



**SUDITI
INDUSTRIES
LTD.**

**EIGHTEENTH ANNUAL REPORT
2008-2009**

BOARD OF DIRECTORS

Anand Agarwal
(Chairman & Managing Director)

Pavan Agarwal

A. Indu Sekhar Rao

Sushil Kumar Kasliwal

Vivek Gangwal

H. Gopalkrishnan

V.P. Finance & Company Secretary

Registered Office

A-2, Shah & Nahar Estate, Unit No. 23/26,
Lower Parel, Mumbai 400 013.

Factory & Admn. Office

C-253/254, MIDC, TTC Industrial Area, Turbhe,
Pawane Village, Navi Mumbai 400 705.

Works**Unit No. 1**

C-253/254, M.I.D.C., T.T.C. Indl. Area,
Pawne Village, Navi Mumbai 400 705

Unit No. 2

C-3/B, M.I.D.C.,
T.T.C. Indl. Area
Navi Mumbai 400 705.

Auditors**Chaturvedi & Co.**

81, Mittal Chambers, 228 Nariman Point,
Mumbai 400 021.

Legal Advisor**A. Ramkrishna**

75, Laxmi Insurance Bldg.,
4th Floor, Sir P. M. Road,
Fort, Mumbai 400 001.

Bankers**Union Bank of India****Standard Chartered Bank Ltd.****HDFC Bank Ltd.****Indian Overseas Bank****Axis Bank Ltd.****Registrar & Share Transfer Agents****Sharex Dynamic (India) Pvt. Ltd.**

17/B, Dena Bank Bldg., 2nd Floor,
Horniman Circle, Fort, Mumbai-400 001.

or

Unit-1, Luthra Indl. Premises, Safed Pool,
Andheri Kurla Rd., Andheri (E), Mumbai-72.

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EIGHTEENTH ANNUAL GENERAL MEETING

On Friday, the 11th day of September, 2009
at 4.00 p.m. at Kilachand Conference Room,
2nd Floor, Lalji Naranji Memorial Indian
Merchants' Chamber Building Trust, (IMC Bldg.),
Churchgate, Mumbai-400 020.

As a measure of economy, copies of the
Annual Report will not be distributed at the
Annual General Meeting. Shareholders are
requested to kindly bring their copies
to the meeting

**NOTICE FOR THE EIGHTEENTH ANNUAL GENERAL MEETING:**

Notice is hereby given that the Eighteenth Annual General Meeting of the Company will be held on Friday the 11th September, 2009, at 4.00 p.m. at Kilachand Conference Room, 2nd Floor, Lalji Naranji Memorial Indian Merchant's Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai – 400 020, to transact the following business.

ORDINARY BUSINESS:

1. To receive 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 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri A. Indu Sekhar Rao who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri Sushil Kumar Kasliwal who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration

By order of the Board of Directors
For SUDITI INDUSTRIES LTD.

Place: Mumbai
Date: 30.06.2009

H. GOPALKRISHNAN
COMPANY SECRETARY &
V. P. FINANCE

NOTES:

1. A member entitled to attend and vote at the above Meeting may appoint one or more Proxies to attend and vote instead of him. The Proxy need not be a member of the Company. Proxy form to be valid shall be deposited with the company not later than forty eight hours before the time for holding the meeting.
2. The relevant details in respect of Item No. 2 & 3 pursuant to clause 49 of the Listing agreements with the Stock Exchanges are annexed hereto.
3. The Register of members and the Share Transfer Books of the Company will remain closed from Thursday the 27th August, 2009, to Friday the 11th September, 2009 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are also requested to notify immediately of any change in their address to the Company/Share Transfer Agents.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
6. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Holidays between 10.30 a.m. to 5.00 p.m. upto the date of the Annual General Meeting.

Details of Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting (In pursuance of Clause 49 of the Listing Agreement)

Name of Director	Shri A. Indu Sekhar Rao	Shri Sushil Kumar Kasliwal
Date of Birth	05.10.1931	24.08.1950
Date of Appointment	26.04.1996	16.06.2003
Expertise in specific Functional areas	Shri I.S. Rao has a wide range of experience in Textile Industry and occupied various positions in different organizations. He has served Government of India as Joint Textile Commissioner. Further, he had also served as Director (P&D) in the textile Commissioner's Office. Apart from, he had also worked as head of the textile technology division of SASMIRA. During the tenure of professional life, he had also served Finlay Group of Mills in various positions.	Shri S.S.Kasliwal has a wide range of experience in the textile industry span over a period of more than 2 decades particularly in the field of processing, dyeing, and finishing of man made fabrics.
Qualifications	a) Bachelor of Textiles (B.Text) from Bombay University. b) Master of Textiles (M.Text) from Bombay University. c) Graduate in Industrial Management (M.I.M) from B.I.M. London. d) S.Q.C. & N.P.C. short term courses. e) Fellow of Institution of Engineers India (F.I.E.)	Technically qualified with a Diploma in Man Made Textile Chemistry (DMTC)
Directorships held in other companies (Excluding Foreign Companies)	International Hometech Ltd. (Formerly: Trimbak Industries Ltd.)	NIL
Committee position held in other companies	International Hometech Ltd. (Member-Remuneration Committee) (Member – Audit Committee) (Chairman- Shareholders Grievance Committee)	NIL
No. of Shares held	NIL	NIL

DIRECTORS' REPORT:

Dear Shareholders,

The Directors have pleasure in presenting the Eighteenth Annual Report of the Company together with the Audited Balance Sheet as at 31st March, 2009 and the Profit and Loss Account for the year ended on that date.

Financial Results:

Particulars	(Rs. in Lakhs)	
	Current Year Ended 31.03.2009	Previous Year Ended 31.03.2008
Export Sales	105.60	176.42
Local Sales	2220.07	2189.85
Other Income	126.77	69.74
Profit/(Loss) before Interest and Depreciation	34.37	(102.97)
Interest	-	44.34
Profit/(Loss) after Interest	34.37	(147.31)
Depreciation	48.93	44.76
Profit/(Loss) before Tax	(14.56)	(192.07)
Provision for Tax	6.32	-
Profit/(Loss) after Tax before extra ordinary items	(20.88)	(192.07)
Extra Ordinary Items (Net)	75.91	2538.02
Net Profit / (Loss)	55.03	2345.95
Add: Brought forward from the previous year	470.65	(1875.30)
Transfer from General Reserve	-	-
Amount available for appropriation (Loss)	55.03	2345.95
Balance carried to Balance Sheet (Loss)	525.68	470.65

Dividend:

Considering the prevailing market conditions and also in view of insufficient operational profit, your Directors regret for their inability to recommend payment of any dividend on the Equity Shares for the year ended 31st March, 2009.

Operations:

The Company continues to register improvement in its performance despite various problems particularly due to Global economic recession and spiraling oil prices during the year 2008-2009. Further garment unit operations have also registered substantial improvement in terms of Productivity and Profitability. The turnover of Garment unit has increased to Rs. 565.50 lakhs as compared to the previous year's turnover Rs. 377.41 lakhs. The Company has now started the production of Garments on full value basis as against the orders executed on job work basis in the past. Further, to strengthen the overall functioning of the Garment unit, the Company has inducted some senior level Professional into service. This has helped the Company to stabilize the Garment operation to a large extent.

The Company's Insurance claim against the fire losses has

been sanctioned and the part of the claim is already received in the year under review and the balance in the current year. The New India Assurance Company has sanctioned an amount of Rs.99.53 lakhs against the loss of Rs.117.50 lakhs provided in the books during the previous year.

As part of the restructuring and rehabilitation process, the Company has now written back those balances amounting to Rs.116.19 lakhs, which have been adjusted by the customers directly in their books. Therefore the profit as appearing in the accounts is also due to the impact of write back of the above stated balances.

The EPCG License obligation with Joint DGFT Mumbai is yet to be assessed and finalised and the Company is still persuing the matter with Joint DGFT, Mumbai. In the meantime, the Customs Department has also taken up the matter directly with the Company and the issue is likely to be resolved once the assessment for redemption of the Licenses with Joint DGFT is completed.

Export Sales:

During the year under review, the total export sales are lower than the previous year. Even though the Company could commence its Export activities from the previous year itself, the actual Export performance is not as per the anticipated level. This is mainly on account of severe recessionary condition in USA and Europe. Further, the Global Economic slump experienced by the major developed Countries also adversely affected the Indian Garment Industry. In spite of these setbacks, still the Company could manage to achieve Exports to the tune of Rs. 106 Lakhs with order bookings for the next 5 months in advance. Since the Company has complied with the standards of various Buyers from the International market, the Company is hopeful of receiving further large volume of orders.

In addition to this the volatile foreign exchange conditions experienced during the year under review, had a negative impact while negotiating the prices of Export orders with Buyers.

However, the Company in order to increase its Exports Business has taken some effective steps. The Company has added some additional facilities in the manufacturing set up such as Printing, Embroidery, etc. in order to attract orders for more value added items. Further, the Company proposes to start export to other Countries in the African as well as Asian regions through some Authorised Buying Houses. The Company on a continuous basis obtains approvals from various Inspections and Certification Agencies to ensure that Company meets the compliance standards of various Buyers. The Company has already started Sampling and testing of various varieties from different Buyers. Some of the Buyers from the USA have already placed their requirements on a regular basis for substantial quantities. The Company proposes to undertake Exports of atleast 50% of its Production Capacity in a phased manner. Since Export Market is highly competitive, the Company is in the process of adding some more machines and equipments, so

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as to attract Buyers, by offering better quality products with more design, style, and superior finish. With these initiatives and new markets from different Countries, the Company is hopeful of achieving its Export Plan in the coming years.

Expansion:

As envisaged in the previous year, the Company has completed the modernization and upgradation of its processing facilities during the year under review. The modernization and upgradation Program has helped the Company to bring down the costs and wastages to a substantial extent and because of this, the Company is anticipating significant improvement in the profitability levels in the years ahead. Further, as stated in the last year's Annual Report the Company has kept relocation programme on hold for the time being, in view of recessionary conditions prevailing in the world.

Increase in Share Capital:

As envisaged in the previous year's Report, the Company has completed the necessary formalities for increasing the Authorised Capital from Rs. 10 Crores to Rs. 18 Crores. Accordingly, the Authorised Capital of the Company now stands at Rs.18 Crores.

Industrial Relations:

Industrial relations with the labourers at the Company's plant at MIDC, TTC Industrial Area, Pawne Village, Navi Mumbai, continue to remain healthy and cordial.

Personnel:

The statement showing the requisite information in compliance with the provisions of Section 217 (2A) of the Companies Act, 1956 is not furnished herewith, as there are no employees covered by that section.

Deposits:

The Company has not accepted any deposits within the meaning of Section 58A of Companies Act, 1956 and the rules made thereunder.

Energy, Technology and Foreign Exchange:

The particulars relating to conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under Section 217 (1) (e) of the Companies Act, 1956 is given in the Annexure forming part of this report.

Directors:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company Shri A. Indu Sekhar Rao and Shri Sushil Kumar Kasiwal, Directors, would retire by rotation, and being eligible, offers themselves for re-appointment.

Directors' Responsibility Statement:

The Directors hereby confirm: -

- i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) that the Directors have selected such accounting

policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

- iii) 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, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) that the Directors have prepared the annual accounts on a 'going concern' basis.

Corporate Governance:

A separate section on Corporate Governance and a certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, form part of the Annual Report.

Cost Auditors:

The Company has appointed M/s.V.J Talati & Co. as the Cost Auditor to audit the cost records maintained by the Company for the year 2008-09 as per the direction received from the Central Govt., in respect of conducting the audit of cost records maintained by the Company.

Auditors:

M/s.Chaturvedi & Company, Chartered Accountants, retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Going Concern Concept:

In view of improvement in the performance as well as based on the financials, the Company is a going concern and accordingly the accounts are maintained as per the Going Concern Concept.

The Company's Reference with Board for Industrial & Financial Reconstruction (BIFR):

Since the Company is no more a sick Company, the BIFR has discharged the Company from the purviews of SICA, 1985 vide order Dated 18th December 2008.

Appreciation:

Your Company and its Directors wish to place on record their appreciation for the support received from different Central and State Government Departments and Agencies, Stressed Asset Stabilization Fund (SASF), M/s. The New India Assurance Company Ltd., Company's bankers, Customers and Vendors. Your Directors also wish to place on record their deep sense of appreciation to all the employees of the Company for their outstanding contribution towards the operations of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: 30.06.2009

ANAND AGARWAL
Chairman & Managing Director

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Annexure I

Information under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming Part of the Directors Report for the year ended 31st March 2009.

A) Conservation of Energy:

a) Energy Conservation measures taken: -

Energy conservation is a primary concern of the Nation and Company attaches significant importance to these measures. Energy conservation measures are regularly reviewed and evaluated to ensure that systems and methods followed are effective. The Company takes timely measures to adopt the latest developments in the field of energy conservation activities to ensure that energy resources are utilized in a more appropriate and economical way.

Some of the important energy conservation measures implemented/developed during the year under review by the Company are listed below:

- 1) System boiler and Thermic Fluid Heater are converted to Auto feeding and Auto firing system thereby increasing the efficiency of these machines, resulting in saving of fuel.
- 2) Heating area of Thermic fluid has been increased for better efficiency, resulting in saving of fuel.
- 3) "Invertors" are installed on power consuming machines like Dryer, Stenter and Tube reversing machines thereby reducing the overall power consumption in the unit.
- 4) High Power consumption motors are replaced by Low Power consumption motors wherever possible like replacing 30 HP motor with 20 HP motor in Tube reversing machines.
- 5) Timely replacement of old outdated machines with new energy saver machines.
- 6) Reducing the load by not running the high power consuming machines during the peak hours from 18-22 hrs.
- 7) Apart from this, there are strict preventive maintenance schedules, usage of rain water harvesting wherever possible, vigorous quality control on inputs including steam coal has helped the Company to streamline the usage of energy in a more economical way thereby reducing the wastage significantly.

b) Additional Investment and proposals being implemented for reduction in the Consumption of energy: -

- 1) Considering the possibility of implementing programmable logic controllers and Auto dosing system on all dyeing machines to cut down energy

consumption and wastage.

- 2) Replacement of high-energy consumption equipments with energy saver equipments.
- c) Impact of measures taken at a) & b) above for reduction of energy consumption and consequent impact on the cost of production of goods: -
 - 1) Significant reduction in the wastage of Energy resources thereby promoting better utilization of energy resources and achieving economy in the cost of operations.
 - 2) These measures have a direct impact on the cost of production through improvement in quality standards and productivity. Further, these measures also help the Company to become competitive in terms of Selling Prices in the International market.

B) Technology Absorption:

a) Research & Development:

1. Specific area in which R&D is carried out by the Company:
 - a) Company is in the process of developing better recipe by using cost effective chemicals and dyes to ensure better finishing and feel of the fabric.
 - b) Company is in the process of developing new products, which requires specific and advanced technology. These products are more of import substitutes with added features.
 - c) Company also develops new recipe by using Laboratory dispensing system to maintain quality as per International Standards.
2. Benefits derived as a result of the above R&D:
 - a) Apart from remaining competitive in the market, these measures have helped the Company to maintain high quality standards with wide product range.
3. Future Plan of Action:
 - a) The Company proposes to develop some specific new products that are used under some extreme weather condition to be used by certain establishment specifically.
 - b) The Company regularly explores new avenues and methods and carries out R&D activities particularly in the utilization of input materials, better processing system and reduction in wastage levels as well as to operate the unit on eco-friendly basis.

4. Expenditure on R&D (in Rs.lakhs)

The aggregate expenditure in R&D both in the nature of capital and revenue is not very significant. The Company continues its efforts towards



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improving the products quality standards, productivity levels by using very small portion of its resources.

b) Technology absorption, adoption, & innovation:

There are no major significant incidents of technology absorption or innovation to be highlighted. However, the Company does not spare any efforts wherever the need for the same arises. The process house, garment unit, etc. are regularly upgraded with machineries made with latest superior technology. Further, in order to achieve better economy in the production, the Company lays significant importance to each and every technological development particularly in the area of productivity improvement. Further Company continues its programme to study and develop new combination of chemicals, colours, etc. in collaboration with vendors. In order to retain its competitive edge in the International market, the Company needs to upgrade its quality standards on a regular basis as per the changing needs and trends in the International market. Further, the cost of manufacturing is also to be maintained at the optimum level to remain competitive in terms of cost of production. Therefore, the Company regularly monitors development in those areas and timely induction/absorption of these technologies is made to maintain its competitive strength in the market.

Regarding the imported technology (imported during the last 5 years reckoned from the beginning of the financial year) the same are not applicable.

c) Foreign Exchange Earnings and Outgo: -

The figure of earnings and expenditure in foreign currency during the period under report are as under:

Particulars	(Rs.in Lakhs)	
	Current Year (2008-09)	Previous Year (2007-08)
Total Foreign Exchange used	20.46	7.19
Total Foreign Exchange earned (FOB Value)	93.99	156.06

Form - A (See Rule-2)

The disclosure of particulars with respect to conservation of Energy:

A) Power and Fuel Consumption: -

	Current Year (2008-09)	Previous Year (2007-08)
1. Electricity		
Units (KWH)	2969653	3480184
Total Amount (Rs.)	13666176	15651760
Average Rate	4.60	4.50

2. Diesel Oil		
Quantity (Lt.)	33187	33209
Total Amount (Rs.)	1282027	1159422
Average Rate (Rs./Lt.)	38.63	34.91

3. Steam Coal		
Quantity (Kgs)	4704534	5146202
Total Amount (Rs.)	24005364	21517994
Average Rate (Rs. /Kgs.)	5.10	4.18

B) Consumption per unit production:

Electricity (Unit/Kg.)	1.10	1.15
Diesel Oil (Lt. /Kg.)	0.012	0.011
Steam Coal (Kg/Kg)	1.75	1.71

For and on behalf of the Board of Directors

Place: Mumbai ANAND AGARWAL
Date: 30.06.2009 Chairman & Managing Director

Corporate Governance:

Report of the Directors on Corporate Governance

The Company lays great emphasis on the Corporate Governance practices and procedures. Company reviews these practices on regular basis to ensure better compliance of the Corporate Governance. This is an important tool for Shareholders protection and maximization of their long-term values. Company believes in conducting its business in fair and equitable manner in all respects as per the ethical, professional, and legal standards. The Company believes that by following the proper Corporate Governance procedures, it is possible to achieve the long-term objectives in a more acceptable and efficient manner. The Company understands and recognizes its role and responsibility towards Shareholders, customers, vendors, employees & regulatory authorities. The standard of business conduct are based on the commitment made by the management to follow fair transparent, honest and equitable business practices, respect the confidentiality entrusted, obey the law of land and rules, honest and accurate reporting to stakeholders. The Company believes that best board practices, transparent disclosures, and Shareholders empowerment are necessary for creating Shareholders value.

Board of Directors:

The Board of Directors of the Company is constituted as per the various provisions of the Companies Act including amendments from time to time and the listing requirement of the Stock Exchange, Mumbai. The present strength of the Board is 5 members including whole time Director viz Chairman & Managing Director. The Board is Constituted by inducting expert persons from diverse fields. None of the Directors on the Board is a member of more than 10 committees and Chairman of more than 5 committees across all the Companies in which he is a Director.

Eighteenth Annual Report 2008-2009**Composition of Board of Directors:**

The Board has an optimum combination of Executive and Non-Executive Directors as well as Independent Directors.

Name of Directors	Executive or Non-Executive	Independent	Total No. of Directorships (including SIL)	No. of other Outside Committee Membership	No. of other Outside Committee Chairperson
Anand Agarwal	Executive	No	2	--	--
Pavan Agarwal	Non-Executive	No	2	--	--
A.Indu Sekhar Rao	Non-Executive	Yes	2	2	1
Vivek Gangwal	Non-Executive	Yes	5	--	--
Sushil Kumar Kasliwal	Non-Executive	Yes	1	--	--

Responsibilities:

The responsibilities of the Board include wide range of activities with a greater emphasis on providing strategic direction to the Company towards achieving its goal. Generally, all these activities are formal schedule of activities as laid down by various statutes & provisions. Board takes utmost care to ensure that the Company conducts its business within the framework of the code of conduct followed by the Company.

Role of Independent Directors:

The Independent Directors plays significant role in the implementation of Corporate Governance policies and practices. The Board consists of three Independent Directors and the Company is benefited immensely with their association. They take active part in the deliberations particularly in the functioning of various committees as they enrich the Board with their vast experience and knowledge. The Company's Audit Committee and Remuneration Committee have significant representation of Independent Director.

Board Meetings:

The Board Meetings are conducted in accordance with the provision of Companies Act and also in accordance with the provisions of Clause 49 of Listing Agreement. The Board Meetings are held atleast once in every quarter to review the quarterly results and additional meetings are held to consider any specific agenda of items wherever necessary. The Board is appraised and informed of all important matters relating to the business of the Company including those listed in Annexure-1A of clause 49 of the listing agreement. Senior Management Personnel & Auditors are also intimated to attend the Board meeting, to provide additional inputs to

the items being discussed by the Board. Notice and Agenda for the meeting alongwith relevant notes/explanations are circulated in advance to enable the Board to discharge its responsibilities effectively and take informed decisions.

Five Board Meetings were held during the year from 1st April 2008 to 31st March 2009, i.e. on 30th April 2008, 30th June, 2008, 31st July, 2008, 27th October, 2008, & 31st January, 2009. Leave of absence was granted by the Board to the Directors who were absent at the respective board meeting.

Directors	No. of Board Meetings attended	Attendance at the Last AGM
Shri Anand Agarwal	5	Yes
Shri Pavan Agarwal	5	No
Shri A.Indu Sekhar Rao	5	Yes
Shri Vivek Gangwal	4	Yes
Shri Sushilkumar Kasliwal	2	Yes

Details of Directors being appointed/re-appointed:

During the year under review, no new Director has been inducted to the Board, and also no Director has resigned from the Board.

Shri A. Indu Sekhar Rao and Shri Sushilkumar Kasliwal, Directors of the Company retire by rotation and being eligible; offer themselves for re-appointment at the ensuing Annual General Meeting.

Board Committee:

Board constitutes various Committees to provide specialized and focused attention relating to all the activities falling within the terms of reference. Apart from complying with the various statutory requirements these Committees, submit its reports, findings and suggestions to the Board for enabling them to take appropriate decision in the best interest of the Company.

Audit Committee:

Shri Vivek Gangwal chairs the Audit Committee and the other members of the Committee are Shri A. Indu Sekhar Rao and Shri Pavan Agarwal.

- Shri Vivek Gangwal is a Chartered Accountant and an expert in Investment and Securities market operations.
- Shri A.Indu Sekhar Rao is qualified technocrat and expert in Textile Industry.
- Shri Pavan Agarwal is Commerce Graduate with expertise in Garment exports and marketing activities.

The terms of reference of the Audit Committee cover the matters specified in respect of such committee under clause 49 of the Listing Agreement, as amended from time to time



and Section 292A of the Companies Act, 1956.

Brief Description and terms of reference:

- 1) Oversight of the Company's financial reporting systems and procedures and the disclosure of its financial information to ensure that the financial statement is accurate, adequate and credible;
- 2) Recommending to the Board, in respect of appointment, re-appointment, the re-placement or removal of the statutory auditor if necessary and the fixation of audit fees;
- 3) Approval of all payments to the Statutory Auditors for any other services rendered by them;
- 4) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - a) 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;
 - b) Significant changes, if any, in accounting policies and practices and reasons for the same;
 - c) All major accounting entries involving estimates based on the exercise of judgements by management;
 - d) Any significant adjustments made in the financial statements arising out of audit findings;
 - e) Compliance with listing and other legal requirements relating to financial statements;
 - f) Disclosure of any related party transactions;
 - g) Qualifications in the draft Audit report.
- 5) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 6) Reviewing, with the management, performance of Statutory and Internal Auditors, and adequacy of the internal control systems;
- 7) Reviewing the adequacy of Internal Audit function, if any, including the frequency of Internal Audit;
- 8) Discussion with Internal Auditors, Cost Auditors etc., any significant findings and follow up thereon;
- 9) Examine 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 resulting in revenue leakage etc; and reporting the matter to the Board;
- 10) Review the Audit programme 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;
- 11) To examine the functioning of the Whistle Blower mechanism of the Company;

- 12) Undertake any other function as may be mentioned in the terms of reference of the Audit Committee

The Audit Committee also analyses and reviews the following informations:

1. Management discussion and analysis of financial condition and status of operations;
2. Detailed statement of significant related party transactions (as defined by the Audit Committee), submitted by Management;
3. Management notes/circulars/letters of internal control weaknesses issued by the Statutory Auditors;
4. Internal Audit reports/Cost Audit observations relating to internal control weaknesses;

Audit Committee meetings are regularly attended by Statutory Auditor, Cost Auditor, and Internal Auditor, apart from Senior Executives from Finance, Operational functions of the Company. The Company Secretary acts as the Secretary of the Audit Committee.

The Audit Committee has met 5 times during the year under review. The attendance of the each member of the committee at the Audit Committee meeting held is as under. Apart from this, the Audit Committee also met twice before the presentation of Audited Accounts to the Board.

Directors	No. of Meetings held During the year	No. of Meetings Attended
Shri Vivek Gangwal	5	5
Shri Indu Sekhar Rao	5	5
Shri Pavan Agarwal	5	5

The Minutes of the Audit Committee Meetings were noted at the Board Meetings. The Chairman of the Audit Committee was present at the 17th Annual General Meeting held on 29th August 2008.

Remuneration Committee:

The Remuneration Committee is constituted with 3 Independent Directors. Shri A.Indu Sekhar Rao chairs the Committee; Shri Vivek Gangwal and Shri Sushilkumar Kasliwal are the other members of the Committee. The Remuneration Committee reviews and recommends compensation payable to the Executive Directors. Further the Committee also review the overall compensation structure and policies of the Company including the incentive schemes payable to all the Senior Management personnel with a view to attract, retain and motivate employees. The Committee also ensures that the compensation payable to the Senior Management personnel are consistent, fair and transparent in motivating and rewarding employees appropriately according to their job, role size, performances, contribution, skill and competence.

The Committee had also reviewed the elements of

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remuneration of whole time Director and suggested to maintain the same for the year without any revision as the Company is still in the process of stabilizing its operations.

Name	No. of Meeting held during the year	Attended the Meeting	Status
Shri A. Indu Sekhar Rao	1	Yes	Chairman
Shri Vivek Gangwal	1	Yes	Member
Shri Sushil kumar Kasliwal	1	Yes	Member

Remuneration Policy:

The Committee regularly evaluates the compensation policy to ensure its efficacy in all aspects. The compensation policy of the Company provides for performance-oriented incentives for various staff and executives in the organization. These policies are reviewed with the objective of ensuring that compensation level of the Company vis-à-vis other units in the same industry are not detrimental to the interest of the Company to retain the talented and trained executives. Whole-time Directors compensations are recommended by the Committee in accordance with the various provisions of the Companies Act and Rules & regulations. Non Executive Directors have not drawn any remuneration from the Company except sitting fees for the Board Meetings attended by them.

Details of Remuneration to the Directors during the financial year ended 31st March, 2009

Name of the Director	Salary	Perquisites & Other benefits	Sitting Fees	Reimbursement of expenses	Total
1. Anand Agarwal	672000	9360	-	26997	708357
2. Pavan Agarwal	-	-	7500	4000	11500
3. A.Indu Sekhar Rao	-	-	7500	4000	11500
4. Vivek Gangwal	-	-	6000	3000	9000
5. Sushilkumar Kasliwal	-	-	3000	1000	4000

Shareholders/Investors Grievance Committee:

The Shareholder/Investors Grievance Committee is constituted with 3 Directors chaired by Shri Pavan Agarwal. The other members are Shri A.Indu Sekhar Rao and Shri Vivek Gangwal. The Committee approves transfers, transmission, splitting, and consolidation of shares. The Committee also monitors redressal of Shareholders grievance relating to transfer of shares, non-receipt of Annual Report etc. The committee also reviews the process, standard operating procedures, and initiatives taken by the Company relating to investor services.

During the year under review, the committee met 14 times and the members were present in all the meetings respectively.

Name	No.of Meetings held During the year	Attended all the Meeting
Shri Pavan Agarwal	14	Yes
Shri Indu Sekhar Rao	14	Yes
Shri Vivek Gangwal	14	Yes

The Committee also reviews the performance of R&T Agents periodically, which includes monthly charges, fees for undertaking the services as per the contracts and review of the contract in line with the volume of work and responsibility. The Committee also reviews the grievances report submitted by the Company's Registrar / Transfer Agents, and based on the report, there are no complaints pending against the Company. Details of Shareholders complaints, Compliance Officer etc. are separately indicated in the Shareholders information attached herewith and forms part of this report.

Annual General Meeting:

- a) The details of the Annual General Meeting (AGM) held during the last 3 years are as under:

AGM Year	Financial	Date and Time	Venue of AGM
17th	2007-08	August 29, 2008 at 4.00 p.m.	Kilachand Conference Room, 2nd Floor, Lalji Naranji Memorial Indian Merchants' Chamber Building Trust, (IMC Bldg.), Churchgate, Mumbai - 400 020.
16th	2006-07	September 14, 2007 at 4.00 p.m.	
15th	2005-06	September 22, 2006 at 4.00 p.m.	

- b) Special Resolutions passed at the last three Annual General Meetings:

There were five Special Resolutions passed in the last AGM i.e. 17th AGM, except these resolutions, no other Special Resolutions were passed at the last three Annual General Meetings.

- c) Passing of Special Resolutions by Postal Ballot:

There were no Extra Ordinary General Meetings held during the last three years. There were no Special Resolutions required to be passed through Postal Ballot at the last three Annual General Meetings. None of the Resolutions proposed for the ensuing Annual General Meeting needs to be passed by Postal Ballot.

Code of Conduct:

All the Directors and Senior Management Personnel have affirmed compliance with the code of conduct/ethics as approved by the Board of Directors.

Communication and relationship with Shareholders:

The Company has maintained a proper and regular system of communication with the Shareholders. Chairman's