

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTIETH ANNUAL GENERAL MEETING OF THE MEMBERS OF M/S. VINTRON INFORMATICS LIMITED SHALL BE HELD ON WEDNESDAY, THE 24TH DAY OF AUGUST 2011 AT 01.00 P.M. AT SHREE DELHI GUJARATI SAMAJ (REGD.), MAHATMA GANDHI SANSKRITIK KENDRA, MPCU SHAH AUDITORIUM, 2, RAJ NIWAS MARG, CIVIL LINES, DELHI-110054 TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet of the Company as at 31st March 2011, 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 Shiv Kumar Singhania, 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 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."

### SPECIAL BUSINESS:

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

**"RESOLVED THAT** pursuant to the provisions of Section 293(1)(a) read with other provisions of the Companies Act, 1956 and Articles of Association of the Company, consent of the members are hereby accorded to sale, lease or otherwise dispose of the whole or substantially the whole of the properties, assets and undertakings of the Company at any time and on such terms and conditions as the Board of Directors of the Company deems fit and the Board of Directors of the Company is authorized to take all such decisions and actions as may be deemed fit."

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

Sd/-

Place: **F-90/1A, Okhla Industrial Area Phase-I, New Delhi-110020**  
Date: **27/05/2011**

**(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 Saturdays, Sundays and other public Holidays between 2.00 P.M. to 4.00 P.M. up to one day prior to the date of Annual General Meeting.
- c) The Register of Members and Share Transfer Books of the Company shall remain closed from Saturday, the 13th day of August 2011 to Wednesday, the 24th day of August 2011 (both days inclusive).
- d) Members are requested to bring their copies of Annual Report to the meeting, as spare copies will not be available.

## 20th Annual Report 2010-2011

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### RESUME OF DIRECTOR BEING RE-APPOINTED

Shri Shiv Kumar Singhania, aged about 61 years is a graduate from Pt. Ravi Shanker University, Madhya Pradesh. During his long working experience of more than 31 years, he has been associated in various lines of activities including forest and forest produce, international trade and commerce and for last 15 years he has been actively involved in the business of Computers and Computer Peripherals in IT Industry. During his last 15 years of association with IT Industry, he has gained deep inside knowledge of IT Industry and contributed in various ways to electronics and computer technology industry.

### EXPLANATORY STATEMENT:

In conformity with the provisions of Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out all material facts relating to the Special Business mentioned in the Notice and should be taken as forming part thereof.

#### Item No. 4

As the members are aware that on the basis of Financial Result for the year ended March 2003, the Company became a Sick Industrial Company and a scheme of revival was approved by the Hon'ble BIFR during December 2009. The said scheme of revival is under implementation and the Company has come out of the purview of BIFR during December 2010 on its net worth becoming positive. However, as informed to the members during earlier years, the Company is facing acute shortage of working capital to re-start its full operations. The promoters and directors have already exhausted their resources during settlement with the secured creditors and are facing difficulty in arranging further funds for working capital from outside.

The members may appreciate that on the one hand, the Company is facing acute shortage of working capital and on the other hand the Company has huge fixed assets which is lying idle and is not in their optimum use. The operations of the Company do not require such huge property. The operations of the Company can continue and achieve new heights in case the Company is able to arrange funds for working capital. The funds blocked in fixed assets lying idle can cater to the working capital requirements of the Company and the Company's operations can carry even from smaller premises whether owned or taken on lease.

It was therefore, considered by the Board that the Company may proceed to liquidate its properties which are not in optimum use and utilize the funds for working capital needs to enhance the working of the Company and accordingly, members consent is sought and your Directors recommend the resolution to be passed as special resolution.

None of the Directors of the Company are considered to be concerned or interested in the resolution.

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

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

Place: **F-90/1A, Okhla Industrial Area Phase-I, New Delhi-110020**  
Date: **27/05/2011**

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION & ANALYSIS

Your Directors have pleasure in presenting the Twentieth Annual Report together with Audited Accounts of the Company for the year ended on 31st March 2011.

### 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 Financial year 2009-2010, 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. Your Directors have pleasure in informing you that based on the financial results of the Company for the financial year ended 31.03.2010, the networth of the Company became positive and on representation of the Company for de-registration, the Hon'ble BIFR was pleased to declare the Company out of the purview of BIFR declaring that the Company is ceased to be a Sick Industrial Undertaking u/s 3(l)(o) of the Act. However, the Hon'ble BIFR has further directed that Un-implemented provision of Sanctioned Scheme dated 02.06.2009 for the un-expired period of the said Scheme, would be implemented by the concerned agencies and their implementation would be monitored by the Monitoring Agency. Your 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.

### OUTLOOK

Financial Year 2010-2011 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. The same was also a challenging year as the Company was to ensure that it does not incur any further losses despite of the acute shortage of working capital fund. Your Company has made all its efforts to optimally utilize all the resources available and achieve 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 to enter into manufacturing and trading of innovative products in contemporary demand and has accordingly, re-structured its product basket by including new products such as CCTV Cameras, Digital Video Recorders (DVR) and its accessories etc. With a close and vigilant eye on the market and its demand, your Directors are making all their efforts to maintain the Company's competitiveness in terms of product and its acceptability.

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)	602.64	998.33
Profit/(Loss) before Depreciation, Interest/Financial Charges and Tax	197.83	384.00
Depreciation	67.69	68.81
Interest and Financial Charges	0.0	0.60
Profit/(Loss) before Extra-ordinary Items	130.14	314.59
Extra Ordinary Items Written Off	12.98	0.00
Profit/(Loss) after Extra-ordinary Items, but before Income Tax	117.16	314.59
Income Tax Adjustments	0.00	1.65
Profit/(Loss) after Tax	117.16	312.94
Surplus brought forward	(4,316.94)	(4,629.87)
Balance in Profit & Loss A/c	(4,199.78)	(4,316.94)

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

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 constraint. Despite of all the constraints, the Company and its Directors have made all its attempts and efforts to optimally utilize all the resources available at their disposal and the net worth of the Company has remained positive during the year under review and the accumulated losses of the Company has reduced.

Your management is confident that during the current year, the working capital fund requirement of the Company shall also be slowly met by arranging fresh funds for which the Directors of the Company are making all their efforts and with the strength of its products, quality, marketing and other infrastructure facilities, the Company is confident that it will once again move forward. 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 their 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. Considering the changing trend and product demand, the Company has also entered into manufacturing and trading of other products, which has huge demand in the contemporary market. The management is also keeping a vigilant approach as regards the changes in the market with respect to demands of various products in the industry and is all determined to adapt to the changing demand considering its infrastructure.

#### **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 start 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 has also ventured into Security and Surveillance products and its accessories during the current year 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 till recently when the Company added Security & Surveillance products in its product basket. The Company's products are mainly electronic and therefore there is a 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.

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

### **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 overall competence of its employees through regular training, workshops and seminars.

The total number of employees and workforce at the end of the year was 121 as against 98 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 Shiv Kumar Singhania, Director of the Company is retiring by rotation at the forthcoming Annual General Meeting and being eligible, offers 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 VSOFIT 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. Despite of all efforts by the management and Directors of the Company, the necessary documents and details including financials of the said subsidiary could not be obtained from the sole person who was looking after the affairs in USA. The said person is now untraceable and due to the limited resources of the Company, the huge expenditure which may be required to incur in finding the said person has become burdensome considering the small investment. The Company had sought appropriate relief from the Hon'ble BIFR from penal provisions as applicable in the case and the Hon'ble BIFR has directed to approach the concerned authorities for the same.

### **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 2011 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.

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

#### 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.

#### 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**  
Sd/-

Place: **F-90/1A, Okhla Industrial Area Phase-I, New Delhi-110020**  
Date: **27/05/2011**

**(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 2011.

#### 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 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, finished goods and travelling expenses for amount aggregating to Rs.41.78 Lacs as compared to Rs.263.04 Lacs during the previous year.

By order of the Board  
For **VINTRON INFORMATICS LIMITED**  
Sd/-

Place: **F-90/1A, Okhla Industrial Area Phase-I, New Delhi-110020**  
Date: **27/05/2011**

**(RAJ KUMAR GUPTA)**  
Chairman & Managing Director



## CORPORATE GOVERNANCE REPORT

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, 2011

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.
- 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.

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### CORPORATE GOVERNANCE REPORT Contd.

- d) They have indicated to the auditors and the Audit Committee
- i) significant changes in internal control during the year;
  - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) 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.

Five Board meetings were held during the financial year 2010-2011. They were held on 26th April 2010, 28th May 2010, 19th July 2010, 29th October 2010 and 28th January 2011 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	5	Yes	2	3	2
Shiv K. Singhania	NED	—	No	—	5	—
Jagdish S. Dalal	NED	5	Yes	—	4	—
Satish Chand	NED	5	Yes	—	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.

#### 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 Shiv Kumar Singhania retires by rotation at the ensuing Annual General Meeting and is eligible for re-appointment.

#### 1. 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.



## CORPORATE GOVERNANCE REPORT Contd.

### 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.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.