

# ANNUAL REPORT 2009-10



## RMCL

### High End Customised Packaging

- > Pharmaceuticals
- > Food

### Services

- > Clinical Trials
- > Packaging Audits
- > Contract Packaging
- > Machinery

### Standard Packaging Material

- > Retail
- > Online
- > Personalised

## PVdC Coated Blister

Sixth largest manufacturing facility in the world, excellent barrier properties, varying thicknesses, manufactured in one single operation

PVdC coated PVC sheets are an ideal answer to a growing demand for quality packaging that guarantees excellent performance and product protection. It is a primary packaging material for pharmaceutical applications and has great water vapor transmission barrier property.



## Cold Formed Blisters (ALU-ALU)

Excellent aluminum based blister for packing sensitive pharmaceutical and generic medicines

To deliver more advanced pharma product packaging solutions, RMCL manufactures multilayered cold-formable aluminium based blister structure (ALU ALU). Aluminum-Aluminum blister packages are used for pharmaceutical products, which are easily decomposable, or highly sensitive to light, moisture or oxygen.



## Extrusion Coated Laminates

High quality extrusion coating for excellent packaging appearance

RMCL manufactures extrusion coated and laminated consumer packaging materials using a combination of paper, board, film, aluminium foil etc. These laminates provide an extremely good and reliable barrier against moisture, light, oxygen, grease, odours and gas diffusion.



## Collapsible Tubes

Lightweight, leakproof, multipurpose

Collapsible tubes have evolved with changing packaging needs. RMCL today has an excellent portfolio catering to the tubes market. These tubes are not just lightweight but also leak proof and easy to use. They also facilitate the reproduction of excellent print graphics making them an exciting medium to build brands.



## BOARD & OTHER PARTICULARS

### BOARD OF DIRECTORS

Mr. Anil J. Agrawal	Chairman
Mr. Mitesh A. Agrawal	Managing Director & CEO
Mr. Abhishek Agrawal	Jt. Managing Director
Mr. Kanubhai Patel	Director
Mr. S. P. Aggarwal *	Director
Mr. Binod Kumar Paliwal *	Director
Mr. Serge A Lapointe *	Director
Mr. Radhey Krishna Mishra*	Director
Mr. Rajiv Prasankumar Nanavati*	Director

\* Independent & Non-Executive Directors

**AUDITORS** H.P.SHAH ASSOCIATES

**COMPANY SECRETARY & COMPLIANCE OFFICER** CS MANGESH SHETYE

**COMPANY SECRETARIES IN PRACTICE** JAGDISH PATEL & CO.

**BANKERS**

**State Bank of India**  
Vapi I.T. Branch, Vapi

**Bank of Baroda**  
Mangaldas Market Branch, Mumbai  
SSI Daman Branch, Daman

**REGISTERED OFFICE**

Survey No. 50/9A,  
Daman Industrial Estate,  
Village Kadaiya,  
Nani Daman -396 210,  
UT of Daman & Diu  
Tel:-91-0260-6619000,2220176  
Fax No. 91-260-2220177  
Email: rmcl@relinpro.com

**REGISTRAR & SHARE TRANSFER AGENT**

Link Intime India Private Limited  
C-13, Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup West,  
Mumbai - 400078  
Tel No.: 022 - 25963838, 25946970  
Fax No.: 022 - 25946969  
Email : rnt.helpdesk@linkintime.co.in

### CONTENTS

	Page No.
Notice .....	3
Directors' Report .....	4
Management Analysis & Outlook .....	6
Report on Corporate Governance .....	7
Auditors' Report .....	17
Balance Sheet .....	20
Profit and Loss Account .....	21
Schedules .....	22
Notes of Accounts .....	28
Balance Sheet Abstract .....	35
Cash Flow statement .....	36



## Radha Madhav Corporation Limited

NOTICE is hereby given that the **Sixth Annual General Meeting** of the Members of **Radha Madhav Corporation Limited** Will be held at the Registered Office of the Company at Survey No. 50/9/A, Daman Industrial Estate, Village Kadaiya, Nani Daman -396 210, UT of Daman & Diu on 25<sup>th</sup> September, 2010 at 10.00 a.m. to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2010 and Profit & Loss Account for the year ended on that date together with the Directors' Report and Auditors' Report thereon.
2. To appoint a Director in place of Mr. Anil J. Agrawal, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Mitesh A. Agrawal, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Serge A Lapointe, who retires by rotation, and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

### SPECIAL BUSINESS:

6. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the Companies Act, 1956, the approval of members be and is hereby accorded to the Re-appointment of Mr. Mitesh Agrawal, as a Managing Director of the Company for the period of five years w.e.f. 1<sup>st</sup> March, 2010 to 28<sup>th</sup> February, 2015, without any remuneration."

For and on Behalf of the Board

*sd/-*

Place : *Daman*

Dated : *28th May 2010*

**Mr. Anil Agarwal**

*Chairman*

## NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself, and proxy so appointed need not be a member of the company. In order to be effective, proxy form must be lodged with the company not less than 48 hours before the commencement of the meeting.
2. Explanatory Statements Pursuant to Section 173 (2) of the Companies Act 1956, relating to the special business is annexed herewith.
3. Corporate Members are requested to send a duly certified copy of the Board Resolution authorizing their representative to attend and vote at the Meeting.
4. The register of members and the share transfer books of the Company will remain closed from 20.9.2010 to 25.09.2010 (both days inclusive).
5. Members desirous of asking any questions at the Annual General Meeting are requested to send in their questions so as to reach the Company at least 10 days before the Annual General Meeting so that the same can be suitably replied.

7. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
8. Members who hold shares in electronic form are requested to write their DP Id and client Id numbers and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the Meeting to facilities identification of membership at the Meeting. Members are requested to bring their attendance slip along with their copy of the Annual Report to the Meeting. As copies of Annual Report will not be distributed at the meeting.

Members are requested to intimate change of address, if any, to the company quoting reference to their Registered Folio Number.

At the ensuing Annual General Meeting Mr. Anil J. Agrawal, Mr. Mitesh A. Agrawal and Mr. Serge A Lapointe retire by rotation and are being proposed for re appointment, the detail as required under Clause 49 (IV)(E)(v) of the Listing Agreement is given below:

Name	Age	Educational Qualification	Experience	No. of share hold
Mr. Anil J. Agrawal	60	Graduate	40 years in various for running business fields	2010364
Mr. Mitesh A. Agrawal	32	M.Sc. MBA, holds B.E in Polymer Engeniering from MIT Pune and M.S from Oxford, Brooks University, U.K.	More than 10 years overall operations of the Company.	2828035
Mr. Serge A Lapointe	55	BEPC, BEI, BAC, BTC Chemistry, Diploma Engineer.	39 Years	Nil

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

### Item No. 6

Mr. Mitesh Agrawal has been associated with the Company since its inception., he has provided dynamic and effective leadership to the Company's management team and, the Company has made great strides in business activities and has helped the Company as one of the dominant player in the industry. He has held the post of Chairmanship of Indian Plastic Institute, Daman Chapter. The Board recommends passing of the resolution for Re- appointment Managing Director.His term of Re- appointment is in conformity with

Schedule XIII to the Companies Act, 1956, as amended up to date.This be treated as an abstract under section 302 of the Companies Act, 1956.

None of the Directors are concerned or interested in this resolution except Mr. Mitesh Agrawal, Anil agrawal and Abhishek Agrawal.

For and on Behalf of the Board

sd/-

Place : Daman

Mr. Anil Agarwal

Dated : 28th May 2010

Chairman



## DIRECTORS' REPORT

To,  
The Members,  
Radha Madhav Corporation Limited,

Dear Sir/Madam

The Directors have pleasure in presenting the Sixth Annual Report together with the Audited Accounts for the year ended on 31<sup>st</sup> March, 2010.

## FINANCIAL RESULTS

	31.3.2010 in Lacs	31.3.2009 in Lacs.
Sales and other Operational Income	16410.54	18129.79
Profit before Depreciation & Tax	(3449.24)	936.56
Less: Depreciation	1317.01	855.58
Profit After Depreciation & before Tax	(4766.25)	80.98
Provision for Tax (including Deferred, Fringe Benefit Tax and Provision for Wealth Tax )	28.28	35.33
Profit /(Loss) after tax	(4794.53)	45.65
Balance brought forward from Balance sheet	2275.02	2265.29
Provision for Preference Share Dividend (Including Dividend tax)	0	35.92
Balance carried to Balance Sheet	(2519.51)	2275.02

## OPERATIONS

The decline in financial result as stated above is due to many folds as stated below:

1. The (new) project installed requires, extensive trial runs for stabilization of operations, leading to significant material wastage, resulting higher costs than projected.
2. The new project had a significant proportion catering to the Pharma space, where the company had to cater to new clientele, which could not be achieved as quickly as projected.
3. The project came up at the peak of economic recession during 2<sup>nd</sup> half of FY 2009. Hence establishing the new products/ sales build up took much more time than expected.
4. Due to liquidity strain and non-availability of working capital facilities from the banks, the company had to resort to credit purchases, leading to higher cost of procurement, thereby affecting operating margins
5. EBITDA margins during FY 09 and FY 10 have declined due to higher Raw material consumption %, due to
  - Increase in material wastage to stabilise the operations of the new project.
  - Inability to ramp up operations, despite higher fixed cost structure built up to market new project's output
  - Reduction in GP margins on account of strained liquidity and working capital position due to pressure from suppliers and customers

The Company caters to a very large customer base. This increases the selling costs. And since each order value is

small, the production cost and inventory level are higher  
Competition: The Company has to face competition from the existing large companies and also from imports.

Outlook and future:

As the products of the company finds a major application in FMCG, Pharmaceuticals and Dairy industry, food for which growth prospects are attractive, the Company's prospects are considered satisfactory and is stage of recovery.

## FINANCE

The Company has availed additional credit facilities from State Bank of India and Bank of Baroda.

The performance of the last two years has led to significant liquidity pressure as shown by the gap in long term sources vis-à-vis applications.

## DEPOSITS:

The Company has not accepted Deposits within the meaning of section 58A of the Companies Act 1956.

## DIRECTORS

In accordance with the requirements of the Companies Act 1956, Mr. Anil J. Agrawal, Mr. Mitesh A. Agrawal and Mr. Serge A Lapointe will retire by rotation and, being eligible, has offered himself for re-appointment and Mr. Ashok Agrawal was appointed as an additional Director and has resigned from Directorship during the year.

## AUDITORS:

The present Auditors of the Company M/s. H. P. Shah Associates, Chartered Accountants, Vapi, will retire at the conclusion of ensuing Annual General Meeting and being



eligible; offer, themselves for re-appointment to hold the office till the conclusion of next Annual General Meeting.

They have submitted certificate for their eligibility for reappointment under section 224(1B) of the Companies Act, 1956.

The Auditors have confirmed that they have subjected themselves to the peer review process of the institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the Peer Review Board of the ICAI."

## AUDITORS OBSERVATION:

*As to point No. 17 of Annexure to Auditors' Report the Company has utilized fund raised on short term basis for investment on long term basis to the extent of Rs. 38.37 Crore, is due to cash losses, which was partially contributed by the promoters.*

## AUDIT COMMITTEE:

The Board of Directors constituted an Audit Committee as per the existing clause 49 of the Listing Agreements entered into with Stock Exchanges and in terms of Section 292(A) of the Companies Act, 1956.

## CORPORATE GOVERNANCE:

A Separate section on Corporate Governance, Management discussion and Analysis and a Certificate from Company's Auditors regarding compliance of the conditions of the corporate governance as stipulated under clause 49 of the Listing Agreements with the Stock Exchanges forms part of this Annual Report.

Certificate of CEO and CFO, inter alia, confirming the correctness of the financial statements, adequacy of the internal measures and reporting of matters to the audit committee in terms of the clause 49 of the listing agreements with Stock Exchanges, is also attached as a part of this Annual Report.

## INSURANCE

All the properties of your Company including Factory, Building, Plant & Machinery, stock etc., are adequately insured.

## PARTICULARS OF EMPLOYEES

None of the employees of the Company was paid remuneration of Rs. 24,00,000/- p.a. or more for the year or Rs. 2,00,000/- p.m. or more and hence the information required under section 217 (2-A) of the Companies (Particulars of Employees) Rules, 1975 is not required to be given.

## CONSERVATION OF ENERGY Power and fuel Consumption:

	31.3.2010	31.3.2009
<b>(1) Electricity</b>		
Purchased units	1,03,47,104	1,16,19,198
Total Amount (Rs.)	4,34,31,984	4,37,61,177
Rate per Unit (Rs.)	4.20	3.77

	31.3.2010	31.3.2009
<b>(2) Own Generator</b>		
Fuel (Diesel) (Ltr)	82,084	94,112
Total Amount (Rs.)	29,19,710	33,66,261
Rate Per Litter (Rs.)	35.57	35.77
Furnace Oil	3,45,035	76,350
Total Amount (Rs.)	79,83,443	13,89,281
Rate Per Litter (Rs.)	23.14	18.20
LPG Cylinder {Kg.}	0.00	18,573
Total Amount {Rs.}	0.00	11,14,537
Rate Per {Kg.}	0.00	60.00

## TECHNOLOGY ABSORPTION:

The technology required for the industry is available indigenously.

## FOREIGN EXCHANGE EARNING & OUTGO:

	31.3.2010 Rs. in Lac	31.3.2009 Rs. in Lac
Earning	618.70	462.23
Outgo	1657.34	3475.89

Most of the Foreign Exchange Outgo is for Purchase of Capital Goods, Spares parts and Raw Materials for the Company.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors confirm:

- That in the preparation of the annual accounts, the applicable accounting standards had been followed and that no material departures have been made from the same.
- That they had 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 or loss of the company for that period.
- That they had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for presenting and detecting fraud and other irregularities.
- That they had prepared the annual accounts on a going concern basis.

## APPRECIATION

The Directors take this opportunity to express their appreciation for continued co-operation and assistance extended by Investors, Government Authorities, Bankers, Suppliers and Customers. Your Directors look forward to their continued support. Last but not the least, your Directors also sincerely acknowledge the significant contributions made by the devoted workers, staff and executives for their dedicated services to the Company.

For and on Behalf of the Board

sd/-

Place : Daman  
Dated : 28th May 2010

Mr. Anil Agarwal  
Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS

### Industry Structure and Developments:

Packaging Industry cannot be generalized in nature as it differs from activity to activity and extent of integration. There are single activity companies whereby the value addition depends on extent of operating cost, Cost of Capital and extent of capital expenditure. Recently, industry is witnessing cartelization in some of the segments and profitability of related industry has become opportunity driven.

### Opportunity:

Pharmaceutical and Food packaging companies have lot of variables other than mere Cap-ex, Cost of Capital and Opportunity. Profits here would depend on capability to provide solution, service and quality of offerings. Total Profit of the company is accumulation of profits/losses made during various deals during the year. Challenge remains to engage oneself during the deals and make each deal profitable and avoid loss making deals.

Customer loyalty and continued business with reputed clients becomes an asset to the company and backbone for the future business. In the midst of competition, it is seen that companies make lesser profitable deals during the initial period to get entry with the client. It is widely seen that companies operating with variable components like structure developments, stabilization studies, Customized printing, Securitization, inventory management etc make very less or negative profit in the initial stabilizing years.

### Risks & Concerns:

Unlike Single Activity Companies, companies like Yours are insulated against cyclical opportunities and threat. Threat of technology absolute is also negligible. Competition from new entrants is also not high as they may take years to stabilize their operations.

Continual Improvement, development and integration with the requirements of the customer does not only ensure the future business but also refrain the customer to shift to competitor for minor savings. Relative selling price of the products/services of companies in the same domain may differ to the extent of 10 to 15 % depending upon the reliability, quality and service offered by the company. This has dramatic result in the profitability of any company and hence one company can do exceedingly well in the same industry while the other may perish.

### Outlook :

In this year, your company has posted unprecedented losses on account of various reasons. There was substantial cost over-run which was funded partially by short term funds. Company incurred higher overhead cost as it recruited man power for the new project without actually getting sales from the new project. Higher power connection was availed from the Electricity board and hence more commitment charges had to be paid to the board without realizing the sales.

Company got into liquidity crunch at the end of last financial year because of above mentioned reasons. Rudrapur plant also got operational very late compared to the scheduled time. Machinery to produce PVDC coated blisters could not be stabilized. Stabilization of various products costed the company substantially in terms of wastages, inappropriate use of utilities and purchase of slow moving inventory.

In midst of liquidity crunch, company restored to buy from Traders instead of direct suppliers increasing the cost of the raw material. Since company was using alternative raw material, wastage percentage shot up substantially. Company also sold material at a price lower than prevailing market price in order to continue with the hard earned customers. Company's service and quality of the product was inconsistent because of alternative grades and lack of working capital and hence lower sale price was the only carrot to continue the clients.

Company has approached its existing banks to pump in extra working capital and have got in principal approval for the same. Company has earned a good name in the pharmaceutical market with almost all reputed customers. It has got various accreditations like ISO 9000, ISO 14,000 and ISO 22,000 to its new plants. It is also DMF registered. It has got all the necessary approvals for supplying to global pharmaceutical suppliers.

Various products have been developed in recent past like triplex, Alu-alu, tropical packaging, hot foil stamping, metallised PVC along with Company's existing products.

This year had been year of learning and consolidation. All the products are stabilized and are well established in the market. All major buyers have been contacted and company's production sites have been approved by number of global players.



**REPORT ON CORPORATE GOVERNANCE***(Pursuant to clause 49 of the Listing Agreement)***1. Company's philosophy on code of Governance**

Corporate Governance is concerned with creation of long-term value for shareholders while at the same time balancing interests of other stakeholders, viz. Employees, Creditors, Government and the Society, at large. Corporate Governance is crucial to the very existence of a company as it builds confidence and trust.

The Company is committed for good Corporate Governance i.e., to achieve business excellence and add shareholders value following desired disclosure practices and sound decision-making achieved through harmonious interactions amongst the Board of Directors, its Committees and Senior Managements. Transparency is the key guiding principle for all decisions, transactions and policy matters.

**2. Board of Directors****• Composition of the Board:**

The Board of Directors consists of 9 Directors out of which One (2) are Executive Directors, Seven (7) are Non Executive Directors including Five (5) Independent Directors. The Chairman of the Company is Non Executive Promoter Director.

All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies. The composition of the Board and changes therein since the last Annual report, category of the Directors and their attendance at the Board Meetings and the last Annual General Meeting, number of their Directorships in other companies incorporated in India (excluding alternate directorships & directorship in Pvt. Ltd. Companies) are given below:

Name of Director	Category of Directorship #	No. of Board Mtgs. Attended	Attendance at the last AGM	Directorship in other Companies Incorporated in India (excluding alternate directorships & directorship in Pvt. Ltd. Companies)	No. of specified Committees (Other than RMCL) in which held Chairman/Member \$		No. of Equity Shares
Mr. Anil J. Agrawal	Chairman-N.E.D.	11	Yes	Radha Madhav Research and Trade Ltd	Nil	Nil	2010364
Mr. Mitesh A. Agrawal	M.D.	11	Yes	Radha Madhav Research and Trade Ltd	Nil	Nil	2828035
Mr. Abhishek A. Agrawal	Jt. M.D.	11	Yes	Radha Madhav Research and Trade Ltd	Nil	Nil	2333586
Mr. Kanubhai Patel	N.E.D.	11	Yes	—	Nil	Nil	138692
Mr. Binod Kumar Paliwal	I & N.E.D.	1	Yes	Sachin Infra - Environmental Ltd.	Nil	Nil	2500
Mr. S.P. Aggrawal	I & N.E.D.	0	No	Nil	Nil	Nil	Nil
Mr. Serge A Lapointe	I & N.E.D.	0	No	Nil	Nil	Nil	Nil
Mr. Radhey Krishna Mishra	I & N.E.D.	11	Yes	Nil	Nil	Nil	Nil
Mr. Rajiv Prasankumar Nanavati	I & N.E.D.	11	No	Nil	Nil	Nil	Nil
Mr. Ashok Agrawal @	I & N.E.D	0	No	Nil	Nil	Nil	Nil

# I – Independent Director, N.E.D. – Non-Executive Director, M.D. – Managing Director, E.D. – Executive Director.

\$ As required by the existing Clause 49 of the Listing Agreements entered into with the Stock Exchanges, only Membership/ Chairmanship of the Audit Committee and Investors Grievance Committee of public companies have been considered.

@ Appointment of additional Director dt. 21.1.2010 & Resignation as a Director w.e.f 8.3.2010



## Number of Board Meetings held during the year along with the dates:

During the year 2009-2010, 11 Board Meetings were held as follows:-

April 2009 to June 2009	July 2009 to Sept. 2009	Oct. 2009 to Dec. 2009	Jan. 2010 to March 2010
20.04.2009	11.07.2009	16.10.2009	04.01.2009
27.06.2009	30.07.2009	30.10.2009	21.01.2010
—	30.08.2009	11.12.2009	08.03.2010

## Information placed before the Board of Directors

To enable the Board to discharge its responsibilities effectively and take informed decisions, necessary information is made available to the Board as per the Agenda Papers in advance of the Board Meetings.

In addition to matters statutorily required to be placed before the Board of Directors for its approval, all major decisions regarding resource mobilisation, capital expenditure, etc. are considered by the Board. Following informations are regularly put up before the Board for its consideration and approval:

- Strategic plan and direction of the Company;
- Annual Business Plan, Sales Budget;
- Quarterly financial Results of the Company;
- Minutes of the meetings of Audit Committee, Shareholders and Investors Grievance Committee of the Board;
- Matters related to significant environmental issues, accidents, if any, etc.;
- Material information from Government bodies, which may have implications on the business of the Company, if any;
- Information on material transactions, which are not in the ordinary course of business;
- Disclosure of material transactions with potential conflict of interest, if any; and
- Compliance with various listing and statutory requirements.

### Code of Conduct:

The Company has laid down the code of conduct for all Board members and senior Management personnel of the Company. Requisite annual affirmations of compliance with the respective codes have been made by the Directors and Senior Management personnel of the Company. The copy of code of conduct is available on the web site of the Company. The Declaration signed by the Managing Director and CEO is given below.

### 3. Audit Committee

The Board of Directors constituted an Audit Committee as per the existing clause 49 of the Listing Agreements

entered into with the Stock Exchanges. Five (5) meetings of the Audit Committee were held during the year. The Present composition of the Audit Committee and their attendance at meetings are as follows:

Name	Designation	Category	Number of Meeting attended
Mr. Radhey Krishna Ram Payare Mishra	Chairman	I & N.E.D.	5
Mr. Binod Kumar Paliwa	Member	I & N.E.D.	2
Mr. Kanubhai Patel	Member	I & N.E.D.	5
Mr. Rajiv Prasankumar Nanavaty	Member	I & N.E.D.	5

The Managing Director and Head of Accounts are permanent invitees to the Audit Committee Meetings. The Statutory Auditor is also invited to attend the Audit Committee Meetings, as and when required.

The Compliance officer was present at all the meetings of the Audit Committee.

The Minutes of the Audit Committee Meetings were noted by the Board of Directors at the Board Meetings.

The Chairman of the Audit Committee was present at the 5<sup>th</sup> Annual General Meeting held on 26<sup>th</sup> September, 2009.

The powers and role of the Audit Committee are as per Guidelines set out in Clause 49 of the Listing Agreement with the Stock Exchanges and the Section 292A of the Companies Act, 1956. The salient features of powers and role of the Audit Committee are:

### Terms of reference:

The Terms of reference of the Audit committee, broadly are as under:

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending the Board, the appointment, reappointment of the statutory auditor, fixation of audit fees and for other services.
3. Reviewing with the Management, the quarterly and annual financial statements before submission to the Board for approval.
4. Discussions with statutory auditors before the audit commence nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
5. Reviews with the management, statutory auditors and internal audit system, the adequacy and the compliances of internal control systems.