

# **19th ANNUAL REPORT**

## **2009-2010**



AN ISO 9001 : 2008 CERTIFIED

# **Vintron Informatics Limited**

# 19th Annual Report 2009-2010

## BOARD OF DIRECTORS

### CHAIRMAN & MANAGING DIRECTOR

Shri Raj Kumar Gupta

### DIRECTORS

Shri Shiv Kumar Singhania

Shri Jagdish Singh Dalal

Shri Satish Chand

### COMPANY SECRETARY

Mrs. Kajal Gupta

### STATUTORY AUDITORS

M/s. O. P. Bagla & Co.

New Delhi

### INTERNAL AUDITORS

M/s. S. Agarwal & Co.

New Delhi

### SHARE TRANSFER AGENT

M/s. Skyline Financial Services Pvt. Ltd.

123, Vinoba Puri, Lajpat Nagar-II

New Delhi - 110 024

Also at :

246, First Floor, Sant Nagar

ISKCON Temple Road

East of Kailash, New Delhi - 110 065

### BANKERS

HDFC Bank Limited

The J & K Bank Limited

### Registered Office & Works :

F-90/1 A, Okhla Industrial Area,

Phase-I, New Delhi - 110 020

CONTENTS	Page No.
Notice .....	1
Directors' Report .....	2 - 5
Corporate Governance Report .....	6 - 14
Auditors' Report .....	15 - 17
Balance Sheet .....	18
Profit & Loss Account .....	19
Schedules & Notes .....	20 - 29
Balance Sheet Abstract .....	30
Cash Flow Statement .....	31

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE NINETEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF M/S. VINTRON INFORMATICS LIMITED SHALL BE HELD ON WEDNESDAY, THE 25TH DAY OF AUGUST 2010 AT 11.00 A.M. AT SHREE DELHI GUJARATI SAMAJ (REGD.), MAHATMA GANDHI SANSKRITIK KENDRA, MPCU SHAH AUDITORIUM, 2, RAJ NIWAS MARG, CIVIL LINES, DELHI - 110 054 TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2010, the Profit & Loss Account for the year ended on that date together with the Auditors' Report thereon and the Directors' Report annexed thereto.
2. To appoint a Director in place of Shri Satish Chand, who retires by rotation and being eligible, offers himself for re-appointment.
3. 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 Section 224(1B) and other applicable provisions, if any, of the Companies Act, 1956, M/s. O. P. Bagla & Company, Chartered Accountants, be and are hereby re-appointed as Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and that the Board of Directors/Audit Committee of the Board be and is hereby authorized to fix their remuneration."

By order of the Board  
**For VINTRON INFORMATICS LIMITED**

Place: **F-90/1A, Okhla Indl. Area Phase-I, New Delhi-110020**  
Date: **28/05/2010**

Sd/-  
**(RAJ KUMAR GUPTA)**  
Chairman & Managing Director

### NOTES:

- a) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES, IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.
- b) The documents referred to in the Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Sundays and other public Holidays between 2.00 P.M. to 4.00 P.M. up to the date of Annual General Meeting.
- c) The Register of Members and Share Transfer Books of the Company shall remain closed from Wednesday, the 11th day of August 2010 to Wednesday, the 25th day of August 2010 (both days inclusive).
- d) Members are requested to bring their copies of Annual Report to the meeting, as spare copies will not be available.

### RESUME OF DIRECTORS BEING RE-APPOINTED

Shri Satish Chand, aged about 47 years is a Chartered Accountant by profession and practicing as a partner of firm namely Satish C. & Co. since 1989. During his long working experience of 21 years, he has been involved in to various accounting and financial activities viz. due diligence, project appraisals, feasibility studies, income tax matters, Company law matters and auditing of accounts for number of his prestigious clients.

# 19th Annual Report 2009-2010

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting the Nineteenth Annual Report together with Audited Accounts of the Company for the year ended on 31st March 2010.

### BUSINESS PHILOSOPHY

As informed to the members in previous reports, the Company was declared as a Sick Industrial Company by the Hon'ble BIFR vide its order dated 01.02.2007 on the basis of audited financial results for the year ended 31.03.2003 under the case reference No. 257/2003 & 309/2004. During the year under review, the Hon'ble BIFR vide its order dated 02.06.2009, sanctioned the revival scheme of the Company for its revival and rehabilitation with the reliefs as sought by the Company, and the same are under implementation. The Directors have a strong faith in the business prospect, products, market acceptability and competitiveness of the Company in terms of technology, price and quality of its products. Your Directors have pleasure in informing you that during the year under review, the Company's networth has become Rs. 45.35 Crores as compared to the accumulated loss of Rs. 43.17 Crores meaning thereby that the networth of the Company has turned positive by an amount of Rs. 2.18 Crores. Encouraged with the result of the Company within the year, the Directors are confident that the Company shall come out of the purview of BIFR shortly and come back to the past glory within shortest possible time by utilizing all the resources at its disposal. Your Directors are confident that during implementation of the revival scheme, the Company shall re-establish itself in the market very shortly.

### OUTLOOK

Financial Year 2009-2010 has been difficult and challenging year for your Company because of various factors as this was the first year of implementation of the sanctioned revival scheme. Despite of the acute shortage of working capital fund, your Company has made all its efforts to optimally utilize all the resources available and achieves the maximum result. The circumstances prevailing with the Company during the previous years have almost continued to be dominant during the year under review as well. But, your Directors are working constantly towards a better future which has started showing the favourable result also as is evident from the fact that in the first year of implementation of the scheme, the networth of the Company has turned positive. The Company has already settled all the outside secured creditors from the finances arranged by the directors and their associates. With the existing trend of increasing penetration and growing demand of Personal Computers/Laptops, Computer Peripherals, Electronic Media Devices and their accessories, your Directors are confident that with the infrastructure available with the Company and brand influence over the market, the Company shall take no time to revive its operations and re-gain the glory of its brand from current year onwards. The Company is also making all its efforts in the direction of making the working capital available for the Company, however, the same is likely to take some time keeping in view the past results of the Company.

Your Company's performance during the year as compared to the last year is as under :

### FINANCIAL RESULTS AND PERFORMANCE

We give below the financial highlights for the year under review :-

PARTICULARS	(RS. IN LACS)	
	Current Year	Previous Year
Turnover & Other Income/Income from Operations (Job work)	998.33	305.74
Profit/(Loss) before Depreciation, Interest/Financial Charges and Tax	384.00	19.07
Depreciation	68.81	69.79
Interest and Financial Charges	0.60	19.60
Profit/(Loss) before Extra-ordinary Items	314.59	(70.32)
Extra Ordinary Items Written Off	0.00	0.00
Profit/(Loss) after Extra-ordinary Items, but before Income Tax	314.59	(70.32)
Income Tax Adjustments	1.65	(0.21)
Profit/(Loss) after Tax	312.94	(70.53)
Surplus brought forward	(4,629.87)	(4,559.34)
Balance in Profit & Loss A/c	(4,316.94)	(4,629.87)

## **DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS Contd.**

During the financial year under review, the Company commenced implementation of the Sanctioned Revival Scheme from July 2009, however, due to the acute shortage of working capital fund, the performance of the Company was restrained. Despite of all the constraints, the Company has made all its attempts and efforts to optimally utilize all the resources available at its disposals and the net worth of the Company has turned positive during the year under review.

Your management is confident that from the current year onwards, the working capital fund requirement shall also be slowly met by arranging fresh funds and with the strength of its products, quality, marketing and other infrastructure facilities, the Company will once again move forward in a positive direction. With this commitment to the investors, work force and society at large, the management reassures you that your directors are putting all their efforts to arrange the working capital, which may take some time in view of the past history of the Company. But, they are confident about the potential of the Company and express its gratitude for the confidence reposed by the investors and all concerned in it.

### **DIVIDEND**

Considering the results of the Company and inadequacy of profits, the Board has not recommended dividend on shares.

### **INDUSTRY STRUCTURE AND DEVELOPMENT**

Even though, IDC forecasts a substantial growth in India in PC / Laptop market but due to severe competition and erosion in selling prices, there has been no growth in value and profitability terms. With the introduction of low range Laptops in the market, even a sizeable segment of computer users have been shifting their choice to Laptops instead of Personal Computers. However, the loss of high segment consumers are well adjusted by the growing awareness, increased penetration and demand of Personal Computers in rural and semi-urban market, which has a vast potential and appetite ensuring the growing demand of Personal Computers in time to come.

### **OUTLOOK ON THREATS, RISKS AND CONCERNS**

The Company has an integrated approach to managing the risks inherent in various aspects of its business. As a part of this approach, the Board of Directors (BoD) is responsible for monitoring risk levels on various parameters, and the Board of Directors supported by professionals in various fields is responsible for ensuring implementation of mitigation measures, if required. The Audit Committee provides the overall direction on the risk management policies.

The over all economic environments will have a strong bearing on how things shape in the coming years. Falling prices of the Personal Computers and its peripherals with the introduction of low priced Laptops are potential risks. The over all Industrial and Business sentiment is showing a positive response and direction. Your Company has also plans of introducing high quality technically advanced gadgets in the Company's product basket once it meets the working capital requirement to starts its operations in full capacity, which will expedite its revival scheme. Your Company, however, is confident that with the launch of high quality, competitively priced products, we will be able to expand our market share. In addition to the Personal Computers and related accessories, your Company is also venturing into other Electronic Media Devices slowly and gradually and your Directors have pleasure in informing you that the products of the Company are gaining appreciation in the market indicating to a vast potential.

### **SEGMENT WISE PERFORMANCE**

The Company has been operating in the electronic industry and dealing & manufacturing only Personal Computers and computer peripherals. The Company's products are only related to computer hardware and Electronic Media Devices and therefore there are single segment of operation. In view of the same, segment wise reporting is not required.

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

The Internal Control Systems of the Company are designed to provide adequate assurance on the efficiency of the operation and security of its assets, and the Company is committed to high standards in this regard. The accounting records are adequate for preparation of financial statements and other financial information. The adequacy and effectiveness of the Internal Control as well as compliance with laid down systems and policies are comprehensively monitored by your Company's Internal Auditors. The Audit Committee of the Board, which meets regularly, actively reviews Internal Control Systems as well as financial disclosures.

### **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company continues to have excellent employee relations. Your Directors acknowledge and thank the employees for their continuous support. The Company has strong commitments to follow the best of the HR practices and believes in up-lifting the over all competence of its employees through regular training, workshops and seminars.

# 19th Annual Report 2009-2010

## **DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS Contd.**

The total number of employees and workforce at the end of the year was 98 as against 93 employees including permanent and irregular work force at the end of the previous year.

### **ADDITIONAL INFORMATION REGARDING CONSERVATION OF ENERGY ETC.**

Information in respect of conservation of energy, technology absorption etc. required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed.

### **DIRECTORS**

In accordance with the provisions of the Companies Act, 1956 and the Company's Articles of Association, Shri Satish Chand, Director of the Company is retiring by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment. The Board recommends his re-appointment.

### **FIXED DEPOSITS**

Your Company has neither invited nor accepted any deposits from public within the meaning of the Companies (Acceptance of Deposit) Rules, 1975, during the last financial year.

### **SUBSIDIARY COMPANY**

The Company holds a Wholly Owned Subsidiary by the name of VSOF GLOBAL INC. at #107, 451 Village Green BLVD, ANN ARBOR, MI-48105 USA, with a total subscribed and paid-up capital of 1500 Capital Stocks held by your Company. The Company have been making its all efforts to get the necessary documents and details including financials from the sole person who was looking after the affairs in USA. However, there has been no results and therefore, the Company has sought appropriate relief penal provisions as applicable in the case and the Hon'ble BIFR was pleased to grant the necessary relief.

### **AUDITORS**

The Auditors of the Company M/s. O. P. Bagla & Company, Chartered Accountants, New Delhi, retire on the conclusion of the ensuing Annual General Meeting in terms of the provisions of The Companies Act, 1956 and have offered themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be within the prescribed limits specified under Section 224 (1B) of the Companies Act, 1956.

### **AUDITORS' REPORT**

The Auditors' Report to the members together with Accounts for the year ended on 31st March 2010 and Notes thereon is attached, which are self-explanatory.

### **DIRECTORS VIEW ON AUDITORS OBSERVATIONS**

There is no adverse observation in the Auditors Report which needs any comments on the part of the Directors. The queries raised by the Auditors have been explained to the satisfaction of the Auditors and hence no comments are made under this para. The auditors report is self explanatory.

### **DIRECTORS RESPONSIBILITY STATEMENT UNDER SECTION 217**

As required under Section 217(2AA) of the Companies Act, 1956, your Directors state that:

- While preparing Annual Accounts, the applicable accounting standards have been followed.
- The Company had selected such accounting policies and applied them consistently and made judgements that are reasonable and prudent which gives true and fair view of affairs of the Company.
- The Company had taken proper & sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and irregularities.
- The Company had prepared accounts on a going concern basis.

### **PARTICULARS OF EMPLOYEES**

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 does not form part of this Report. No employee of your Company is covered as per provisions contained u/s 217(2A) of the Companies Act 1956 in this regard.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS Contd.

### LISTING FEES

The Equity Shares of the Company continue to be listed at the Stock Exchange(s) of Bombay and Calcutta, and as on the date of signing of this report, the listing fees for both the Stock Exchanges has been paid. Further that in terms of the Revival Scheme of the Company as sanctioned by the Hon'ble BIFR vide its order dated 02.06.2009, it was directed to the Delhi Stock Exchange (DSE) to de-list the equity capital of the Company from DSE and the necessary intimation has been made to DSE.

### ACKNOWLEDGMENTS

The Board appreciates the efforts put in by all employees for their commitment, and dedication to fulfil their corporate duties with diligence and integrity.

Your Directors are also pleased to place on record their appreciation for the excellent support received from Dealers, Business Associates and Customers by promoting and patronizing the products of the Company.

By order of the Board  
For VINTRON INFORMATICS LIMITED

Place: F-90/1A, Okhla Indl. Area Phase-I, New Delhi-110020  
Date: 28/05/2010

Sd/-  
(RAJ KUMAR GUPTA)  
Chairman & Managing Director

## ANNEXURE TO DIRECTORS' REPORT

Information as per Section 217(1) of the Companies Act, 1956 read with Companies (Disclosure Of Particulars in the report of the Board Of Directors) Rules, 1988 and forming part of the Directors' Report for the Year ended 31st March 2010.

### A. CONSERVATION OF ENERGY

Your Company is not covered under Industries, which are required to furnish the information in Form-A under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988. The consumption of energy in the operation of the Company is not significant. However, the Company has taken all steps to optimise the use of energy through improved operational methods.

### B. TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R & D)

Specific areas in which R & D is carried out	: R & D is carried out for improvement in production process and
by the Company	quality of products.
Benefits derived as a result of the above R & D	: The products have found better acceptability in the market.
Future plan of action	: The Company is carrying on R & D to enhance the product features and improve their quality.

Expenditure on R & D

- |   |       |
|---|-------|
| • Capital   | : NIL |
| • Recurring   | : NIL |
| • Total   | : NIL |
| • Total R & D expenditure as a percentage of total turnover | : NIL |

### TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

None

### FOREIGN EXCHANGE EARNINGS AND OUTGO

The foreign exchange earnings of the Company were Rs. NIL as compared to Rs. NIL in the previous year. However, the Company has imported capital goods, raw material and finished goods for amount aggregating to Rs. 263.04 Lacs as compared to Rs.198.42 during the previous year.

By order of the Board  
For VINTRON INFORMATICS LIMITED

Place: F-90/1A, Okhla Indl. Area Phase-I, New Delhi-110020  
Date: 28/05/2010

Sd/-  
(RAJ KUMAR GUPTA)  
Chairman & Managing Director

# 19th Annual Report 2009-2010

## CORPORATE GOVERNANCE REPORT

### CORPORATE GOVERNANCE

In terms of the Code of Corporate Governance, as framed by Securities and Exchange Board of India and amended from time to time, the Company has taken various steps and endeavored to implement the requirements of code of Corporate Governance in terms of clause 49 of the listing agreement. The Company has further ensured timely and effective implementation of requirements as stipulated from time to time. Given below is a brief report on the practices followed by Vintron Informatics Limited towards achievement of good Corporate Governance.

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

Vintron Informatics Limited is committed to the concept and philosophy of Corporate Governance as a means of effective internal control, fair and transparent decision-making process and fullest support of the Board and Management for enhancing customer satisfaction and shareholders value. The basic mantras of Vintron "Customer satisfaction through Quality and Reliability of our products and services, to be achieved by our will to deliver better by consistently improving our products, systems and procedures" is the guideline to generate long term economic value for its shareholders while respecting the interest of customers and society as a whole, which is practised in your Company in its letter and spirit. The Company respects the inalienable rights of its members to information on the performance of the Company and considers itself a trustee of its members.

#### 2. BOARD OF DIRECTORS - COMPOSITION

The Company maintains an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate the Board functions of governance and management. To ensure independence of the Board, the members of the Audit Committee is composed of suitable and competent independent directors. The current Board has three Independent Directors and one Executive Director. The Company does not pay any compensation to its non-executive Directors.

#### COMPOSITION AND CATEGORY OF DIRECTORS, AS OF MARCH 31, 2010

Category	No. of Directors	%
Executive Directors	1	25.00%
Non-Executive, Independent Directors	3	75.00%
<b>Total</b>	<b>4</b>	<b>100.00%</b>

The Chairman of the Board is an Executive Director.

#### RESPONSIBILITIES OF THE CEO

The current policy of the Company is to have an executive Chairman & Managing Director. The Chairman & Managing Director is responsible for corporate strategy, brand equity, planning, external contacts, and board matters. He is also responsible for all day-to-day operations, related issues and for the achievement of annual targets in customer satisfaction, sales, profitability, quality, productivity, recruitment, training and employee retention. The senior management makes periodic presentations to the board on their responsibilities, performance and targets.

Shri Raj Kumar Gupta, Chairman & Managing Director of the Company has certified to the Board and in terms of requirements of clause 49(V), that:

- a) They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of their knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.



## CORPORATE GOVERNANCE REPORT Contd.

- c) They accept responsibility for establishing and maintaining internal controls and that they have evaluated the effectiveness of the internal control systems of the Company and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- d) They have indicated to the auditors and the Audit Committee
- significant changes in internal control during the year;
  - significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or any employee having a significant role in the Company's internal control system.

### SIZE OF THE BOARD

At present, the Board has four members.

### BOARD MEETINGS HELD DURING THE YEAR

Normally, Board Meetings are scheduled at least 7-15 days in advance. Most of them are held at the Registered Office of the Company situated at F-90/1A, Okhla Industrial Area, Phase-I, New Delhi-110 020, India. Under supervision of the Chairman, drafts of the Agenda for each meeting, along with explanatory notes are prepared and distributed in advance to the Board members. Every Board member is free to suggest the inclusion of items in the agenda. Normally, the Board meets once a quarter to review the quarterly unaudited results and other items in the agenda. The Board also meets on the occasion of the Annual General Meeting of the members of the Company. If necessary, additional meetings are held. Independent Directors are normally expected to attend at least four Board Meetings in a year.

The Board has unfettered and complete access to any information within the Company, and to any employee of the Company. At the Meetings of the Board, it welcomes the presence of managers who can provide additional insights into the items being discussed.

Seven Board meetings were held during the financial year 2009-2010. They were held on 27th April 2009, 26th June 2009, 3rd July 2009, 31st July 2009, 30th October 2009, 4th January 2010 and 29th January 2010 respectively.

The table given below gives details of Directors, Attendance of Directors at Board meetings, last Annual General Meeting, Number of Memberships held by Directors in Committees/other Boards. None of the Directors holds Directorship in more than 15 listed Companies, and no Director is a member of more than ten Committees or the Chairman of more than five Committees across all Companies in which they are Directors.

Director	Category	No. of Board Meeting attended	Attendance Particulars Last AGM	Number of other Directorships and Committee Member/Chairmanships		
				Outside Directorship*	Committee Membership**	Committee Chairmanship**
Raj Kumar Gupta	CMD	7	Yes	2	3	2
Shiv K. Singhania	NED	—	No	—	4	1
Jagdish S. Dalal	NED	6	Yes	—	4	—
A. K. Tiwari ***	NED	1	No	—	1	1
Satish Chand	NED	5	No	—	1	2

\* Excludes Directors of Companies incorporated outside India, and includes Directorships held in Private Limited Companies by the Directors of the Company.

\*\* This includes Chairmanship/Membership of Audit Committee, Compensation Committee, Investor Grievance Committee, Share Transfer Committee and Remuneration Committee, constituted by the Company.

\*\*\* Shri A. K. Tiwari has resigned from the Board of Directors and Committees thereof with effect from 27/04/2009.

# 19th Annual Report 2009-2010

## CORPORATE GOVERNANCE REPORT Contd.

### TENURE

As per the statute two third of the total strength of the Board of Directors should be subject to retirement by rotation. Further one third of the retiring Directors are required to retire by rotation every year and if eligible, qualify for re-appointment. Accordingly, Shri Satish Chand retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

### 3. BOARD COMMITTEES

#### Committees of the Board

Currently, the Board has five Committees; the Audit Committee, Compensation Committee, Share Transfer Committee, Remuneration Committee and the Investor Grievance Committee. All the Committees are composed of suitable and competent independent Directors.

#### Frequency and Duration of Committee Meetings and Committee Agenda

Under the supervision of the Chairman of the Company, and the Committee Chairman, the frequency and duration of the Committee Meetings are determined. Normally, the Committees meet depending on the issues, which need the attention of the particular Committee. However, the meeting of Audit Committee takes place normally Four to Five times a year. The recommendations of the Committee are submitted to the full Board for approval and necessary noting.

#### Quorum for the Meetings

The quorum is either two members or one-third of the members of the Committees, whichever is higher.

### AUDIT COMMITTEE

The Audit Committee of the Board of Directors of the Company was constituted on 3rd day of May 2001 whereafter it has been re-constituted from time to time with the sufficient number of directors with requisite qualifications. The terms of reference of the Audit Committee has been varied from time to time and the role of Audit Committee have been lastly re-defined and the same are as under:

#### Role of Audit Committee

The role of the Audit Committee includes the following:

1. Overseeing 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.
2. Recommending to the Board, the appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
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. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgement by management;
  - d. 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; and
  - 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, adequacy of the internal control systems.