



Natraj Proteins Limited

18th Annual Report

2008-2009

**BOARD OF DIRECTORS**

J.P. Agrawal
(Whose Time Director)

Kailash Chand Sharma
(Managing Director)

Surendra Singh Arora
(Whole Time Director)

Sharad Kumar Jain
(Additional Director)
w.e.f. 24.08.2009

Umesh Trivedi
Giriraj Gupta
Hitesh Yadav

AUDITORS

Bhutorla Ganesan & Co.
Chartered Accountants
Bhopal (M.P.)

COMPANY LAW ADVISOR

D.K. Jain & Co.
Company Secretaries
Indore (M.P.)

BANKER

Andhra Bank
Bhopal (M.P.)

REGISTERED OFFICE & FACTORY

Nagpur - Kalan
Ordinance Factory Road,
Itarsi (M.P.)
Ph. : 07572-262636
Fax : 07272-262639

SHARE TRANSFER AGENT

Ankit Consultancy Pvt. Ltd.
Geeta Bhawan Square,
Alankar Point, 2nd Floor,
A.B. Road, Indore (M.P.)
Ph. : 0731-2491298

18th Annual Report 2008-09**NOTICE**

NOTICE is hereby given that the 18th Annual General Meeting of the Members of NATRAJ PROTEINS LTD. will be held at the Registered Office of the Company at Nagpur-Kalan Ordinance Factory Road, Itarsi 461111 (M.P.) on ~~Monday~~ ^{Tuesday} the 29th Sept., 2009 at 2.00 P.M. to transact the following business:

I. ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2009 and Profit & Loss Account of the company for the year ended 31st March 2009 together with the report of the Directors & Auditor's thereon on that date.
2. To appoint a director in place of Shri Giriraj Gupta, who retires by rotation.
3. To appoint a director in place of Shri Surendra Singh Arora, who retires by rotation.
4. To appoint Auditors and to fix their remuneration.

II. SPECIAL BUSINESS BY ORDINARY RESOLUTION:

5. To consider and if thought fit, to pass with or without modification(s) if any, the following Ordinary Resolution :

RESOLVED THAT Shri Sharad Jain, who was appointed as an additional director by the Board w.e.f. 24th August, 2009 and in respect of whom a notice under section 257 of the Companies Act, 1956 have been received from members signifying their intention to propose Shri Sharad Jain as a candidate for the office of the director of the Company at the forth coming annual general meeting be and is hereby elected and appointed as a director and he is liable to retire by rotation.

BY ORDERS OF THE BOARD

Place : Itarsi

K.C.SHARMA

Dated: 24th August, 2009

MANAGING DIRECTOR**NOTE :**

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 THE PROXY NEED NOT BE A MEMBER. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
2. Register of Members and Share Transfer Book of the Company will remain closed from 25th September, 2009 to 28th September, 2009 (both days inclusive).
3. a) Members are requested to notify immediately any change of address;
 - (i) To their Depository Participants (DPs) in respect of their electronic share accounts; and
 - (ii) To the Company's Share Transfer Agents in respect of their physical share folios, if any.
 b) In case the mailing address on this Annual Report is without the PINCODE, members are requested to kindly inform their PINCODE immediately.
4. Non-resident Indian Shareholders are requested to inform Share Transfer Agents immediately:
 - a) The change in the residential status on return to India for permanent settlement.
 - b) The particulars of NRE Account with a Bank in India, if not furnished earlier.
5. All documents referred to in the accompanying notice are open for inspection at the Registered office of the Company on all working days, except Saturdays between 11.00 A.M. to 1.00 P.M.
6. Members who are holding shares in identical order of names in more than one folio are requested to send to the Company the details of such folios together with the share certificates for consolidating their holdings in one folio. The share certificates will be returned to the members after making requisite changes thereon.
7. Members desirous of obtaining any information concerning Accounts and Operations of the Company are requested to address their questions in writing to the Company at least 7 days before the date of the Meeting so that the information required may be made available at the Meeting.
8. The Company has connectivity from the CDSL & NSDL and equity shares of the Company may also be held in the Electronic form with any Depository Participant (DP) with whom the members/investors have their depository account. The ISIN No. For the Equity Shares of the Company is INE444D01016. In case of any query/ difficulty in any matter relating thereto may be addressed to the Share Transfer Agents Ankit Consultancy Pvt. Ltd., Alankar Point, Gita Bhawan Chouraha, A.B. Road, Indore (M.P.).
9. As per the provisions of the Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in the Company. The Nomination Form-2B prescribed by the Government can be obtained from the Share Transfer Agent or may be down loaded from the website of the Department of Company affairs.
10. The Company shall make available transport facilities from Itarsi to factory premises for attending the Annual General Meeting.
11. Pursuant to the recommendation of SEBI Committee on Corporate Governance for reappointment of the retiring directors, a statement containing details of the concerned directors is attached hereto.


NATRAJ PROTEINS LIMITED
STATEMENT REGARDING THE DIRECTORS PROPOSED FOR APPOINTMENT

NAME OF APPOINTEE	AGE/ YEARS	QUALIFI- CATIONS	EXPERTISE/EXPERIENCE	DATE OF APPOINTMENT	OTHER DIRECTOR- SHIPS, IF ANY
Shri Giriraj Gupta Independent Director	49	B.E. (Ch.)	28 years experience in Soya Industry as advisor.	31.01.2003	Shiv Edibles Ltd.
Shri S.S.Arora Whole-Time Director	59	B.Com.	More than 30 years in the Soya & manufacturing industries	21.11.1990	None
Shri Sharad Jain	45	B.Sc.	23 years experience in Soya Industry Additional Director and Real Estate business	24.08.2009	None

ANNEXURE TO THE NOTICE
**EXPLANATORY STATEMENT IN PURSUANT TO THE PROVISIONS OF SECTION 173 (2) OF
THE COMPANIES ACT, 1956 IN RESPECT TO THE SPECIAL BUSINESS:**
ITEM NO. 5:

Shri Sharad Jain was appointed by the Board as additional director of the Company w.e.f 24th August, 2009 in order to broad base the Board of directors and to utilize his expert knowledge and advises.

The Company has received a notice u/s 257 of the Companies Act, 1956 from members proposing his appointment for the office of the director of the Company. Looking into his experience and qualifications, your Board recommends the appointment of him as the director of the Company and proposes to pass the respective resolution as set out in item No. 5 of the Notice for approval as an Ordinary Resolution.

Except, Shri Sharad Jain, none other directors are interested or concerned in the resolution.

BY ORDERS OF THE BOARD
Place: Itarsi
Dated: 24th August, 2009
K.C.SHARMA
MANAGING DIRECTOR

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DIRECTORS' REPORT

To,
The Members,
Natraj Proteins Limited

Your Board of directors has pleasure in presenting their 18th Annual report on the business and operations of the Company along with the Audited Balance Sheet and Profit & Loss Accounts for the year ended 31st March 2009.

1. FINANCIAL RESULTS :

Financial Results of the company for the year under review alongwith the comparative figures for previous year are as follows :

(Amt in Rs.)

Particulars	Year ended 31st March	
	2009	2008
Total sales/Income from operations	1684736057	1604270726
Profit before interest, depreciation & tax	69990798	35806676
Less: Interest	13996857	16521397
Depreciation	6890383	5282129
Profit Before Tax	49103558	14003149
Less: Income Tax Related to Previous Year	2219411	0
Less: Provision for Income Tax	9000000	4274500
Less: Provision for Deferred Tax	8121960	0
Less: Fringe Benefit	77228	49140
Net Profit After Tax	29684960	9679509
Add: Balance carried from Profit & Loss A/c	64231338	53052356
Less: Transactional Liability – Deferred Tax Related	13451734	1499473
Total surplus of profit carried to Balance Sheet	80464564	64231338

2. DIVIDEND:

In order to strengthen the capital base and looking to the future prospects of the company, your directors do not recommend any dividend during the year and the funds are proposed to be utilized for Company's business activities of the company.

3. REVIEWS ON OPERATIONS:

3.1. SOYA DIVISION

During the year under review, the monsoon was quite favorable for the company's raw material viz, soya seeds and it was able to procure adequate seed for its crushing and manufacturing requirements. During the year under review the company has achieved turnover of Rs.16847.36 Lacs as compared to Rs. 16042.70 Lacs in the previous year. The profit of the Company was also recorded at Rs.296.85 Lacs as compared to Rs. 96.80 Lacs in the previous year.

Your company's DOC being exported to other countries through the merchant exporters and in view of the decrease of the value of the Indian Rupee as compared to US \$ the realization of the company sales of the Company was comparatively better then previous year.

Your directors look forward for better working results in the years to come and good parity on export of DOC. However, this year monsoon was not according to the required norms for soya crops and as the members are aware that the company is based on the SOYA seeds, an agricultural product, which is purely dependent on the monsoon and the climatic conditions of the Country, therefore the company may face problem in procurement of seeds of good quality on competitive price, which may effect the working of the Company.

WIND POWER DIVISION

The company has purchased Wind Power Mill in the state of Tamil Nadu for 750 KW capacity, with the investment of Rs.3.34 Crores. The wind mill has generated 150432 Units during the year.

4. CORPORATE GOVERNANCE:

Corporate governance assumes a great deal of importance in the business life of the company. The driving forces of the corporate



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governance at company are its core values, belief in people, entrepreneurship, customer's orientations and the Pursuit of Excellence. The company's goal is to find creative and productive ways of delighting its stakeholders, i.e., investors, customers and associates, while fulfilling the role of a responsible corporate representative committed to the best practices.

Your company has complied with the mandatory requirements of Clause 49 of the listing agreement within the stipulated time. A report on the Corporate Governance has been annexed to the Directors' Report.

5. DIRECTORS :

The Board consists of executive and non-executive directors including independent directors who have wide and varied experience in different disciplines of corporate functioning. Shri Giriraj Gupta, independent director will retire at the forthcoming Annual General Meeting. Shri Surendra Singh Arora, whole-time directors of the Company whose tenure as whole-time director is upto 31st July, 2010 subject to that he must be validly appointed as a director of the Company during his tenure as whole-time director is also liable to retire by rotation at the forthcoming Annual General Meeting. Shri Sharad Jain was appointed as an Additional Director of the Company by the Board w.e.f. 24th August, 2009 and the Company has received a notice u/s 257 from a member of the company for proposing his appointment as a director at the forth coming annual general meeting.

Your directors submit necessary resolutions for respective appointment before the members of the Company.

6. DEPOSITS :

Your Company has not accepted deposits from the general public within the meaning of the provisions of section 58A of the Companies Act, 1956. There was no overdue/unclaimed deposit as at the date of the Balance Sheet. The Company Law Board or National Company Law Tribunal or Reserve Bank of India or any other Court or Tribunal against the Company has assed no order.

7. DIRECTORS' RESPONSIBILITY STATEMENT :

In accordance with the provisions of section of 217(2AA) of the Companies Act, 1956, your directors state that:

- In the preparation of accounts, the applicable accounting standards have been followed.
- Accounting policies selected were applied consistently. Reasonable and prudent judgments and estimates were made so as to give a true and fair view of the state of affairs of the company as at the end of March 31, 2009 and the profits of the company for the year ended on that date.
- Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting frauds and other irregularities.
- The annual accounts of the company have been prepared on the going concern basis.

8. AUDITORS :

M/s. Bhutoria Ganesan & Co., Chartered Accountants, the statutory Auditors of the company retires at the close of this Annual General Meeting and is eligible for re-appointment. The Company has received confirmation from the Auditors that their re-appointment will be within the limits prescribed under section 224(1B) of the Companies Act, 1956. The Audit Committee of the Board has recommended their re-appointment. The necessary resolution is being placed before the shareholders for approval.

9. AUDITORS' REPORT :

The report of the auditors of the company and notes to the accounts are self explanatory and therefore do not call for any further comments and may be treated as adequate compliance of section 217(3) of the Companies Act, 1956.

10. INSURANCE :

The assets of company are adequately insured against the loss of fire and other risks, which has been considered necessary by the management.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, PARTICULAR OF EMPLOYEES AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

Information as required under section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules 1988 have been annexed herewith.

12. SHARE CAPITAL & LISTING :

The Equity Shares of the Company may also be kept in the electronic form as your company has connectivity from the Central Depository Services Ltd. (CDSL) and National Depository Services Ltd. (NSDL) to provide facilities to all members and investors to hold the Company's shares in dematerialised form.

Equity shares are listed with the Mumbai, Madhya Pradesh and Ahmedabad Stock Exchanges. The Company is regular in payment of annual listing fees to all the Stock Exchange and there were no suspension of trading in any stock exchange during the year under review.

13. PERSONNEL :

The Company continues to have cordial relations with its employees during the year under review.

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MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT :

A. INDUSTRY STRUCTURE AND DEVELOPMENTS :

As so many new projects for SOYA industries have commissioned in past in the state of Maharashtra and surrounding areas of the state of Madhya Pradesh, to get advantage of the Soya production in the crushing activities, however, due to bad monsoon conditions, the Soya units may suffer due to non availability of good quality adequate seed in the year 2009-10.

B. BUSINESS OVERVIEW AND FUTURE OUTLOOK :

While we cannot predict a further performance will believe considerable opportunities will exist for sustained, profitable growth, not only in the developing countries but also in the developed western countries. The Company plans to launch oil in consumable packing to take the retail market, for good profitability.

C. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY :

The Company has reasonable system of internal control comparing authority levels and the powers, supervision, checks, policies and the procedures. The Company is having the Audit Committee under the Chairmanship of Shri Umesh R. Trivedi. The said Committee reviews the adequacy of internal controls systems and the Compliance thereof.

Further the annual financial statement of the company are reviewed and approved by the committee and placed before the Board for the consideration. The Committee also reviewed the internal controls system during the year.

D. ENVIRONMENTS, SAFETY AND ENERGY CONSERVATION :

The company is taking the steps for the environment safety and the energy conservatism. Your company has recorded further reduction in specific energy consumption over the previous year, through productivity improvements, induction of innovative energy-efficient process technologies and recycling/reuse of energy stream where feasible.

To conserve ground water, your company has embarked on rainwater harvesting projects at the manufacturing site and greening of barren land around factory. Further a comprehensive health check of all its employees.

E. CAUTIONARY STATEMENT :

Statement made in the management discussion and analysis report as regards the expectations or predictions are forward looking statements within the meaning of applicable Laws and Regulations. Actual performance may deviate from the explicit or implicit expectations.

F. SWOT ANALYSIS FOR THE COMPANY

Strengths :

- Strong R & D capability well linked with business.
- Integrated supply chain.
- Ability to deliver cost saving.
- High quality of manpower resources.
- Centralised manufacturing activities..

Weaknesses :

- Manufacturing activities are mainly dependent on the availability of seed, which is directly related to the monsoon.
- Since, the bulky products, the Company's transportation activities of the Oil and DOC are based on the availability of racks from the Indian Railway, some times it is not available as and when required and disturb the dispatch schedule.
- The Company's product being indirectly exported, which has exchange control risk and the parity of the profitability is based on the exchange rates. This year as the rupee was appreciated, the profitability of the Company was also affected to some extent.

Threats:

- Monsoon activities.
- Competition from the manufacturers.

Opportunities :

- Good monsoon will provide good opportunities to the company.
- Price competitiveness.

G. MARKETING AND EXPORT:

Though the Company do not export directly, but it plans for direct export in coming season for better realization. The Company's export/gross revenue largely effects the exchange ratio of Indian Rupee viz a viz US \$ and Euro \$.

14. ACKNOWLEDGEMENTS :

Your directors wish to place on record their sincere appreciation and acknowledge with gratitude for the assistance, cooperation and encouragement by valued customers, suppliers, bankers, shareholders and employees of the company and look forward for their continued support.

For and on behalf of the Board

Place: Itarsi

Dated: 24th August, 2009

K.C.SHARMA

CHAIRMAN & MANAGING DIRECTOR



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Annexure to the Directors' Report:

[Information as per the Companies (Disclosure of particular in Report of Board of Directors) Rules, 1988]

A. CONSERVATION OF ENERGY:

1	Year Ended	
	31.03.2009	31.03.2008
i) Electricity:		
a) Units in (K.W.)	2803453	3360790
b) Total Amount (Rs. In lacs)	125.99	147.59
c) Rate per KW (in Rs.)	4.49	4.39
ii) a) Coal (Qty.in M.T.)	7827.245	9974.535
b) Total cost (Rs. In lacs)	174.90	215.5
	2234.54	2160.55
2	Production in M.T.	
a) Crude Oil	10648.668	13091.609
b) Refined Oil	10561.853	11826.240
c) De-oiled Cake	53107.313	68930.428
d) Acid Oil	184.605	206.850
e) Gums	580.67	1193.470
f) Fatty Acid	16.105	12.240
g) Lacithin	429.565	75.090

B. TECHNOLOGY ABSORPTION:

The company is making continuous efforts for the technological development of the plant and refinery. The technology selected by your company for solvent plant and refinery is well proven within the country and the company is making all the efforts to update its technology, the company had also established a laboratory for Research & Development facilities for quality control purpose.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review, your company has made exports through the export houses. There are no direct export earnings and there is no inflow or outflow of foreign exchange during the year under review (previous year Nil).

D. PARTICULARS OF EMPLOYEES:

Particulars of the employees as required under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules 1975, are not applicable since, none of the employee of the company is drawing more than Rs. 24,00,000/- P.A. or Rs.2,00,000/- P.M. for the part of the year, during the year under review.

For and on behalf of the Board

Place: Itarsi

Dated: 24th August, 2009

K.C.SHARMA

CHAIRMAN & MANAGING DIRECTOR

18th Annual Report 2008-09**CORPORATE GOVERNANCE REPORT****REPORT OF COMPLIANCE WITH CLAUSE 49****OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:**

The Company's philosophy on code of Governance as adopted by the Board is as under:

- (i) Ensure that the quantity, quality and frequency of financial and managerial information, which management shares with the Board, fully places the Board members in control of the company's affairs.
- (ii) Ensure that the Board exercises its fiduciary responsibilities towards shareowners and creditors, thereby ensuring high accountability.
- (iii) Ensure that the extent to which the information is disclosed to present and potential investors is maximised.
- (iv) Ensure that the decision-making is transparent and documentary evidence is traceable through the minutes of the meetings of the Board/Committee thereof.
- (v) Ensure that the Board, Employees and all concerned are fully committed to maximising long-term value to the shareowners and the company.
- (vi) Ensure that the core values of the company are protected.

2. BOARD OF DIRECTORS :**(i) Details of Directors :**

The Company is having six directors in the Board and having optimum composition of three independent directors in the Board of directors of the Company. Details of directors of the Company as at 31st March 2009 are as under:

Directors	Executive / Non Executive / Independent	No. of outside directorship held		No. of outside Committee positions held	
		Public	Private	Member	Chairman
Shri Jagdish P. Agrawal	Executive/Promoter	-	-	-	-
Shri Surendra S. Arora	Executive/Promoter	-	-	-	-
Shri Kailash C. Sharma	Executive/Promoter	-	-	-	-
Shri Umesh Trivedi	NED/IND	-	-	-	-
Shri Giriraj Gupta	NED/IND	2	1	-	-
Shri Hitesh Yadav	NED/IND	-	-	-	-

(ii) Details of Board Meetings held during the year :

During the financial year 2008-09, there was total Eleven meeting of the Board of directors of the Company. Details regarding the date, venue, strength of the Board and directors present at the respective meetings are as under:

Date of Board Meetings	Place of meetings	Total Strength of the Board	No. of Directors present
30/04/2008	Itarsi, M.P.	6	4
05/06/2008	Itarsi, M.P.	6	5
30/07/2008	Itarsi, M.P.	6	5
25/08/2008	Itarsi, M.P.	6	5
15/09/2008	Itarsi, M.P.	6	5
26/09/2008	Itarsi, M.P.	6	3
20/10/2008	Itarsi, M.P.	6	4
31/10/2008	Itarsi, M.P.	6	5
31/01/2009	Itarsi, M.P.	6	5
04/03/2009	Itarsi, M.P.	6	4
20/03/2009	Itarsi, M.P.	6	5

3. CODE OF CONDUCT

The Board of directors of the Company has laid down a Code of Conduct for all Board members and members of senior management of the company. The Board Members and Senior Management have affirmed compliance with the "Code of Conduct" for the year ended March 31, 2009.



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4. AUDIT COMMITTEE:

(A) Brief description of terms of reference:

- (i) Review with the management the quarterly/half-yearly financial statements.
- (ii) Hold separate discussion with Head-Internal Audit, Statutory Auditors and among members of the Audit Committee to find out whether the company's financial statements are fairly presented in conformity with the Accounting Standards issued by the Central Government.
- (iii) Review the company's financial and risk management policies and the adequacy of internal control systems.
- (iv) Review the adequacy of accounting records maintained in accordance with the provisions of the Companies Act 1956.
- (v) Review the performance of Statutory Auditors and recommend their appointment and remuneration to the Board, considering their independence & effectiveness.
- (vi) Perform other activities consistent with the Company's Memorandum and Articles, the Companies Act, 1956 and other Governing Laws.

(B) Composition of Committee :

S.No	Name	Designation	Position in Committee
1.	Mr. Umesh R. Trivedi	Director NED/IND	Chairman
2.	Mr. Giriraj Gupta	Director NED/IND	Member
3.	Mr. Hitesh Yadav	Director NED/IND	Member

The Statutory Auditors and Whole-time Director of the Company were also invited by the Committee to express their views in the Meeting. The Chairman of the Audit Committee has also attended the Annual General Meeting of the members of the company.

(C) Meetings of the Audit Committee :

During the financial year 2008-09 the Audit Committee met 4 (Four) times on the 30th April, 2008, 30th July, 2008, 31st Oct., 2008 and 30th January, 2009 under the Chairmanship of Shri Umesh R. Trivedi, in which proper quorum was present.

The Committee considered the draft Annual Accounts for the year 2008-09. The Committee also reviewed financial and risk management policy of the Company and defaults, if any in payment to the creditors, financial institutions and reasons thereof.

5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE :

(A) Brief description of terms of reference :

The Company has a 'Shareholders Grievance & Transfer Committee' at the Board level to look into the Redressing of shareholders and investor's complaints like:

- (i) Transfer of Shares, transmissions and delay in confirmation in D-mat of shares.
- (ii) Non-receipt of Annual Report, etc.

(B) Composition of Committee and number of meetings held :

S.No	Name	Designation	Position in Committee
1.	Mr. Umesh R. Trivedi	Director NED/IND	Chairman
2.	Mr. Giriraj Gupta	Director NED/IND	Member
3.	Mr. Hitesh Yadav	Director NED/IND	Member

- (i) Name and designation of Compliance Officer : Shri K.C.Sharma,
Managing Director
- (ii) Number of shareholders complaints received during the year : Nil
- (iii) Number of complaints solved during the year : Nil
- (iv) Number of complaints pending at the end of the year : Nil

The Company has given powers to implement transfer, transmission and D-mat of Shares to the Share Transfer Agent and to resolve the relating problems as professional agency. The Committee meets only on specific nature of complaints not resolved within a period of 14 days from the date of its receipts.

6. REMUNERATION COMMITTEE :

(a) Brief description of terms of reference :

The terms of reference of the Committee are to review and recommend compensation payable to the executive directors. The Committee also ensures that the compensation policy of the Company provides for performance-oriented incentives to management.