



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

**Annual Report**  
**2010-11**

# 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

NOTICE is hereby given that the 11<sup>th</sup> Annual General Meeting of KAMA Holdings Limited will be held on Friday, the 12<sup>th</sup> August, 2011 at 3.30 P.M. at Laxmipat Singhania Auditorium, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi-110016 to transact the following businesses:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March, 2011 and the Profit & Loss Account for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To declare dividend on 8% Non-Cumulative Redeemable Preference Shares.
3. To appoint a Director in place of Mr. Ashish Bharat Ram, who retires by rotation, and being eligible, offers himself for re-election.
4. To appoint a Director in place of Mr. Dharendra Datta, who retires by rotation, and being eligible, offers himself for re-election.
5. **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 (Registration No.000038N) 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: Gurgaon  
Date: 30<sup>th</sup> May, 2011

**Rajat Laxhanpal**  
**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 Friday, 29<sup>th</sup> July, 2011 to Friday, 5<sup>th</sup> August, 2011 (both days inclusive).

The dividend, when declared will be payable to the preference shareholders whose name stand on the Register of Preference Shareholders as on 29<sup>th</sup> July, 2011.

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 31<sup>st</sup> March 2004 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 Nos. 3 & 4

Mr. Ashish Bharat Ram and Mr. Dharendra Datta shall retire by rotation and being eligible, offer themselves for re-appointment. Brief resume of the Directors being re-appointed are as under:

#### Mr. Ashish Bharat Ram

Mr. Ashish Bharat Ram (42) holds a Masters’ degree in Business Administration from Cornell University, USA and has 20 years working experience in the area of strategy, finance, production and marketing. He is Managing Director of SRF Ltd. which is engaged in the businesses of technical textiles, chemicals, polymers and packaging films.

Mr. Ashish Bharat Ram is the Chairman of Shareholders’/ Investors’ Grievances Committee and a member of the Remuneration Committee and Committee of Directors – Financial Resources, of the Board and holds 11,85,370 (18.37%) equity shares.

Directorships in other public companies	Committee Membership
SRF Ltd.	- Shareholders’/Investors’ Grievance Committee - Committee of Directors- Financial Resources
SRF Holiday Home Ltd.	None
SRF Fluorochemicals Ltd.	None
Shri Educare Ltd.	None

Mr. Ashish Bharat Ram is interested in the resolution. Mr. Kartikeya Bharat Ram who is a relative of Mr. Ashish Bharat Ram, may be deemed to be interested in the Resolution.

No other Director is concerned or interested in the Resolution.

#### Mr. Dharendra Datta

Mr. Dharendra Datta (64) is a qualified chartered accountant having experience of 35 years.

Mr. Dharendra Datta is a member of the Audit Committee of the Company and has no shareholding in the Company.

#### Directorship in other Public Companies - Nil

None of the Directors of the Company other than Mr. Dharendra Datta is concerned or interested in the Resolution.

# DIRECTORS REPORT

To the Members,

The Directors are pleased to present their eleventh Annual Report on the business and operations of the Company and the statement of accounts for the year ended 31<sup>st</sup> March, 2011.

## FINANCIAL RESULTS

	(Rs. Crores)	
	2010-11	2009-10
Dividend and Other Income	59.89	13.20
Profit Before Interest, and Depreciation & Tax (EBIDT)	59.39	12.91
Less: Interest & Finance Charges	4.25	2.91
Profit before Depreciation and Tax (PBDT)	55.14	10.00
Less: Depreciation	-	-
Profit before Tax (PBT)	55.14	10.00
Less: Provision For Taxes	0.01	0.26
<b>(including provision for deferred tax)</b>		
Net Profit after Tax (PAT)	55.13	9.74
<b>Add: Profit brought forward from previous year</b>	<b>36.98</b>	<b>27.25</b>
Profit available for appropriation	92.11	36.99
Appropriations		
Dividend on Preference Shares	1.03	-
Dividend on Equity shares	-	-
Corporate tax on dividend	0.17	-
Amount transferred to General Reserve	-	-
Profit carried to Balance Sheet	90.91	36.99
Total Appropriation	92.11	36.99

## SCHEME OF ARRANGEMENT

Pursuant to the Scheme of Arrangement approved by the Hon'ble Delhi High Court vide its order dated 24<sup>th</sup> February, 2011 (hereinafter referred to as "the Scheme of Arrangement"), the investment divisions of SRF Polymers Investments Limited, a wholly-owned subsidiary, Narmada Farms Private Limited and Bhairav Farms Private Limited were merged with the company with effect from 1.4.2010. The accounts have been prepared after taking into consideration the effect of the Scheme of Arrangement.

Pursuant to the aforesaid Scheme:

- 48,38,249 fully paid equity shares of Rs. 10 each held by Narmada Farms Private Limited and Bhairav Farms Private Limited in your Company were cancelled and simultaneously equal number of equity shares of Rs. 10 each fully paid up had been issued to the shareholders of these companies. These shares have been listed on the Bombay Stock Exchange Ltd.
- 1,29,19,412, 8% Non-cumulative Redeemable Preference Shares of Rs. 10 each fully paid up were issued to the shareholders of Narmada Farms Private Limited and Bhairav Farms Private Limited on the terms and conditions as contained in the Scheme of Arrangement.

You are requested to kindly refer to the notes to accounts for further details.

## DIVIDEND

Your Directors recommended payment of dividend on 8% Non-cumulative Redeemable Preference Shares. No dividend is recommended on Equity Shares.

No amount has been proposed to be transferred to General Reserve.

## OPERATIONS REVIEW

Profit Before Interest, Depreciation & Tax (EBIDT) increased by 360% to Rs 59.39 crores from Rs 12.91 crores. Profit before tax increased by 451% to Rs 55.14 crores from Rs 10 crores. Profit after Tax increased by 466% to Rs 55.13 crores from Rs 9.74 crores. This was due to amalgamation of investment divisions of SRF Polymers Investments Limited, Narmada Farms Private Limited and Bhairav Farms Private Limited into the Company with effect from 1<sup>st</sup> April 2010 in accordance with the Scheme of Arrangement due to which the income of these investment divisions has been merged with the income of your Company.

## SUBSIDIARY COMPANIES

### KAMA Realty (Delhi) Limited

Pursuant to the Scheme of Arrangement, the real estate division of SRF Polymers Investments Ltd. was transferred and vested in KAMA Realty (Delhi) Ltd., a wholly-owned subsidiary of the Company, with effect from 1.4.2010. It made a net profit of Rs. 2.45 Crores mainly due to rental income.

During the year, KAMA Realty (Delhi) Ltd. had issued 10,020 fully paid equity shares of Rs. 10 each to your Company pursuant to the Scheme of Arrangement

### Shri Educare Limited

During the year your Company has invested a sum of Rs. 2.50 crores in the equity capital of Shri Educare Ltd. This company is engaged in the field of education. It had made a loss of Rs. 1.76 crores mainly on account of personnel and administrative expenses.

### Shri Educare Maldives Private Limited

Shri Educare Maldives Private Limited made a loss of MRF 0.51 crores (Rs 1.78 crores appx.) mainly on account of personnel and administrative expenses.

During the year, your Company had made an investment (including application money) of MRF 0.58 crores (Rs 2.05 crores appx.) in the equity shares of Shri Educare Maldives Private Limited.

Annual accounts of the subsidiary companies and the related information can be obtained on request by the shareholders of the Company and of the subsidiary companies. These are also available for inspection at the Corporate Office of the Company and at the respective registered offices of the subsidiaries

between 11 A.M. to 1 P.M. on all working days.

## **DIRECTORS**

Mr. Ashish Bharat Ram and Mr. Dharendra Datta, Directors retire by rotation and being eligible, offer themselves for re-appointment.

## **Directors' Responsibility Statement**

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

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) 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;
- (iii) 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 31.03.11 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. Sheila 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) Karm Farms Pvt. Ltd.; l) Srishti Westend Greens Farms Pvt. Ltd.; and m) Karmav Holdings Private Limited.

## **LISTING OF SHARES**

Your Company's equity 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 exchange 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 STATEMENTS**

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 11<sup>th</sup> 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 exchange, is given as a separate statement in the Annual report.

## **FIXED DEPOSITS**

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

Deposits (including interest) amounting to Rs. 0.17 crores due for repayment on or before 31<sup>st</sup> March, 2011 remained unclaimed by 54 depositors. There has been no default 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: Gurgaon  
Date: 30<sup>th</sup> May 2011

**KARTIKEYA BHARAT RAM**  
Chairman

## **Important communication to Members**

The Ministry of Corporate Affairs has taken a 'green initiative in the corporate governance' by allowing paperless compliances by the companies and has issued circulars stating that service of notice/documents including Annual Report can be sent by e-mail to its members. To support this green initiative of the Government in full measure, members who have not registered their e-mail addresses, so far, are requested to register their e-mail addresses, in respect of electronic holdings with the Depository through their concerned Depository Participants. Members who hold shares in physical form are requested to send their e-mail address to the Company/R&T agent for receiving the aforesaid documents by e-mail. You may also log on to the Company's website [www.kamaholdings.com](http://www.kamaholdings.com) to register your consent.

# MANAGEMENT DISCUSSION AND ANALYSIS

## FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Pursuant to the Scheme of Arrangement approved by the Hon'ble Delhi High Court vide its order dated 24th February, 2011(hereinafter referred to as "the Scheme of Arrangement"), the investment divisions of SRF Polymers Investments Limited, a wholly-owned subsidiary, Narmada Farms Private Limited and Bhairav Farms Private Limited. were merged with the Company with effect from 1.4.2010. This has resulted in merging of the dividend and other income pertaining to these divisions in the income of your Company. Hence, the dividend and other income of your Company was Rs. 59.89 crores for the year ended 31.3.2011. After payment of interest on loans, other expenses and tax, net profit for the year amounted to Rs. 55.13 crores as compared to Rs. 9.74 crores in the previous year. The share capital of the company as on 31<sup>st</sup> March, 2011 stood at Rs. 19.37 crores and Reserves and Surplus at Rs. 343.21 crores (including capital reserve of Rs. 203.45 crores created pursuant to Scheme of Arrangement). As on 31<sup>st</sup> March, 2011, the Company had public deposits amounting to Rs. 0.32 crores.

## OUTLOOK

Your Company intends to apply for registration as a Systemically Important Core Investment Company under the Core Investment Companies (Reserve Bank) Directions, 2011. These Directions are applicable to the companies which primarily hold investments in group companies. 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 has two wholly-owned subsidiaries

viz. KAMA Realty (Delhi) Ltd. which is a company engaged in the business of acquisition and renting of properties and Shri Educare Ltd. which is engaged in the field of education. Shri Educare Ltd. has a wholly-owned subsidiary viz. Shri Educare Maldives Pvt. Ltd. which is engaged in the business of managing a school in Maldives.

## OPPORTUNITIES AND THREATS

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.

## 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, 2011, 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: 30<sup>th</sup> May, 2011

**V. Rajaraman**  
Partner  
(Membership No. 2705)



# REPORT ON CORPORATE GOVERNANCE

## Philosophy of the Company on Corporate Governance

For KAMA Holdings Limited (KAMA), 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 2011, KAMAs' Board consisted of seven Directors. One Director is executive of the Company, four are independent and two are non-executive promoters. Table 1 gives the details of the Board during the year 2010-11

- Legal firm(s) and consulting firm(s) that have a material association with the company;
- 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 2010-11, the Board of Directors met 5 times — on 27th

**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	4	1	1
2	Mr. Kartikeya Bharat Ram	Non-Executive, promoter	3	-	1
3	Mr. S. P. Agarwala	Independent	1	1	3
4	Mr. Rajat Lakhanpal	Executive	1	-	-
5	Mr. Mukul Khandelwal	Independent	-	-	1
6	Mr. Amitav Virmani	Independent	1	1	1
7	Mr. Dharendra Datta	Independent	-	-	1

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

Independent Directors on the Board of KAMA 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;

May, 2010, 30<sup>th</sup> July, 2010, 18<sup>th</sup> October, 2010, 31<sup>st</sup> January, 2011 and 31<sup>st</sup> March, 2011. The gap between any two Board meetings did not exceed four months. Table 2 gives the details.

**Table 2: Board Meeting Attendance Record of the Directors in 2010-11**

Name of the Director	Number of meetings attended	Attended last AGM?
Mr. Ashish Bharat Ram	4	No
Mr. Kartikeya Bharat Ram	4	Yes
Mr. S.P. Agarwala	3	Yes
Mr. Rajat Lakhanpal	5	Yes
Mr. Mukul Khandelwal	4	No
Mr. Amitav Virmani*	4	Yes
Mr. Dharendra Datta	5	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 2010-11** (Rs./lacs)

Name of Director	Salary & Perquisites#	Sitting fees for Board and Committee meetings*	Deferred Benefits (PF and superannuation)@	Terminal Benefits	Total
Mr. Ashish Bharat Ram	-	0.06	-	-	0.06
Mr. Kartikeya Bharat Ram	-	0.06	-	-	0.06
Mr. S.P. Agarwala	-	0.09	-	-	0.09
Mr. Rajat Lakhanpal	12.91	-	0.97	-	13.88
Mr. Mukul Khandelwal	-	0.08	-	-	0.08
Mr. Amitav Virmani	-	0.07	-	-	0.07
Mr. Dharendra Datta	-	0.09	-	-	0.09
Total	12.91	0.45	0.97	-	14.33

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

# 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 2011, Mr. Ashish Bharat Ram holds 11,85,370 equity shares of Rs. 10 each and Mr Kartikeya Bharat Ram holds 11,85,371 fully paid equity shares of Rs.10/- each, allotted pursuant to the Scheme of Arrangement approved by the Hon'ble High Court of Delhi vide its order dated 24.02.2011. 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

### Audit Committee

As on 31 March 2011, the Audit Committee of KAMA 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 2010-11, the Audit Committee of KAMA met on four occasions — namely, on 27<sup>th</sup> May, 2010, 30<sup>th</sup> July, 2010, 18<sup>th</sup> October, 2010 and 31<sup>st</sup> January, 2011. Table 4 gives the attendance record of Directors who are members of the Audit Committee.

**Table 4: Attendance Record of Audit Committee Meetings during 2010-11**

Name of Director	Category	Number of meetings held	Number of meetings attended
Mr. S.P. Agarwala	Independent	4	3
Mr. Mukul Khandelwal	Independent	4	3
Mr. Amitav Virmani (Chairman)	Independent	4	3
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.

### Remuneration Committee

As on 31 March 2011, Remuneration Committee comprised of four members' three of whom were independent and one is non-executive promoter Director.

During 2010-11, the Remuneration Committee met on 27<sup>th</sup> May, 2010. Table 5 gives the attendance record of Directors who are members of the Remuneration Committee.

**Table 5: Attendance Record of Remuneration Committee Meetings during 2010-11**

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

### Shareholders'/Investors' Grievance Committee

As on 31 March 2011, KAMA's 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 2011, 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 2010-11.

**Table 6: Shareholder and Investor Complaints Received and Redressed during 2010-11**

Pending Complaints as on 01.04.2010	Total Complaints received	Total complaints redressed	Pending as on 31.03.2011
Nil	13	13	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. 5 in the Notes to Accounts.
- 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.
- 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. Ashish Bharat Ram and Mr. Dharendra Datta, 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 11<sup>th</sup> Annual General Meeting.

### Means of Communication with Shareholders

Quarterly and annual results of KAMA are published in two national dailies, generally The Pioneer (in English) and Veer Arjun (in Hindi). In addition, these results are posted on the website of the Company, [www.kamaholdings.com](http://www.kamaholdings.com).

During 2010-11, KAMA 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.

## Last three Annual General Body Meetings

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

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

Year	Location	Date	Time	No. of Special Resolutions passed
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
2010	Modi Hall, PHD House, 4/2, Siri Institutional Area, August Kranti Marg, New Delhi 110 016	10.09.2010	10.00 A.M.	None

## 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 Clause 49.

### Adoption of Non-Mandatory Requirements

A Remuneration Committee has been constituted in accordance with the requirements of the Listing Agreement. The Committee decides the amount of salary, perquisites and commission to be paid to the Directors (within the overall ceiling fixed by the shareholders).

## Additional Shareholder Information

### 11<sup>th</sup> Annual General Meeting

Date	12 <sup>th</sup> August, 2011
Time	3.30 P.M.
Venue	Laxmipat Singhania Auditorium, PHD House 4/2, Siri Institutional Area August Kranti Marg, New Delhi 110 016