF DIRECTORS

Mr. Kartikeya Bharat Ram, Chairman  
Mr. Ashish Bharat Ram  
Mr. S.P. Agarwala  
Mr. Rajat Lakhanpal, Whole-time Director & Company Secretary  
Mr. Mukul Khandelwal  
Mr. Amitav Virmani  
Mr. Dharendra Datta

## Auditors

Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi

## Bankers

HDFC Bank Ltd.  
ICICI Bank Ltd.

## Registered Office

C-8, Commercial Complex, Safdarjung Development Area, New Delhi – 110 016

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## NOTICE

NOTICE is hereby given that the 10th Annual General Meeting of KAMA Holdings Limited will be held on Friday, the 10th September, 2010 at 10 A.M. at Modi Hall, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110 016 to transact the following businesses:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2010 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. S.P. Agarwala, who retires by rotation, and being eligible, offers himself for re-election.
3. To appoint a Director in place of Mr. Amitav Virmani, who retires by rotation, and being eligible, offers himself for re-election.
4. **To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:**

“RESOLVED that M/s. Thakur, Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual general meeting at a remuneration to be fixed by the Board of Directors/Audit Committee and service tax thereon and re-imbursement of travelling and other incidental expenses, if any, incurred in connection with the audit.”

By Order of the Board  
for **KAMA HOLDINGS LIMITED**

Place: New Delhi  
Date: 27<sup>th</sup> May, 2010

**Rajat Lakhanpal**  
Whole-time Director &  
Company Secretary

### NOTES:

1. Explanatory Statement as required under section 173(2) of the Companies Act, 1956 is annexed.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE SCHEDULED TIME OF THE MEETING. A BLANK PROXY FORM IS ATTACHED HERewith.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 1st September, 2010 to Wednesday, 8th September, 2010 (both days inclusive).
4. Members seeking any information regarding accounts to be given at the meeting should write to the Company at its Corporate Office at Block C, Sector – 45, Gurgaon, 122 003 (Haryana) at least seven days before the meeting so as to enable the management to keep the information ready.
5. Shareholders are advised that those who have not encashed their dividend warrant(s) so far for the financial years ended

31st March 2003 and thereafter may send their outdated dividend warrants to M/s Karvy Computershare Private Limited, Plot No. 17 to 24, Vittalrao Nagar, Madhapur, Hyderabad- 500 081 for issue of ‘payable at par’ cheques/ demand drafts in lieu thereof.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

#### Item No. 2 & 3

Mr. S.P. Agarwala and Mr. Amitav Virmani shall retire by rotation and being eligible, offer themselves for re-appointment.

Brief resume of the Directors being re-appointed are as under:

#### Mr. S.P. Agarwala

Mr. S.P. Agarwala (69) is well-known in the business circles of Delhi. He is a Director of the Company since 2002.

Mr. S.P. Agarwala is Chairman of the Remuneration Committee and a member of the Shareholders/Investors Grievance Committee, Audit Committee and Committee of Directors – Financial Resources of the Board and has no shareholding in the Company.

Directorships in other public companies	Committee Chairmanship/ Membership
SRF Limited	<ul style="list-style-type: none"> <li>- Shareholders/Investors Grievance Committee*</li> <li>- Audit Committee</li> <li>- Remuneration Committee</li> <li>- Financial Resources Committee</li> </ul>

\*Chairman of the Committee

No Director other than Mr. S.P. Agarwala is concerned or interested in the Resolution.

#### Mr. Amitav Virmani

Mr. Amitav Virmani (37) holds a Master’s degree in Business Administration in Marketing & General Management from University of North Carolina at Chapel Hill, NC and has 16 years of work experience. He is Director of the Company since 2008.

Mr. Amitav Virmani is the Chairman of the Audit Committee and a member of Shareholders/Investors Grievance Committee and Remuneration Committee of the Board and has no shareholding in the Company.

#### Directorships in other Public Companies

Okara Flour & General Mills Ltd.

No Director other than Mr. Amitav Virmani is concerned or interested in the resolution.

#### INSPECTION

The documents referred to in the Notice and Explanatory Statement shall be open for inspection at the Corporate Office of the Company on all working days between 11.00 A.M. and 1.00 P.M. upto the date of AGM and shall also be available at the AGM.

Stock Exchange where Company’s securities are listed: -

The Bombay Stock Exchange Ltd.  
Phiroze Jeejeebhoy Towers, Dalal Street  
**Mumbai 400 001**

Annual Listing fee for the year 2010-11 has been paid to the Stock Exchange.

# DIRECTORS REPORT

To the Members,

The Directors are pleased to present the tenth Annual Report on the business and operations of the Company and the statement of accounts for the year ended 31st March, 2010.

## FINANCIAL RESULTS

	(Rs. Crores)	
	2009-10	2008-09
Sales and Other Income	13.20	176.96
Profit Before Interest, Depreciation & Tax (EBIDTA)	12.91	52.16
Less: Interest & Finance Charges	2.91	15.21
Profit before Depreciation and Tax (PBDT)	10.00	36.95
Less: Depreciation	-	4.70
<b>Profit before Tax (PBT)</b>	<b>10.00</b>	<b>32.25</b>
Less: Provision For Taxes (including provision for deferred tax)	0.26	11.84
<b>Net Profit after Tax (PAT)</b>	<b>9.74</b>	<b>20.41</b>
Add: Profit brought forward from previous year	27.25	6.84
<b>Profit available for appropriation</b>	<b>36.99</b>	<b>27.25</b>
<b>Appropriations</b>		
Dividend on Equity shares	-	-
Corporate tax on dividend	-	-
Amount transferred to General Reserve	-	-
<b>Profit carried to Balance Sheet</b>	<b>36.99</b>	<b>27.25</b>
<b>Total Appropriation</b>	<b>36.99</b>	<b>27.25</b>

## Equity Dividend

No dividend is recommended by the Board of Directors.

## Operations Review

Gross Income decreased by 93% to Rs. 13.20 crores from Rs 176.96 crores in the previous year. Operating profit (EBIDTA) decreased by 75% to Rs 12.91 crores from Rs 52.16 crores. Profit before tax decreased by 69 % to Rs 10 crores from Rs 32.25 crores. Profit after Tax decreased by 52% to Rs 9.74 crores from Rs 20.41 crores. This was due to divestment of Engineering Plastics Business and Industrial Yarn Business with effect from 1.1.2009 whereafter there was no income from manufacturing activities.

## Subsidiary Companies

### SRF Polymers Investments Limited

SRF Polymers Investments Ltd., the wholly-owned subsidiary of the Company made a profit of Rs. 16.48 crores during the year 2009-10 mainly on account of dividend and rental income. During the year, SRF Polymers Investments Ltd. had subscribed to 50,000 fully paid up equity shares of Rs. 10 each of KAMA Realty (Delhi) Ltd.

### KAMA Realty (Delhi) Limited

KAMA Realty (Delhi) Ltd. , the wholly-owned subsidiary of the Company made a loss of Rs. 0.02 Crores mainly on account of administrative expenses. This subsidiary shall engage in

activities relating to acquisition and renting of commercial properties.

### Shri Educare Limited

During the year your Company had invested a sum of Rs. 2.06 crores in the equity capital of Shri Educare Ltd. and made it a wholly-owned subsidiary. This company is engaged in the field of education. It had made a loss of Rs. 1.15 crores mainly on account of personnel and administrative expenses. During the year, Shri Educare Limited had set up a wholly-owned subsidiary by the name of Shri Educare Maldives Private Limited in Maldives for engaging in providing education in that country. It had subscribed to 46,66,550 fully paid up equity shares of Rufiyaa(MRF) 1 each of Shri Educare Maldives Private Limited.

### Shri Educare Maldives Private Limited

Shri Educare Maldives Private Limited made a loss of MRF 0.49 crores mainly on account of personnel and administrative expenses.

Necessary application seeking approval of Central Government under Section 212(8) of the Companies Act, 1956 shall be made by your Company for not attaching a copy of balance sheet, profit and loss account, auditors' report and directors' report of the subsidiary companies and other documents required to be attached under Section 212(1) of the Act to the balance sheet of the Company.

## Directors

Mr. S.P. Agarwala and Mr. Amitav Virmani, Directors retire by rotation and being eligible, offer themselves for re-appointment.

Mr. K.Ravichandra, Director has resigned from the Board with effect from 09.10.2009. The Board places on record its gratitude and appreciation for the services rendered by him.

Mr. Kartikeya Bharat Ram has been re-designated as Chairman with effect from 05.03.2010.

## Directors' Responsibility Statement

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, it is hereby confirmed:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 the period under review;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in

accordance with the provisions of the Act 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 for the year ended 31.03.10 on a 'going concern' basis.

The Company is controlled by Arun Bharat Ram Group ("Promoter Group") being a group as defined under the Monopolies and Restrictive Trade Practices Act, 1969. The Promoter Group consists of various individuals and corporate bodies who are in a position to and who jointly exercise control over the Company.

a) Mr. Arun Bharat Ram; b) Mr. Ashish Bharat Ram; c) Mr. Kartikeya Bharat Ram; d) Mrs Shiela Bharat Ram; e) Mrs. Manju Bharat Ram; f) Mrs. Vasvi Bharat Ram; g) Mrs. Radhika Bharat Ram; h) SRF Ltd; i) SRF Transnational Holdings Ltd.; j) Skylark Investments & Trading Pvt. Ltd.; k) Narmada Farms Pvt. Ltd; l) Bhairav Farms Pvt. Ltd.; m) Karm Farms Pvt. Ltd.; and n) Srishti Westend Greens Farms Pvt. Ltd.

### **Scheme of Arrangement**

Your Board had approved a Scheme of Arrangement between the Company, Narmada Farms Pvt. Ltd., Bhairav Farms Pvt. Ltd., SRF Polymers Investments Ltd., Srishti Westend Greens Farms Pvt. Ltd., Karm Farms Pvt. Ltd. and KAMA Realty (Delhi) Ltd. and their respective shareholders. The Scheme envisages ; a) demerger of the real estate businesses of Narmada Farms Pvt. Ltd., Bhairav Farms Pvt. Ltd. and SRF Polymers Investments Ltd. into Srishti Westend Greens Farms Pvt. Ltd., Karm Farms Pvt. Ltd. and KAMA Realty (Delhi) Ltd. respectively; and b) amalgamation of the investment businesses of Narmada Farms Pvt. Ltd., Bhairav Farms Pvt. Ltd. and SRF Polymers Investments Ltd comprising mainly of investment holding in shares of SRF Ltd. into your Company.

Your Board is of the view that the proposed Scheme of Arrangement would create enhanced value for shareholders and allow a focused strategy in operations, which would be in best interest of the companies, its shareholders, creditors, and all the person connected with the companies. The reorganization proposed by the scheme will enable investors to separately hold investment in businesses with different investment characteristics, thereby enabling them to select investments which best suit their investment strategies and risk profiles.

Subject to the approval of Hon'ble High Court of Delhi at New Delhi, a copy of the aforesaid Scheme of Arrangement alongwith Notice and explanatory statement under Section 393 of the Companies Act, 1956 shall be sent in due course to the shareholders and creditors for seeking their approval.

### **Listing of Shares**

Your Company's shares are listed at the Bombay Stock Exchange Ltd.

### **Corporate Governance**

Certificate of the auditors of your Company regarding compliance with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement with the stock exchanges is attached to the report as annexure 1.

In compliance with the requirements of Clause 49(V), a certificate from Whole-time Director & Company Secretary was placed before the Board.

All Board members and senior management personnel had affirmed compliance with the Code of Conduct for Board and Senior Management Personnel. A declaration to this effect duly signed by the Whole-time Director & Company Secretary is enclosed as a part of the Corporate Governance Report.

### **Consolidated Financial Statement**

In accordance with the Accounting Standard AS-21 & AS-23 on Consolidated Financial Statements, your Directors have pleasure in attaching the Consolidated Financial Statements, which form part of the Annual Report and Accounts.

### **Accounts and Audit**

The Auditors, M/s Thakur, Vaidyanath, Aiyar & Company, retire at the conclusion of the 10th Annual General Meeting and being eligible, offer themselves for re-appointment. The observations of the Auditors are explained wherever necessary in appropriate notes to the Accounts.

### **Management Discussion and Analysis**

Management discussion and analysis on matters relating to the business performance, as stipulated in clause 49 of the listing agreement with the stock exchanges, is given as a separate statement in the Annual report.

### **Fixed Deposits**

Your Company had discontinued to accept/renew fixed deposits w.e.f. 1st April, 2009. All the existing Deposits will be repaid as and when will be due.

Deposits (including interest) amounting to Rs. 0.22 crores due for repayment on or before 31st March, 2010 remained unclaimed by 59 depositors. There have been no defaults in repayment of fixed deposits during the year.

### **Particulars of Employees**

No employee was drawing remuneration equal to or exceeding the limits under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees), Rules, 1975.

### **Acknowledgements**

Your Directors acknowledge with gratitude the co-operation and assistance received from various agencies of the Central Government and the Lenders. Your Directors thank the shareholders for their support. Your Directors also place on record their appreciation of the contribution made by employees at all levels.

**For and on behalf of the Board of Directors**

Place: New Delhi  
Date: 27<sup>th</sup> May, 2010

**Kartikeya Bharat Ram**  
**Chairman**

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

During the year, the Company had earned income by way of dividend, interest and other income amounting to Rs. 13.20 crores. After payment of interest on loans and other expenses, net profit for the year amounted to Rs. 9.74 crores as compared to Rs. 20.40 crores in the previous year. The share capital of the company as on 31st March, 2010 stood at Rs. 6.45 crores and Reserves and Surplus at Rs. 85.83 crores. As on 31st March, 2010, the Company had public deposits amounting to Rs. 0.98 crores.

## OUTLOOK

Your Company had applied for obtaining registration as a Non Banking Finance Company (NBFC) under the provisions of Section 45 IA of the Reserve Bank of India Act, 1934. As per the directions of RBI, the Company shall apply for registration as NBFC after repayment of public deposits. The Company as a Promoter holds investments in the shares of SRF Ltd. engaged in businesses relating to Technical Textiles, fluorochemicals, packaging films etc. and two wholly-owned subsidiaries of the Company viz. SRF Polymers Investments Ltd. which is an investment company and Shri Educare Ltd. which is engaged in the field of education.

## OPPORTUNITIES AND THREATS

The Company alongwith SRF Polymers Investments Ltd. (WoS of the Company) holds significant investment in shares of SRF Ltd. The value of these investments is dependent on the performance of the investee company.

## RISKS AND CONCERNS

The Company is mainly exposed to the risk of reduction in value of investments in shares of SRF Ltd. due to fall in the share price and investee company's performance.

## ADEQUACY OF INTERNAL CONTROL SYSTEM

Your Company's internal control systems and procedures are commensurate with the size of operations and adequate enough to meet the objectives of efficient use and safeguarding of assets, compliance with statutes, policies and procedures and proper recording of transactions.

## CAUTIONARY STATEMENT

The Statement in this Management Discussion and Analysis Report describing the Company's outlook, projections, estimates, expectations or predictions may be "Forward looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied.

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## ANNEXURE-1 TO DIRECTORS' REPORT

### AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
**KAMA Holdings Limited**

(Formerly known as SRF Polymers Limited)

We have examined the compliance of conditions of Corporate Governance by KAMA Holdings Limited, for the year ended March 31, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchange(s).

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us:

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that there are no investor grievance(s) pending for a period exceeding one month against the company as per the records maintained by the Shareholders/Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For THAKUR, VAIDYANATH AIYAR & CO.  
Chartered Accountants  
(Registration No. 000038N)

Place: New Delhi  
Date: 27<sup>th</sup> May, 2010

V. Rajaraman  
Partner  
(Membership No. 2705)



# REPORT ON CORPORATE GOVERNANCE

## Philosophy of the Company on Corporate Governance

For KAMA Holdings Limited, good corporate governance means adoption of best practices to ensure that the Company operates not only within the regulatory framework, but is also guided by broader business ethics. The adoption of such corporate practices — based on transparency and proper disclosures — ensures accountability of the persons in charge of the Company and brings benefits to investors, customers, creditors, employees and the society at large.

## Board of Directors

### Composition of the Board

As on 31 March 2010, KAMAs' Board consisted of seven Directors. One Director is executive of the Company, four are non-executive and independent and two are non-executive promoter. Table 1 gives the details of the Board during the year 2009-10

- Are not material supplier, service provider or customer or lessor or lessee of the company, which may affect independence of the Director; and
- Are not a substantial shareholder of the company i.e. do not own two percent or more of the block of voting shares.
- Are not less than 21 years of age

As mandated by Clause 49 of the Listing Agreement, none of the Directors is a member of more than ten Board level committees nor are they Chairman of more than five committees in which they are members.

### Number of Board Meetings

During 2009-10, the Board of Directors met 6 times — on 18th June, 2009, 30th July, 2009, 9th October, 2009, 24th December, 2009, 29th January, 2010 and 5th March, 2010. The gap between any two Board meetings did not exceed four months. Table 2 gives the details.

**Table 1: Composition of the Board of Directors of KAMA Holdings Ltd.**

Sl. No.	Name of Director	Category of Director	No. of other Directorships#	No. of Board-level Committees where chairperson or member	
				Chairperson	Member
1	Mr. Ashish Bharat Ram	Non- Executive, promoter	6	1	1
2	Mr. Kartikeya Bharat Ram	Non-Executive, promoter	4	-	1
3	Mr. S. P. Agarwala	Independent	1	1	3
4	Mr. Rajat Lakhanpal	Executive	1	-	1
5	Mr. Mukul Khandelwal	Independent	-	-	1
6	Mr. Amitav Virmani	Independent	1	1	1
7	Mr. Dharendra Datta	Independent	1	-	1

#Directorship in Foreign Companies and the Indian Pvt. Ltd. companies is not included.

Independent Directors on the Board of KAMA Holdings Ltd. are non-executive directors who:

- Apart from receiving Director's remuneration, do not have any material pecuniary relationships or transactions with the company, its promoters, its Directors, its senior management or its holding company, its subsidiaries and associates which may affect the independence of the Director
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board
- Have not been an executive of the company in the immediately preceding three financial years
- Are not partner or executive or were not partner or an executive during the preceding three years of any of the following:-
  - Statutory audit firm or the internal audit firm that is associated with the company;
  - Legal firm(s) and consulting firm(s) that have a material association with the company;

**Table 2: Board Meeting Attendance Record of the Directors in 2009-10**

Name of the Director	Number of meetings attended	Attended last AGM?
Mr. Rajat Lakhanpal	6	Yes
Mr. S.P. Agarwala	3	Yes
Mr. K. Ravichandra	0	No
Mr. Mukul Khandelwal	3	No
Mr. Ashish Bharat Ram	5	Yes
Mr. Kartikeya Bharat Ram	6	Yes
Mr. Amitav Virmani*	6	Yes
Mr. Dharendra Datta	6	Yes

\*Mr. Amitav Virmani is the Chairman of Company's Audit Committee

## Remuneration of Directors

Table 3 gives the remuneration paid or payable to the Directors.

**Table 3: Remuneration Paid or Payable to Directors during 2009-10**

Name of Director	Salary	Sitting fees for Board and Committee meetings*	Perquisites#	Deferred Benefits (PF and superannuation)@	Terminal Benefits	Total
Mr. S.P. Agarwala	-	12,000	-	-	-	12,000
Mr. Rajat Lakhanpal	8,36,078	-	1,85,974	83,203	-	11,05,255
Mr. K. Ravichandra**	-	-	-	-	-	-
Mr. Mukul Khandelwal	-	6,000	-	-	-	6,000
Mr. Ashish Bharat Ram	-	15,000	-	-	-	15,000
Mr. Kartikeya Bharat Ram	-	14,000	-	-	-	14,000
Mr. Amitav Virmani	-	13,000	-	-	-	13,000
Mr. Dharendra Datta	-	10,000	-	-	-	10,000
Total	8,36,078	70,000	1,85,974	83,203	-	11,75,255

\*Includes sitting fee for attending the meetings of the Board of Director and Committee Meetings including non statutory Committees of Directors

\*\*Mr. K.Ravichandra ceased to be Director w.e.f. 09.10.2009 due to resignation.

#Value of perquisites on actual basis.

@Having regard to the fact that there is a global contribution to gratuity fund, the amount applicable to an individual is not ascertainable.

None of the employees is related to any of the Directors.

## Shareholding of non-executive Directors

As on 31 March 2010, none of the non-executive Directors hold any shares of the Company. The Company has not issued any convertible securities to any director.

## Information Supplied to the Board

The Board has complete access to all information with the Company. Inter-alia, the following information is regularly provided to the Board as a part of the agenda papers well in advance of the Board meetings or is tabled in the course of the Board meeting:

- Annual operating plans & budgets and any update thereof.
- Capital budgets and any updates thereof.
- Quarterly results for the Company and operating divisions and business segments.
- Minutes of the meetings of the audit committee and other committees of the Board.
- Information on recruitment and remuneration of senior officers just below the level of Board, including the appointment or removal of Chief Financial Officer and Company Secretary.
- Materially important show cause, demand, prosecution notices and penalty notices.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any

judgement or order which, may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.

- Details of any joint venture or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in human resources / industrial relations front like signing of wage agreement, implementation of voluntary retirement scheme, etc.
- Sale of material nature of investments, subsidiaries, assets, which is not in the normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory nature or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

The Board periodically reviews compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances.

In addition to the above, pursuant to the revised Clause 49, the minutes of the Board meetings of your company's unlisted subsidiary company and a statement of all significant transactions and arrangements entered into by the unlisted subsidiary company are also placed before the Board.



## Code of Conduct

The Company's Board has laid down a code of conduct for all Board members and senior management of the company. All Board members and designated senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Whole-time Director & Company Secretary to this effect is given at the end of this report.

## Risk Management

The Company has laid down procedures to inform the Board members about the risk assessment and minimization procedures. These procedures are being periodically reviewed to ensure that management controls risk through means of a properly defined framework.

## Committees of the Board

### a) Audit Committee

As on 31 March 2010, the Audit Committee of KAMA Holdings Limited comprises of four Directors all of whom are independent. The constitution of the Committee meets the requirements of Section 292A of the Companies Act, 1956, as well as Clause 49 of the Listing Agreement.

During 2009-10, the Audit Committee of KAMA Holdings Limited met on four occasions — namely, on 18th June, 2009, 30th July, 2009, 9th October, 2009 and 29th January, 2010. Table 4 gives the attendance record of Directors who are members of the Audit Committee.

**Table 4: Attendance Record of Audit Committee Meetings during 2009-10**

Name of Director	Category	Number of meetings held under tenure	Number of meetings attended
Mr. S.P. Agarwala	Independent	4	1
Mr. Mukul Khandelwal	Independent	4	2
Mr. Amitav Virmani (Chairman)	Independent	4	4
Mr. Dharendra Datta	Independent	4	4

All the members of the Audit Committee are financially literate while Mr. Amitav Virmani, Chairman of the Audit committee is a holder of Master's degree in Business Administration from University of North Carolina and has experience in the area of marketing and general management. Mr. Rajat Lakhanpal, Whole time Director & Company Secretary, is the Secretary to the Committee.

The terms of reference of the Audit Committee are as per the guidelines set out in the Listing Agreement with the Stock Exchanges read with Section 292A of the Companies Act, 1956. These broadly include approval of annual internal audit plan, review of financial reporting systems, ensuring compliance

with regulatory guidelines, discussions on quarterly, half yearly and annual financial results, interaction with statutory and internal auditors, recommendation for appointment of statutory auditors and their remuneration.

In addition, the Committee also reviews:

- Management's Discussion and Analysis of Company's operations,
- Periodical internal audit reports
- Letters of statutory auditors to management on internal control weakness, if any,
- Statement of significant related party transactions,
- Financial statements, in particular, investments made by the subsidiary companies,
- Risk framework.

### b) Remuneration Committee

As on 31 March 2010, Remuneration Committee comprised of four members' three of whom were independent and one is non-executive promoter Director.

During 2009-10, the Remuneration Committee met once on 20th May, 2009. Table 5 gives the attendance record of Directors who are members of the Remuneration Committee.

**Table 5: Attendance Record of Remuneration Committee Meetings during 2009-10**

Name of Director	Category	Number of meetings held under tenure	Number of meetings attended
Mr. S.P. Agarwala (Chairman)	Independent	1	1
Mr. Ashish Bharat Ram	Non-executive, promoter	1	1
Mr. Mukul Khandelwal	Independent	1	1
Mr. Amitav Virmani	Independent	1	1

The terms of reference of Remuneration Committee is to recommend to the Board the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders).

### c) Shareholders'/Investors' Grievance Committee

As on 31 March 2010, KAMA Holdings' Shareholders'/Investors' Grievance Committee comprised of three members — one non-executive promoter Director and two non-executive Directors both of whom are independent Directors. Mr. Ashish Bharat Ram, Chairman of the Committee is a non-executive promoter Director. Mr. S.P. Agarwala and Mr. Amitav Virmani, members of the Committee are non-executive and independent Directors.

The terms of reference of the Committee are:

- To deal with and decide all matters relating to the registration of transfer and transmission of shares and debentures, issue of duplicate share certificates or allotment letters and certificates for debentures in lieu of those lost/misplaced.
- To redress shareholder and investors complaints, relating to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.
- To monitor the compliance of Code of Conduct for Prevention of Insider Trading framed by the Company.

Mr. Rajat Lakhanpal, Whole-time Director & Company Secretary, is the Compliance Officer. To expedite the process of transfer, Mr. Rajat Lakhanpal, Whole-time Director & Company Secretary was authorised by the Board on 31 January, 2005 to consider and approve the registration of transfer and transmission of shares upto a limit of 500 shares in any one case.

As on 31 March 2010, no investor complaint was pending with the Registrar and Share Transfer Agent. Table 6 gives data on the shareholder/investor complaints received, and redressed, during the year 2009-10.

**Table 6: Shareholder and Investor Complaints Received and Redressed during 2009-10**

Pending Complain as on 01.04.2009	Total Complaints received	Total complaints redressed	Pending as on 31.03.2010
Nil	29	29	Nil

## Management

### Management Discussion and Analysis

This is given as a separate chapter in this Annual Report.

### Disclosure Requirements

- Disclosures on materially significant related party transactions are given in point no. 8 in the Notes to Accounts.

**Table 7: Last three AGMs of the Company**

Year	Location	Date	Time	No. of Special Resolutions passed
2007	Shriram Hall, PHD House, 4/2, Siri Institutional Area August Kranti Marg, New Delhi 110 016	31.07.2007	3.30 P.M.	None
2008	Modi Hall, PHD House 4/2, Siri Institutional Area August Kranti Marg, New Delhi 110 016	29.08.2008	11.00 A.M.	One
2009	Modi Hall, PHD House 4/2, Siri Institutional Area August Kranti Marg, New Delhi 110 016	25.09.2009	11.00 A.M.	One

### Postal Ballot

During the year, no resolution was passed through Postal Ballot.

### Compliance

#### Mandatory Requirements

The company is fully compliant with the applicable mandatory requirements of the revised Clause 49.

- The Company has followed the Accounting Standards laid down by the Institute of Chartered Accountants of India (ICAI) in preparation of its financial statements.
- The Company has complied with the regulations issued by SEBI and terms and conditions of Listing Agreement with the Stock Exchanges. At the time of delisting of the shares of the Company from Delhi Stock Exchange, a condonation fee of Rs. 5,000/- was paid for delayed submission of documents under Listing Agreement.
- In compliance with the SEBI regulations on prevention of insider trading, the Company has laid down a comprehensive code of conduct for its management and staff. The code lays down guidelines, which advises them on procedures to be followed and disclosures to be made, while dealing with the shares of the Company, and cautioning them of the consequences of violations.

## Shareholders

### Reappointment/Appointment of Directors

Mr. S.P. Agarwala and Mr. Amitav Virmani, Directors are retiring by rotation and being eligible, offer themselves for re-appointment. Brief resumes of these Directors are given in the Notice of the 10th Annual General Meeting.

### Means of Communication with Shareholders

Quarterly and annual results of KAMA Holdings Ltd are published in two national dailies, generally The Pioneer (in English) and Veer Arjun (in Hindi).

During 2009-10, KAMA Holdings has not made any formal presentations to institutional investors or analysts. As and when it does, the presentations will also be posted on the Company's website.

Further, the Company has also been complying with SEBI regulations for filing of its financial results under the EDIFAR system. These are available on the SEBI web-site [www.sebidifar.nic.in](http://www.sebidifar.nic.in).

### Last three Annual General Body Meetings

The details of the last three AGMs are given in Table 7.