

# 14th Annual Report 2007-08



## **KANCHAN INTERNATIONAL LTD.**

Shah Arcade, G-2, Rani Sati Marg, Malad (E), Mumbai - 400 097.

#### **Board of Directors**

Mr. Ashok C. Khimavat Chairman  
 Mr. Dinesh C. Khimavat Managing Director  
 Mr. Bharat H. Pipalia Whole Time Director  
 Mr. Champalal S. Khimavat Non Executive Director  
 (upto 9<sup>th</sup> July 2007)  
 Mr. K. S. Raman- Independent, Non Executive Director  
 Mr. Parveen Kumar Gupta - Independent, Non Exe,Director

#### **Audit Committee**

Mr. Parveen Kumar Gupta (Chairman)  
 Mr. K. S. Raman Member  
 Mr. Champalal S. Khimavat Member  
 (upto 9<sup>th</sup> July 2007)  
 Mr. Ashok C. Khimavat Chairman  
 (w.e.f. 9th July, 2007)

#### **Auditors**

Jayant Salian & Co.  
 Chartered Accountants  
 207, Marine Chambers, New Marine Lines,  
 Mumbai 400 020.

#### **Bankers**

**State Bank of India**  
 Mumbai

#### **Website**

[www.kanchanappliances.com](http://www.kanchanappliances.com)

#### **Registered Office**

Shah Arcade, G-2, Rani Sati Marg,  
 Malad (E),  
 Mumbai 400 097.

#### **Administrative Office**

28-A/B Raju Ind. Estate, Pankar Pada Road,  
 Near Dahisar Check Naka, P.O. Mira 401 104,  
 Dist. Thane.

#### **Manufacturing Facilities**

At Daman

#### **Unit I (Non Stick Cookware Division)**

22-E, GDDIDC,  
 Somnath Road, Dabhel,  
 Daman 396 210.

#### **Unit II (Pressure Cooker Division)**

41/42, Somnath Road, Dabhel  
 Daman 396 210

#### **Unit III (Electrical Appliances Division)**

9-10, Somnath Road, Dabhel,  
 Daman 396 210.

#### **Baddi Plant**

45/46, Fauji Complex, Sai Road,  
 Baddi, Solan (H.P.).

#### **Registrar & Transfer Agent**

Intime Spectrum Registry Ltd.  
 C-13, Pannalal Silk Mills Compound,  
 L.B.S. Marg, Bhandup (W),  
 Mumbai 400 078.

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## NOTICE OF THE ANNUAL GENERAL MEETING

Notice is hereby given that the 14<sup>th</sup> Annual General Meeting of the Members of **KANCHAN INTERNATIONAL LIMITED** will be held at Hotel Gujarat Gaurav Inn, Western Express Highway, Next to Kokan Ratna Hotel, Dahisar (E), Mumbai-400068 on Monday, the 29<sup>th</sup> September 2008, at 10.30 a.m. to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2008, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors' and Auditor's thereon.
2. To appoint a Director in place of Mr. Krishnamachari S. Raman, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration and pass following resolution with or without modification.

"RESOLVED THAT M/s. Shankar & Kishor, Chartered Accountants, be and are hereby appointed Auditors of the Company in place of the retiring auditors to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting at the remuneration as may be decided by the Board at a later date."

By Order of the Board of Directors

Dinesh C. Khimavat  
Managing Director

Place: Mumbai  
Date: 30<sup>th</sup> June, 2008

Registered Office:  
Kanchan International Limited  
Shah Arcade, G-2,  
Rani Sati Marg,  
Malad (E),  
Mumbai 400097

### 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 PROXY NEED NOT BE THE MEMBER OF THE COMPANY AND THE PROXY IN ORDER TO BE VALID, MUST BE DULY COMPLETED, STAMPED AND SIGNED, SHOULD REACH AT THE REGISTERED/ CORPORATE OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. A special notice in terms of Section 190 of the Companies Act, 1956, has been received under Section 225(1) from member proposing the appointment of M/s Shankar & Kishor, Chartered Accountants, as auditors of the Company in place of retiring auditors of the Company. The retiring auditors have informed the Company that they have no representation to make for notification to the members of the Company relating to special notice. The retiring auditors being eligible, have offered themselves for reappointment.
3. Members who hold Shares in dematerialized form are requested to write their Client ID and DP ID Nos. and those who hold shares in Physical form are requested to write their Folio No. in the attendance slip while attending the Meeting for easy identification of attendance at the Meeting.

4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 25<sup>th</sup> September 2008 to Monday, 29<sup>th</sup> September 2008 (Both days inclusive).
5. Members are requested to:
  - i). Write to the Company at least 7 days before the date of the meeting, in case they desire any information as regards the Audited Accounts for the financial year ended 31<sup>st</sup> March 2008, so as to enable the Company to keep the information ready.
  - ii). Bring their copy of the Annual Report and the Attendance Slip at the Annual General Meeting.
  - iii). Intimate to the Registrar & Transfer Agent (R&TA) of the Company immediately, about any change in their addresses, where the shares are held in electronic form such change is to be informed to the Depository Participant (DP) and not to the Company / R & TA.
  - iv). Quote Registered Folio Number or DP ID/ Client ID in all the correspondence,
  - v). Approach the R&TA of the Company for consolidation of folios.
  - vi). Furnish bank account details to the R&TA / Depository Participant to prevent fraudulent encashment of dividend warrants.
  - vii). Avail of Nomination facility by filling in and forwarding the nomination form to the R&TA, if not already done.
  - viii). Send all share transfer lodgments (physical mode) / correspondence to the **R&TA** of the Company M/s Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400078, up to the date of book closure:-
6. Securities & Exchange Board of India (SEBI) has made trading in the shares of the company compulsory in dematerialized form for all investors with effect from 8<sup>th</sup> May 2000. Shareholders are requested to open an account with Depository Participants, if not done so far.
7. Members/Proxies are requested to bring the Attendance Slip duly filled up for attending the Meeting.
8. Non-Resident Indian Members are requested to inform the Company / R&TA the following immediately:
  - i) Change in the residential status on return to India for permanent settlement.
  - ii) The particulars of NRE Bank Account maintained in India with complete name and address of the Bank, if not furnished earlier.
9. Corporate Members are requested to forward a certified copy of the Board Resolution authorizing their representatives to attend and vote at the Annual General Meeting.
10. The Company has listed its shares at Mumbai, Chennai and Ahmedabad Stock Exchanges. All the listing fees, till date, have been paid.
11. Mr. Krishnamachari S. Raman is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment. Pursuant to clause 49 of the listing agreement relating to the code of Corporate Governance, the particulars of aforesaid Director is given below:

**Mr. Krishnamachari S. Raman, aged 61 years, is a double Graduate in Science and Law. He also holds Masters Degree in Economics. He is associated with Consumer Electronics Industry for over 30 years and has wide experience in the area of manufacturing, marketing and after sales services operations. He is also a winner of Udyog Ratna Award in the year 1985.**

The details of the other Directorships and Board Committee Memberships of Mr. Krishnamachari S. Raman in public limited companies are given in the Corporate Governance Section of this Annual Report.

**By order of the Board**

**Place: Mumbai**  
**Date: 30<sup>th</sup> June 2008**

**Dinesh C. Khimavat**  
**Managing Director**

**Registered Office:**  
Kanchan International Limited  
Shah Arcade, G-2, Rani Sati Marg,  
Malad (E), Mumbai 400097

**DIRECTORS' REPORT & MANAGEMENT DISCUSSIONS**

To,  
The Members,  
**KANCHAN INTERNATIONAL LIMITED**

Your Directors have pleasure in presenting the 14<sup>th</sup> Annual Report together with the Audited statement of Accounts of the Company for the year ended 31<sup>st</sup> March 2008.

**FINANCIAL RESULTS**

The Financial performance of your Company for the year under review is summarized below:

Rs. In Lacs

<b>PARTICULARS</b>	<b>YEAR ENDED 31.03.2008</b>	<b>YEAR ENDED 31.03.2007</b>
Sales	2852.35	2,814.38
Profit before Depreciation, Finance Charges & Taxation	(262.97)	(156.27)
Less: Depreciation	44.92	42.81
Less: Finance Charges	237.18	177.13
Profit before Taxation	(545.07)	(376.21)
Less: Provision for Taxation		
Provision for Current Tax	0.00	0.00
Provision for Deferred Tax	(238.65)	2.61
Provision for Fringe Benefits Tax	3.22	8.92
Net Profit after Taxation	(437.41)	(387.74)
Add: Surplus Brought Forward from previous years	(102.65)	285.10
Surplus available for appropriation	540.06	(102.65)
Less: Proposed Dividend on Equity Shares	0.00	0.00
Less: Distribution Tax	0.00	0.00
Less: Transfer to General Reserves	0.00	0.00
Balance carried to Balance Sheet	(540.06)	(102.65)

**REVIEW OF OPERATIONS**

Sales turnover is increased to Rs.2852.35 lacs as compared to Rs.2814.38 lacs during the preceding year. The Company has incurred loss of Rs.545.07 as compared to the loss before tax of Rs. 376.21 lacs during the preceding year. The loss was mainly due to increase in price of Raw Material which include steel, copper and aluminum which are the major components of our product and increase in financial charges. Since the company has already entered into a contract for supply of goods at predetermined rate, the Company had to sale the goods at loss.

The members may be aware that a heavy fire took place in the factory premises at Unit II, Daman in January 2006. The Company had incurred an estimated loss of Rs.250 Lacs. It has resulted heavy pressure on working capital margin and overall sales of the Company.

The Company has now taken measures to adopt innovative strategies to increase the turnover and profitability of the Company. The Company is continuing its efforts to improve its productivity and curtail costs. Pressure Cookers Division at Unit II at Daman & plant at Baddi, continue to be eligible for tax holidays pursuant to section 80 IB of the Income Tax Act, 1956.

The operation of the Company is carried in a single segment i.e. manufacturing and marketing of home appliance products.

**DIVIDEND**

Due to the losses during the year, your board expresses their inability to declare any dividend in the F.Y. 2007-08.

**FUTURE OUTLOOK**

The Indian economy has shown a strong real GDP growth of 9% in FY 2008 backed by a growth of 7 to 8 % in agriculture. The macro variables are looking more positive than ever before; forex reserves have crossed the USD 100 billion mark; interest rates are stable after having come down sharply over the past few years; a mildly appreciating rupee combined with a benign inflation rate are adding to the strength of the Indian economy. This augur for your Company's business as historically, the demand for small home appliance products has closely followed the GDP growth.

The growth in demand for home appliance products continues to rise in tandem with the increase in income and living standards of the people in rural areas of India. Electricity is the force driving the demand for consumer durables particularly in villages, which make up the fastest growing segment. Presently the lack of power is the single largest contributor for the low use of consumer durables in villages. With the interest rate scenario conducive to the growth of development of infrastructure projects and electrification in rural areas of India, it is expected that the demand for home appliance products viz. Pressure Cookers, Mixers, Gas stoves etc. will rise tremendously. To encourage fuel saving & health conscious products, the Government of India has reduced Excise Duty on Pressure Cookers, which will further boost the demand in rural as well as urban areas. Your Company is also exploring new markets globally to further improve the sales and profits.

**SUBSIDIARY ACCOUNTS**

The accounts of the Subsidiary of the Company viz., Kanchan International Middle East FZE for the year ended 31st March 2008 along with the statement Required under section 212(1) (e) of the Indian Companies Act, 1956 are annexed.

The Government of Ajman (UAE) has not prescribed any reporting formats for preparation of financial statements and audit of the same under their law. However, the Company has drawn accounts of Kanchan International Middle East FZE (subsidiary) as per the provisions of the Indian Companies Act, 1956 and the applicable Indian Accounting Standards. The same is annexed with the holding company's accounts.

The parent company intends to develop distribution and service channel through the wholly owned subsidiary to boost exports of its products to the Middle East countries. Hence, the Company has incorporated a wholly owned subsidiary at trade free zone of Ajman (UAE), which provides hassle free world class logistic and infrastructure facilities. The subsidiary is helping parent company in distribution of its products in Middle East and making products available to market at minimum lead time by warehousing the same at Ajman.

Kanchan International Middle East FZE has achieved a modest sale of Rs. 236.96 Lacs (previous year Rs. 561.87 Lacs)

**OPPORTUNITIES & THREATS****Opportunities**

- Strong Brand.
- Strong distribution network
- Global presence
- Established leadership position in home appliance segment.
- The implementation of VAT should help to remove the disadvantage due to activities of unorganized sector.

**Threats**

- Cheap imports from China and Far East
- Uncertain Monsoon
- A large number of players in the unorganized sector enjoy price advantage either due to tax concessions or SSI status.

**RISK & CONCERNS**

The industry fortunes are linked to the rural income, which is depending to some extent on agricultural production, government off take and monsoon in the country. The domestic, regional and global macro economic environment directly influences the demand of consumer durable products. Any economic slowdown can adversely impact demand supply dynamics and profitability of all industry players, including "Kanchan".



However, the Company's operations have historically shown significant exposure to the resilience to the fluctuations of economic and industry cycles, with demand for most of its key products continue to grow at healthy rates even at times of an overall economic slowdown.

Kanchan has insured its assets and operations against a wide range of risks, as part of its overall risk management strategies. Any adverse movement in the value of the domestic currency may increase the Company's liability on account of its foreign currency denominated loans. The Company's rapidly growing export revenues provide more than adequate cover for the foreign currency loan service requirements.

#### **INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY**

We have always believed that transparency, systems and controls are important factors in the success and growth of any organization. M/s Lakhani & Lakhani, Chartered Accountants, who have been given the responsibility of implementing adequate systems and controls for all the activities in the Company, close monitoring thereof and to strengthen and modify the same from time to time to meet the changing requirement of the Company. The deviation from the norms are first informed to the concerned operating person for corrective actions and in case of need, these are brought to the notice of the concerned head of the unit or the department, as the case may be. The Internal Auditors constantly look into the areas where there is a possibility of saving in cost and submit their suggestions to the concerned operating departments. All major findings and suggestions are complied and reported to the Audit Committee of the Directors on a quarterly basis or earlier if so required. It operates at all the Plants at Daman and other business locations but centrally controlled from the corporate office at Mumbai. We believe that we have a sound internal control system in our Company.

#### **MATERIAL DEVELOPMENT ON HUMAN RESOURCES / INDUSTRIAL RELATIONS**

The biggest strength of the Company has always been its people. Only with their participation have we managed to achieve a healthy work culture, transparency in working, fair business practice and a passion for efficiency. The Company follows a unique, homegrown philosophy of allowing people to set their own targets and give them the freedom to achieve them: 'I can'. This philosophy has spread across all our employees and has been a constant source of motivation for our people. Further, to enhance their skills and enrich their experience, the Company provides continuous training. This includes workshops, courses, seminars and visit to the Company's plants. Of late, we have also started in-house conferences for various disciplines. Employees from all our offices are invited to participate. It is a useful forum for sharing experiences, ideas, innovations and developmental work undertaken in their respective work places. From the beginning, we have followed a progressive policy of taking keen interest in the well-being and progress of our people. All of this, we believe, has nurtured a strong sense of belonging among our people.

#### **DIRECTORS**

The Board of a Company provides leadership and strategic guidance, objective judgment independent of management to the Company and exercise control over the Company, while remaining at all times accountable to the shareholders. To make the Board more effective and broad, the Company had inducted professionals on the Board of directors during the last year.

Mr. Krishnamachari S. Raman, Director of the Company are liable to retire by rotation and being eligible, offer themselves for re-appointment.

#### **DIRECTORS RESPONSIBILITY STATEMENT:**

In Compliance to the requirements of Section 217 (2AA) of the Companies Act 1956, your directors confirm that:

- a) The Company has followed the applicable accounting standards in the preparation of the Annual Accounts and there had been no material departure.
- b) The Directors had selected the accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2008 and of the profit or loss of the Company for the year ended on that date.
- c) The Directors have taken proper and sufficient care for 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.
- d) The Directors have prepared the Annual Accounts on a going concern basis.

**AUDITORS AND THEIR REPORT**

Jayant Salian & Co, Chartered Accountants, retires as Auditors of the Company at the conclusion of the ensuing Annual General Meeting and has confirmed their eligibility and willingness to accept the office of the Auditors, if reappointed. The Company has received a special notice from the shareholders proposing the name of M/s Shankar & Kishor, Chartered Accountants, to be the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of next Annual General Meeting. Your Directors recommend appointing M/s Shankar & Kishor, Chartered Accountants as Statutory Auditors of the Company.

The observation in the Auditors Report are dealt in the notes forming part of the accounts at appropriate places and the same being self explanatory, no further comments is considered necessary.

**CORPORATE GOVERNANCE**

Your Company has complied with the mandatory provisions of Corporate Governance as prescribed in the Listing Agreement with the Stock Exchanges. The Company has obtained a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance. The same is annexed to this Report.

**FIXED DEPOSITS**

The Company has not accepted any deposit within the purview of section 58A of the Companies Act, 1956 during the year under review.

**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

The particulars pursuant to requirements under section 217 (1) (e) of the Companies Act, 1956 are as under:

- a) The Company's operation involve low energy consumption, hence there is hardly any measure required to be taken for conservation of energy.
- b) There was no technology absorption during the year.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Company is engaged in activities relating to exports and taking measures for increasing exports, developing new export market for our products and formulating export plans.

Total foreign exchange earning is Rs. 629.16 lacs (Previous year Rs. Rs.626.05 lacs) and expenditure is Rs.25.42 Lacs (Previous year Rs. 69.70 lacs).

**PARTICULARS OF EMPLOYEES:**

None of the employees of the Company were paid remuneration in excess of the limits prescribed u/s 217 (2A) of the Companies Act, 1956, read with the Companies (particulars of employees) Rules, 1975, as amended.

**ACKNOWLEDGEMENT**

Your Directors would like to express their grateful appreciation for the Assistance and Co-operation received from the financial institutions, Banks, Government Authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the executives, staff and workers of the Company.

For and on behalf of the Board

**Dinesh C. Khimavat**  
Managing Director  
Place: Mumbai  
Date: 30th June 2008



## CORPORATE GOVERNANCE REPORT

Corporate Governance is based on the Principles of integrity, fairness, equity, transparency, accountability and commitment to value. Good Governance Practices stem from the culture and the mindset of the organization. Kanchan is committed to the adoption of good governance practices and its adherence in the true spirit, at all times. Kanchan continuously strives for excellence through adoption of best governance and disclosure practices. The reviewed clause 49 of the listing agreement of the stock exchanges dealing with the code of Corporate Governance is applicable, your company is fully compliant with all the provisions. The details of compliance are as follows.

### 1. A brief statement on Company's Philosophy on Code of Governance

The Company always strives to achieve optimum performance at all levels by adhering to corporate governance practices, such as:

- Fair and transparent business practices.
- Effective Management Control by Board.
- Adequate representation of promoter, executive and independent Directors on the Board.
- Accountability for performance.
- Monitoring of executive performance by the Board.
- Compliance of laws.
- Transparent and timely disclosure of financial and management information.

### 2. Board of Directors

The Board of Directors of the Company consists of Seven Directors. The Chairman being Non – Executive Director, as per Listing Agreement the Company should have minimum two Independent Directors. The Independent Directors on the Board are senior, competent and respectable people from different fields. Active participation of the Independent Directors does add value in the decision making process of the Board of Directors. There is no institutional nominee on the Board.

The details of Composition and categories of Directors are given below:

(As on 31<sup>st</sup> March 2008)

Sr. No.	Name of the Director	Category
1	Mr. Ashok C. Khimavat	Non-Executive Chairman
2	Mr. Dinesh C. Khimavat	Managing Director
3	Mr. Bharat H. Pipalia	Whole Time Director
4	Mr. Champalal S. Khimavat *	Non-Executive Director
5	Mr. Krishnamachari S. Raman	Independent and Non-Executive Director
6	Mr. Parveen Kumar Gupta	Independent and Non-Executive Director

\* Mr. Champalal S. Khimavat has resigned w.e.f. 09<sup>th</sup> July 2007

### 3. Board Procedure

The Meeting of the Board of Directors is being held at regular intervals of not more than four months and is scheduled well in advance. The provisions under the Companies Act, 1956 and those under clause 49 of the Listing Agreement are being complied regularly in this regard. The Board meets once in a quarter to review quarterly performance and financial results.

The agenda of the meeting is prepared and circulated to the Directors well in advance. The Members of the Board have access to all information pertaining to the Company.

#### Board Meetings

During 2007-2008, the Board of Directors met seven times on: 30<sup>th</sup> April 2007, 30<sup>th</sup> June 2007, 9<sup>th</sup> July 2007, 30<sup>th</sup> July 2007, 30<sup>th</sup> October 2007, 30<sup>th</sup> January 2008 and 31<sup>st</sup> March 2008.

The details of the meetings of the Board of directors held during the financial year 2007-2008 are given below:

Board Meetings	Total No of Directors	Attendance by no. of Directors
30 <sup>th</sup> April 2007	6	6
30 <sup>th</sup> June 2007	6	6
9 <sup>th</sup> July 2007	6	6
30 <sup>th</sup> July 2007	5	5
30 <sup>th</sup> October 2007	5	5
30 <sup>th</sup> January 2008	5	5
31 <sup>st</sup> March 2008	5	5

The details of attendance of each Director/Member at the Board, Audit Committee, Share Transfer-cum-Investors Grievance Committee and Remuneration Committee Meetings held during the financial year 2007 -2008 and details of number of outside directorship and committee position held by each of the Director/Member are given below in Table 1:

**Table 1**

Name of Director	Attendance at Board & Committee Meetings				AGM Y=attended N= Did not attend	Outside Directorships and Committee Positions		
	No. Of Board Meetings Attended	No. Of Audit Committee Meetings Attended	No. Of STCIGC Meetings Attended	No. Of Remuneration Committee Meetings Attended		Directorships		Committee Positions
						Director	Chairman	Member
Mr. Ashok C. Khimavat	7	2	4	N.A.	Y	3		-
Mr. Dinesh C. Khimavat	7	N.A.	4	N.A.	Y	3	-	-
Mr. Champalal S. Khimavat	3	2	N.A.	-	N	-	-	-
Mr. Bharat H. Pipalia	7	N.A.	4	N.A.	Y	-	-	-
Mr. Krishnamachari S. Raman	7	4	N.A.	-	N			
Mr. Parveen Kumar Gupta	7	4	N.A.	N.A.	N			

Legend: STCIGC = Share Transfer-cum-Investors Grievance Committee

None of the above-referred Independent Directors have any material pecuniary relationship or transactions with the Company, its Promoters or with its Management, which would affect the independence or judgment of the Directors. The Company has also not entered into any materially significant transactions with its Promoters, Directors or their Relatives or with the Management, etc. that may have potential conflict with the interest of the Company at large.

#### Code of Conduct:

The Board of Directors has laid down/ adopted a Code of Conduct for all the Board Members and Senior Management of the Company. All the Board Members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year 2007-08.

#### 4. Audit Committee

The Audit Committee consists of 3 non-executive Directors, out of which 2 Directors are Non Executive Independent Directors. Mr. Parveen Kumar Gupta is Chairman of the audit committee. Other members of the Committee are Mr. Krishnamachari S. Raman and Mr. Ashok C. Khimavat (with effect from 9<sup>th</sup> July 2007). Mr. Champalal S. Khimavat was member of the committee upto 9<sup>th</sup> July 2007 (i.e till date of his resignation from the Board).

Mr. Tarun Chaturvedi, Manager Accounts of the Company acts as the Secretary of the Committee