

19<sup>th</sup> Annual Report

2008-09

Paravadya  
Spinning Mills Ltd.



## BOARD OF DIRECTORS

Mr. Anil Kumar Jain	Director
Mr. Harkishon N. Udani	Chairman (upto 25-06-2009)
Mr. Kamal Mitra	Director
Mr. P. N. Shah	Director
Mr. R. Anand	Director
Mr. S. K. Agrawal	Director (from 25-06-2009)

## AUDITORS

B. K. Shroff & Co.,  
Chartered Accountants,  
3/7-B, Asaf Ali Road,  
New Delhi - 110 002

## SHARE TRANSFER AGENTS

Bigshare Services Pvt. Ltd.  
E-2 & 3, Ansa Industrial Estate,  
Saki Vihar Road,  
Saki Naka, Andheri (East),  
Mumbai - 400 072.  
Tel.: 022-4043 0200

## CORPORATE OFFICE

301, Arcadia,  
Nariman Point,  
Mumbai - 400 021

## REGISTERED OFFICE AND WORKS

Village : Alte  
Taluka : Hatkanangale  
District : Kolhapur  
Maharashtra : 416 109

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## NOTICE

**NOTICE** is hereby given that the 19<sup>th</sup> Annual General Meeting of **PRANAVADITYA SPINNING MILLS LIMITED** will be held on Tuesday the 29<sup>th</sup> September, 2009 at 12.30 p.m., at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416 109, Maharashtra to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and approve the Accounts for the financial year ended 31<sup>st</sup> March 2009 and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of Mr R Anand, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr Kamal Mitra, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

### SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification the following resolution as an Ordinary Resolution.

**"RESOLVED THAT** subject to necessary permission and pursuant to the provisions of section 260 and other applicable provisions, if any, of the Companies Act, 1956, Mr Sushil Kumar Agarwal, be and is hereby appointed as a Director of the Company, whose term of office shall be liable to retire by rotation."

6. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution

**"RESOLVED THAT** subject to permission from the BIFR and other statutory, regulatory authorities, if any, as may be required, consent of the Company be and is hereby accorded in terms of provisions of section 293 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, for mortgaging and/or charging (by way of first/second charge, as has been agreed to between M/s Indo Count Industries Ltd. (ICIL), the parent Company and its Lenders) by the Board of Directors of the Company, of all the existing immovable and movable properties of the Company, where so ever situate, in favour of Union Bank of India and/or the Security Trustees, on behalf of the following banks to secure the loans / facilities granted / to be granted to the ICIL, the parent company:

Sr. No.	Name of the Bank	Amount Rs. in Crore
1.	Axis Bank Ltd	32.77
2.	Bank of India	46.99
3.	Bank of Baroda	45.74
4.	Canara Bank	38.14
5.	Export Import Bank of India	42.33
6.	ICICI Bank Ltd	15.53
7.	IDBI Bank Ltd	20.73
8.	State Bank of India	31.81
9.	State Bank of Hyderabad	15.87
10.	State Bank of Patiala	15.84
11.	Union Bank of India	80.81
	<b>Total</b>	<b>386.56</b>

**Additional information: As required in terms of para VI (A) of clause 49 of the listing agreement**

**Brief profile of Mr R Anand, who retires by rotation and is eligible for re-appointment**

Mr R Anand, is a Science graduate and is associated with Textile industry for about 40 years. Mr Anand is on the Board of the Company since 31-07-2007.

**Outside Directorship :** a) Nova Silk Ltd. b) Maxwell Apparel Industries Ltd. c) NCL Industries Ltd. d) Indo Count Industries Ltd. e) Eastern Engineering Co. (Bombay) Pvt Ltd. f) Luwa India Pvt. Ltd

**Committee Chairmanship/Membership :**

Name of the Company	Audit Committee	Remuneration Committee
Indo Count Industries Ltd	Member	Chairman
Pranavaditya Spinning Mills Ltd.	Member	—

**Brief profile of Mr Kamal Mitra, who retires by rotation and is eligible for re-appointment**

Mr Kamal Mitra holds a bachelor degree in Textile Engineering and has rich experience for more than 31 years in the Textile Industry. Mr Mitra has been associated with the holding company namely Indo Count Industries Limited since December 2003 and has been appointed on the Board of the Company since 27<sup>th</sup> September 2007.

**Outside Directorship :** Indo Count Industries Ltd

**Committee Chairmanship/Membership :**

Name of the Company	Audit Committee	Remuneration Committee
Pranavaditya Spinning Mills Ltd.	Chairman	Member

**By Order of the Board**

Place: Mumbai  
Date: 25<sup>th</sup> June, 2009

**Anil Kumar Jain**  
Director



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

### **Item No. 5**

Mr. Sushil Kumar Agarwal was appointed as an additional director of the Company on 25<sup>th</sup> June 2009. Pursuant to the provisions of section 260 of the Companies Act 1956, and Article 110 of the Articles of Association of the Company, the term of office of Mr Agarwal will be upto the ensuing Annual General Meeting of the Company. The Company has received a notice in writing from a member, under section 257 of the Companies Act, 1956, signifying his intention to propose the appointment of Mr Agarwal as Director of the Company.

The Board commends the resolution for the approval of shareholders.

Except Mr. Agarwal, none of the Directors is in any way concerned or interested in this resolution.

### **Item No. 6**

As per the debt restructuring package approved under the CDR Scheme, between M/s Indo Count Industries Ltd. (ICIL), the parent Company and its lenders, the Lenders have agreed to grant additional loan/facilities to the said parent company, inter alia on a condition that they are to be collaterally secured by a first/second charge on the moveable and immoveable properties of the company.

Section 293 (1) (a) of the Companies Act, 1956, provides, inter alia, that the Board of Directors shall not, without consent of the shareholders, in general meeting sell, lease or otherwise dispose of the whole or part of the undertaking of the Company.

Since the aforesaid security is by way of equitable mortgage, the provisions of section 192A of the Companies Act, 1956 regarding postal ballot are not applicable.

Copy of Letter of Approval (LoA) dated 08-12-2008 from CDR Cell and Letter dated 20-06-2009 and 06-07-2009 both from Union Bank of India, received by the parent Company is available for inspection at the Registered Office of the Company between 11.00 a.m. to 2.00 p.m. on any working day before the aforesaid meeting.

Board recommends the resolution set out in item no. 6 of the notice, for your approval.

Mr. Anil Kumar Jain, Mr. Kamal Mitra, Mr. P.N.Shah and Mr. R. Anand Directors of the Company are deemed to be concerned or interested in the resolution as the directors of Indo Count Industries Limited.

**By Order of the Board**

Place: Mumbai  
Date: 25<sup>th</sup> June, 2009

**Anil Kumar Jain**  
Director

### **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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the aforesaid meeting.

2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business to be transacted at the aforesaid meeting is annexed hereto.
3. Members/Proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.

4. Members are requested to:

- (i) intimate, changes, if any, in their Registered Addresses immediately;
- (ii) intimate about consolidation of folios if shareholdings are under multiple folios;
- (iii) quote ledger Folio No./DPID/Client ID in all their correspondence; to the Company's Registrar & Transfer Agent:-

**M/s Big Share Services Pvt. Ltd.**

E-2 & 3, Ansa Industrial Estate,  
Saki Vihar Road,  
Saki Naka, Andheri (East),  
Mumbai 400 072

Telephone Nos : 022 - 40430200

Fax No : 022 - 28475207

5. MEMBERS ARE ADVISED TO SEND ALL SHARE TRANSFERS AND RELATED CORRESPONDENCE TO THE REGISTRAR AND SHARE TRANSFER AGENT AT THE ABOVE ADDRESS.
6. Members/Proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.
7. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.

**By Order of the Board**

Place: Mumbai  
Date: 25<sup>th</sup> June, 2009

**Anil Kumar Jain**  
Director



## DIRECTORS' REPORT

To  
The Members  
**PRANAVADITYA SPINNING MILLS LIMITED**

Your directors have pleasure in presenting the **NINETEENTH ANNUAL REPORT** and the audited statement of accounts of the year ended 31<sup>st</sup> March 2009.

### FINANCIAL RESULTS

(Rs. in lacs)

Particulars	Current Year	Previous Year
Gross sales	2,546.02	1,885.79
Profit/(loss) before depreciation, interest and taxation	(10.64)	66.17
Less : Interest	27.64	70.06
: Depreciation	194.38	218.36
Net loss for the year before taxation	(232.66)	(222.25)
Provision for taxation (including deferred tax asset)	(605.87)	2.35
<b>Net Profit/(loss) after taxation but before extra ordinary items</b>	<b>373.21</b>	<b>(224.60)</b>
Less : Extra ordinary items	—	1,520.47
Net profit after extra ordinary items	373.21	1,295.87
Balance brought forward	(648.93)	(1,944.80)
Profit/(loss) carried forward to balance sheet	(275.72)	(648.93)

### PERFORMANCE REVIEW

During the year under review, the Company incurred an operating loss of Rs. 10.64 lacs (previous year operating profit of Rs. 66.17 lacs) on a net sales turn over of Rs. 2,546.02 lacs (previous year Rs 1,885.79 lacs). Steep rise in raw material cost and depressed yarn prices were main reasons for the loss. Increased power cost also significantly impacted the profitability.

### BIFR

Though the company's net worth has turned positive, during the year under review, by the virtue of infusion of fresh capital by the co promoters as per the BIFR order, the unit is yet to attain the earning levels estimated in the sanctioned scheme. With the improved demand for textiles, your directors expect the unit to perform better in the years to come. The Company would await the BIFR's further directions when annual review takes place.

### BUSINESS OUTLOOK

The domestic textile market continues to suffer from the contagion effect of the sluggish global demand for cotton yarn. Consequently, the local yarn prices remained depressed for most of the year under review.

However, raw material prices were higher compared to international prices, primarily on account of the minimum support price announced by the Govt. for cotton, which was higher by about 30% than the previous season.

Of late, the prices of cotton and yarn have started correcting for the better, which augurs well for the industry.

### DIVIDEND

Due to losses, the Directors are unable to recommend dividend for the year.

### MANAGEMENT DISCUSSION AND ANALYSIS

#### INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian spinning industry enjoys a predominant position in the domestic and international yarn trade. With about 41 mn. spindles, this segment of the textile industry, is still expanding and modernizing itself, being the single largest beneficiary under the Technology Upgradation Scheme of the Government of India.

Most of the spindles are in the organized sector with medium and large scale units. The spinning units are efficiently run and thus compete very well in terms of cost of production with the global players.

Besides exporting nearly 12% of its production, the spinning units cater to the ever growing domestic demand.

Your company has been in the carded yarn business and has established a name in the domestic market. The facilities at the unit have been streamlined and aligned to produce the best quality of yarns at competitive costs. The unit has moved in to higher value addition by producing finer counts of carded yarn.

#### OPPORTUNITIES AND THREATS

Due to general economic slow down globally, the domestic market had also faced slump in demand for cotton yarn. Despite this, during the year under review, the sales grew by about 35% over that of the previous year.

With the same back process capacity, the unit can expand further up to 4000 spindles to optimize its production. Steps will be taken at appropriate time to enhance the capacity to take advantage of this situation. Minimum support prices announced by the Government have ensured that the cotton prices remained firm during the last procurement season. However, the yarn prices did not respond positively due to lower demand, seriously impacting the margin. Cost of the other major input, the power, also rose sharply exerting upward pressure on the production cost.

While the prices of cotton have since stabilised, those of yarn have improved on better business sentiments. The MSP is expected to attract larger area under cultivation



this season and thus higher crop, which will be beneficial for the industry as a whole.

### **RISKS AND CONCERNS**

Cotton production depends on the vagaries of monsoon. Procurement of raw material at right prices is the key to yarn prices remaining cost competitive.

Since the company is an OTS accounts with the banks, it has not been able to raise adequate finance for its working capital requirements. However, the company expects to correct this position by involving the parent company for the purpose.

### **OUTLOOK**

There is spurt in demand both in domestic and international markets, of late, and as a result, yarn prices have started looking up. This probably signals end of the sluggish phase of demand conditions. Overall outlook continues to be promising.

### **SEGMENT**

The company is engaged in one segment i.e. textiles.

### **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The company has in place an elaborate internal control system to ensure proper authorization and accounting of transactions as also for safeguarding and protecting company's assets against loss. The internal auditors check the controls periodically and their report is reviewed by the management and the Audit Committee from time to time. The management feels that the system of internal controls is adequate considering the size of operations of the company.

### **HUMAN RESOURCES**

During the year, labour relations continued to be cordial. Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.

### **CORPORATE GOVERNANCE**

The corporate governance report together with a certificate from the Company's auditors confirming compliance of guidelines are made part of this Report as per clause 49 of the listing agreement entered into with the stock exchanges.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a) that in the preparation of the accounts for the financial year ended on 31<sup>st</sup> March 2009, the applicable accounting standards have been followed and there are no material departures.

- b) that the Directors have selected such 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 at the end of the financial year and of the profit of the company for the year under review.
- c) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- d) that the Directors have prepared the annual accounts ended on 31<sup>st</sup> March 2009 on a 'going concern' basis.

### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956, Mr. R Anand, Mr Kamal Mitra retire by rotation and being eligible, offer themselves for reappointment.

### **AUDITORS**

M/s. B K Shroff and Co., Chartered Accountants retire at the end of this Annual General Meeting and are eligible for reappointment as auditors.

The observations of Auditors as referred in Auditors' Report are suitably explained in the Notes on Accounts and therefore do not call for any further comments.

### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNING AND OUTGO**

Statement required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure "A" forming part of this Report.

### **ACKNOWLEDGMENTS**

Your directors are grateful to the customers, suppliers and employees for their co-operation and assistance during the year under review.

### **CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could influence the Company's operations include economic developments outside the country, global demand and supply conditions in the industry, input prices, changes in government regulations, tax laws and other factors such as litigation and industrial relations.

**On behalf of Board of Directors**

Place: Mumbai  
Date: 25<sup>th</sup> June, 2009

**Anil Kumar Jain**  
Director



## ANNEXURE A

Information Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Directors' Report for the financial year ended on 31<sup>st</sup> March 2009.

### A. CONSERVATION OF ENERGY

#### Form - A

Form for Disclosure of particulars with respect to conservation of energy

Particulars	Current Year	Previous Year
a) Power and Fuel		
<b>ELECTRICITY</b>		
a) Purchased (Units)	83,66,274	80,42,130
Total amount Rs in lac	373.82	345.78
Rate/unit Rs	4.47	4.30
b) Own generation:		
i) through diesel generator		
Unit	Nil	25,620
Unit / liter of diesel oil	Nil	3.66
Cost per unit	NA	9.37
ii) Furnace oil		
Quantity (KL)	—	—
Amount Rs in Lac	—	—
Average Rate (Rs)	—	—
b) Electricity consumption		
per unit of production yarn per kg	4.15	3.26

### B. TECHNOLOGY ABSORPTION

#### Form - B

Technology Absorption, Adaptation and Innovation

#### 1. Specific areas in which Research and Development was carried by the Company:-

- Electronic/contamination yarn clearers were installed on Autoconer to improve the yarn quality and also contamination controlled yarn.
- Changed machine layout in preparatory section to improve HOK.
- Installation of suitable capacitors on all the machines consuming more power to save power and improve power factor.

iv. Optimising process parameters and machine utilization.

v. upgrading key machinery in manufacturing process.

#### 2. Benefit derived from above R & D activities

- Company's product has greater acceptability
- Improved product quality and reduction in contamination level
- Improved level of plant efficiency
- Savings in power cost

#### 3. Future plan of action

Search for improvement / betterment in products and systems will continue in order to reduce production costs.

#### D. Expenditure on Research and Development

- Separate account for R & D expenses is not maintained.
- Expenditure is charged to profit and loss account like other overheads.

#### 2. Technology absorption, adaptation and innovation

The Company has not imported any technology since inception.

### C. FOREIGN EXCHANGE EARNINGS AND OUT-GO

- Activity related to initiatives taken to increase export markets for products and services and export – The company product is entirely sold in the local market.
- Total foreign exchange used and earned

(Rs. in Lacs)

Particulars	2008-2009	2007-2008
Used	—	—
Earned (FOB value of export goods)	—	—

On behalf of Board of Directors

Place : Mumbai  
Date : 25<sup>th</sup> June, 2009

Anil Kumar Jain  
Director





## CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT

### Corporate ethics

#### 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

##### Philosophy

The Company continues to focus on good Corporate Governance and its primary objective is to create and adhere to a corporate culture of conscience, and consciousness, integrity, transparency, accountability for efficient and ethical conduct of business for meeting its objective towards shareholders and other stakeholders. The company is committed to achieving the highest standard of corporate governance.

##### Status of Compliance

Our company has been able to make significant compliance with the revised provisions of clause 49 of the Listing Agreement.

#### 2. BOARD OF DIRECTORS

##### a) Composition of the Board

The Company has presently 5 directors and the Chairman is a non-executive director. Other four are also non-executive directors and of these two are independent directors.

The Board of directors meet at least one a quarter to review the Company's performance and financial results and more often, if considered necessary, to transact other important business.

##### b) Number of Board meetings

During the current accounting year ended 31<sup>st</sup> March 2009, 5 Board meetings were held on the following dates viz. 16-04-2008, 30-06-2008, 21-08-2008, 31-10-2008, 29-01-2009.

The maximum interval between any two Board meeting was less than 4 months as stipulated in clause 49 of the Listing Agreement.

The 18<sup>th</sup> Annual General Meeting was held on 27<sup>th</sup> September 2008.

##### c) Directors attendance record and directorship held as under:

Name of the Director	Designation	Category	During the period No. of Board Meetings		Whether attended last AGM	Directorship in other Public limited companies incorporated in India	Overall Committee Membership/ Chairmanship across Directorship	
			Held	Attended			Chairman	Member
NON EXECUTIVE								
Mr H N Udani *	Chairman	Promoter	5	4	Yes	—	—	2
Mr Anil Kumar Jain	Director	Promoter	5	5	Yes	3	2	6
Mr Kamal Mitra	Director	Non-Independent	5	4	Yes	1	1	1
Mr P N Shah	Director	Independent	5	5	No	6	5	6
Mr R Anand	Director	Independent	5	5	No	3	1	1
Mr. S. K. Agrawal @	Director	Independent	5	-	NA	NA	NA	NA

\* Resigned from the Board since 25th June 2009.

@ Appointed as an additional director with effect from 25th June 2009.

The Board has laid down and adopted Code of Conduct for all Board Members and Senior Management personnel of the Company.

No remuneration, other than sitting fees has been paid for attending the Board / Committee meeting. Chairmanship/Membership of every Director is within limits specified.

##### d) Information supplied to the Board:

A detailed agenda is sent to each Director sufficiently in advance of Board and Committee meetings. At every Board meeting the Chairman briefs the members on the overall performance of the company.





Apart from the matters statutorily requiring the Board approval, all major decisions related to investments, capital expenditure, modernization programs, mobilization of resources and planning thereof are considered by the Board.

As per SEBI's code of Corporate Governance, the following information is regularly placed before the Board:-

- Annual operating plans and budgets and any updates
- Capital budgets and any updates
- Quarterly results for the company and its operating divisions or business segments
- Minutes of meetings of Audit committee and other Committees of the Board
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary
- Show cause, demand, prosecution notices and penalty notices, which are materially important
- 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 nonpayment for goods sold by the company
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment 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 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 or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer, etc.

**e) Independent Audit Committee:**

The Company has constituted Audit Committee in accordance with the requirements of clause 49 of the Listing Agreement with qualified, independent and non-executive members of the Board of Directors of the Company. The broad terms of reference of the Audit Committee are:-

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - o Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - o Changes, if any, in accounting policies and practices and reasons for the same
  - o Major accounting entries involving estimates based on the exercise of judgment by management
  - o Significant adjustments made in the financial statements arising out of audit findings
  - o Compliance with listing and other legal requirements relating to financial statements
  - o Disclosure of any related party transactions
  - o Qualifications in the draft audit report



- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter
- Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors any significant findings and follow up there on
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors
- To review the functioning of the Whistle Blower mechanism, in case the same is existing
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee

The Audit Committee comprises 3 non-executive directors viz. Mr Kamal Mitra, Mr R Anand and Mr P N Shah, Director of the Company. Mr Kamal Mitra is the Chairman of the Audit Committee.

The Audit Committee meetings are attended by Internal Auditors. Statutory/Cost Auditors are invited as and when required by the Committee.

The Chairman of the Committee Mr Kamal Mitra, a non-executive director.

4 Audit Committee meetings were held during the current accounting year ended 31<sup>st</sup> March, 2009, on the following dates viz: 30-06-2008, 18-09-2008, 29-11-2008 and 28-03-2009. The attendance of each member is as under:-

Name of the Member	Position	No Meetings	
		Held	Attended
Mr Kamal Mitra	Chairman	4	4
Mr P N Shah	Member	4	4
Mr R Anand	Member	4	4

**f) Remuneration Committee:**

Constitution of Remuneration Committee is non-mandatory, hence it will be constituted as and when required.

**g) Investors' grievance committee/shareholders' committee:**

The Board has constituted the "Shareholder/Investor Grievances Committee" in accordance with the requirements of the Clause 49 of the Listing Agreement. The objective of the Committee is to attend to the investors' complaints pertaining to transfer/transmission/demat/remat of shares, on receipt of dividend warrants/share certificates etc and any other matter related thereto.

The committee functions under the Chairmanship of Mr Anil Kumar Jain. The other members are Mr P N Shah and Mr H N Udani. The Committee meets once in a quarter.