

# **22nd ANNUAL REPORT**

## **2013 - 2014**



**VIRAT CRANE INDUSTRIES LIMITED**  
**GUNTUR**



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Board of Directors	: Sri G. Subba Rao	Chairman
	: Sri G.V.S.L. Kantha Rao	Managing Director
	: Sri R. Jagadish Kumar	
	: Sri P. Bhaskara Rao	
	: Sri P.V. Srihari	
Listed With	: Bombay Stock Exchange Limited	
Bankers	: HDFC Bank, Lakshmipuram, Guntur - 02	
	: ING Vysya Bank, Arundelpet, Guntur - 02	
	: Canara Bank, Hindu College Campus, Guntur-04	
	: Oriental Bank of Commerce, Vijayawada	
Auditors	: M/s. Nagaraju & Co.,	
	: Chartered Accountants	
	D.No. 5-50-91	
	4/14 Brodipet	
	Guntur – 2.	
Cost Auditors	: Mr. Chandra Sekhar .A	
	: Annavarapu & Co.,	
	: Cost Accountants,	
	: D. No. 5-2-11 (100),	
	: 2/1, Brodipet, Guntur – 2.	
Registrars & Share Transfer Agents	<b>M/s. Big Share Services Private Limited,</b> 306, 3 <sup>rd</sup> floor, Rigt Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082. Tel : 91-40-2337 4967 Fax : 91-40-23370295 E-mail : bsshyd@bigshareonline.com	
Registered Office	: D. No. 25-2-1,	
	G.T. Road, Opp.: Mastan Darga,	
	Guntur.	
Factory	: Nunna, Nuziveedu Road,	
	Vijayawada.	

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## SHAREHOLDER INSTRUCTIONS FOR E-VOTING

Pursuant to provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer e-voting facility to the members to cast their votes electronically on all resolutions set

forth in the Notice convening the 22nd Annual General Meeting to be held on 29<sup>th</sup> September 2014. The Company has engaged the services of Central Depository Services Limited (CDSL) to provide the E-Voting facility.

The E-Voting facility is available at the link :

EVEN (E-VOTING EVENT NUMBER)	COMMENCEMENT OF E-VOTING	END OF E-VOTING
140828031	22-09-2014	24-09-2014

These details and instructions form an integral part of the notice for the Annual General Meeting to be held on **29th September 2014**.

The instructions for shareholders voting electronically are as under:

- The voting period begins from **9.00 AM on Monday the 22nd day of September 2014 and ends at 6.00 PM on Wednesday the 24th day of September 2014**. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date (record date) 22nd August 2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- Click on Shareholders.

(iv) Now Enter your User ID

- For CDSL: 16 digits beneficiary ID,
- For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
- Members holding shares in Physical Form should enter Folio Number registered with the Company.

(v) Next enter the Image Verification as displayed and Click on Login.

(vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below :

	For Members holding shares in Demat Form and Physical Form
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the <b>folio/client id</b> number in the PAN field.</li> <li>In case the <b>folio</b> number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with <b>folio</b> number 1 then enter RA00000001 in the PAN field.</li> </ul>
DOB	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the number of shares in the Dividend Bank details field.</li> </ul>



- (viii) After entering these details appropriately, click on “SUBMIT” tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <**Virat Crane Industries Limited**> on which you choose to vote.
- (xii) On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- (xv) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- (xvii) If Demat account holder has forgotten the same password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Note for Non – Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xix) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (xx) You are advised to cast your vote only through E-voting or through Poll at the AGM. In case you cast your votes through both the modes, votes cast through e-voting shall only be considered and votes cast at the meeting through Poll would be rejected.
- (xxi) M/s K.Srinivasa Rao & Co., Company Secretaries Guntur (Entity ID: 34721) has been appointed as the Scrutinizer to Scrutinize the e-voting process in a fair and transparent manner.
- (xxii) The Scrutinizer shall, within a period of not exceeding three days from the conclusion of the E-Voting period, unlock the votes in the presence of at least two witnesses, not in employment of the Company and make a Scrutinizer’s Report of the votes cast in favour of or against, if any, forthwith to the Chairman of the Company.
- (xxiii) The voting rights of the shareholders shall be in proportion to the shares held by them, of the paid-up equity share capital of the company as on the cut-off date of 22<sup>nd</sup> August 2014
- (xxiv) The results declared along with the Scrutinizer’s Report shall be placed on the website of CDSL within two days of passing of the resolutions at the 22<sup>nd</sup> Annual General Meeting of the Company on 29<sup>th</sup> September 2014 and shall be communicated to Bombay Stock Exchange Ltd.



## **NOTICE:**

Notice is hereby given that 22<sup>nd</sup> Annual General Meeting of the members of **M/s. VIRAT CRANE INDUSTRIES LIMITED** will be held on Monday the 29<sup>th</sup> September 2014 at 10.00 A.M at NH-5, Ankireddypalem Village, Chilakaluripet Road, Guntur (Crane Infrastructure Ltd., premises) to transact the following business:

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March 2014 and Profit & Loss Account for the year ended 31<sup>st</sup> March 2014 and the Reports of the Directors and Auditors Report thereon.
2. To declare a dividend on equity shares for the financial year 2013-14.
3. To appoint a Director in the place of Sri G. Subba Rao who retires by rotation and being eligible offers himself for re-election.
4. Appointment of Auditors and fix their remuneration  
To consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:

“RESOLVED that pursuant to the provision of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and Rules framed there under, as amended from time to time M/s Nagaraju & Co (FRN: 002271S)., Chartered Accountants, be and is hereby re-appointed as Auditors of the Company, to hold office from the conclusion of this Annual General meeting till the conclusion of the Twenty-Fifth Annual General Meeting of the Company to be held in the year 2017 (subject to ratification of their appointment at every AGM) at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditors.”

### **SPECIAL BUSINESS :**

5. To appoint Sri. Raja Jagadeesh Kumar (DIN: 03055375) as an Independent Director and in this regard to consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:

“RESOLVED that pursuant to the provisions of Sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with Schedule IV to the Act, as amended from time to time Sri. Raja Jagadeesh Kumar (DIN: 03055375), a non executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for the period of three years with effect from September 27, 2014.”

6. To appoint Sri. Bhaskara Rao Potti (DIN: 01846243) as an Independent Director and in this regard to consider and if thought fit to pass with or without modification the following resolution as an Ordinary resolution:

“RESOLVED that pursuant to the provisions of Sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with Schedule IV to the Act, as amended from time to time Sri. Bhaskara Rao Potti (DIN: 01846243), a non executive Director of the Company, who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for the period of three years with effect from September 27, 2014.”

7. To appoint Sri. Mattupalli Venkata Subba Rao (DIN: 06959568) as an Independent Director and in this regard to consider and if thought fit to pass with or without modification the following resolution as an ordinary resolution:

“RESOLVED that pursuant to the provisions of Sections 149,152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, read with Schedule IV to the Act, as amended from time to time Sri. Mattupalli Venkata Subba Rao (DIN: 06959568), who has submitted a declaration that he meets the criteria for independence as provided in section 149(6) of the Act and who is eligible for





appointment, be and is hereby appointed as an Independent Director of the Company for the period of five years with effect from September 29, 2014.”

By Order of the Board  
For Virat Crane Industries  
Ltd.

Sd/-

G.V.S.L.Kantha Rao

Managing Director

Place: Guntur

Date: 28<sup>th</sup> August 2014.

(DIN: 01846224)

## **NOTES :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Instrument of proxies in order to be effective must be deposited at the Company's registered office not less than forty eight hours before the meeting.
2. The Register of Members and Share Transfer Books will remain closed from 24<sup>th</sup> September 2014 to 29<sup>th</sup> September 2014 (both days inclusive).
3. Members/Proxies shall fill the attendance slip for attending the meeting.
4. Members who hold shares in Dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
5. Members holding shares in physical form are requested to notify/send the following to the Company's Registrar and Transfer Agent at: Bigshare Services Private Limited, 306, 3rd Floor, Right Wing, Amrutha Ville, Opp. Yashodha Hospital, Raj Bhavan Road, Somajiguda, Hyderabad – 500 082 at the earliest not later than 18-09-2014.
  - Any change in their address/mandate/Bank details; and
  - Particular of their Bank Account, in case the same has not been sent earlier.
6. Members holding shares in the electronic form are advised to inform change in address/bank mandate directly to their respective Depository Participants. The address/bank mandate as furnished to the Company by the receptive Depositories viz. NSDL and CDSL will be printed on the dividend warrant.
7. Members desiring to seek any information on the Annual Accounts are requested to write to the company at an early date to enable compilation of information.
8. Dividend recommended by Directors, if approved by the members at the Annual General Meeting will be paid on or after 30<sup>th</sup> September 2014 to those members whose names appear on the register of members as on 29<sup>th</sup> September 2014. In respect of shares held in electronic form the dividend will be payable on the basis of beneficial ownership as at the close of 24<sup>th</sup> September 2014 per the details furnished by National Securities Depository limited/Central Depository service (India) Limited for the purpose as on that date.
9. In compliance with the provision of Section 108 of the Companies Act, 2013 and the Rules made there under and Clause 35B of the Lising Agreement, the members are provided with the facility of e-voting services provided by M/s. Bigshare Service Private Limited on all the resolutions set forth in the Notice. The members cast their vote online from Monday, 22nd September, 2014 at 9-00 a.m. to Wednesday, 24th September 2014 till 6-00 p.m. Members shall refer to the detailed procedure on e-voting provided in the annexure separately.
10. Big share Services Private Limited., are Registrars and Transfer Agents for both 'Demat' and physical form of shares. The members may contact in future.  
M/s Big share Services Private Limited,  
306, 3<sup>rd</sup> Floor, Right Wing, Amrutha Ville,  
Opp. Yashodha Hospital, Raj Bhavan Road,  
Somajiguda, Hyderabad – 500082.  
Tel: 91-40-2337 4967 | Fax: 91-40-2337 0295  
E-mail: [bsshyd@bigshareonline.com](mailto:bsshyd@bigshareonline.com)



**EXPLANATORY STATEMENT PURSUANT TO U/S 102 (1) OF THE COMPANIES ACT 2013 & INFORMATION UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING RE-APPOINTMENT OF DIRECTORS**

(Pursuant to Clause 49 of the Listing Agreement with the Stock Exchanges)

**Item No. 3:**

Sri G. Subba Rao (DIN: 01864400) aged 84 years is pioneer in Betel nut Industry and is managing “Crane Betel nut Powder Works” as sole proprietor. He has over 58 Years experience in business management. He has rich insight into consumer preferences, changing technology & adoptability, advertising and establishment of marketing net works. He is the Member of the Audit Committee and Remuneration Committee of the Company.

**Item No. 5:**

Sri Raja Jagadeesh Kumar (DIN: 03055375), aged 55 years is an engineering graduate and past president of the Bangalore Stock Exchange Limited. He has 22 years of experience in the fields of investment and finance. He has been elected as a MLA of Karnataka State Assembly. He is the Chairman of the Audit Committee and member of the Remuneration Committee of the Company.

**Item No. 6:**

Sri Potti Bhaskara Rao (DIN: 01846243) aged 60 years Graduate in Commerce and has rich experience in trading and marketing business. He is the member of the Audit Committee, Share Holders and Share Transfer Committee and Remuneration Committee.

**Item No. 7:**

Sri. Mattupalli Venkata Subba Rao (DIN: 06959568) aged 54 years Graduate in Commerce and Law. He is a practicing advocate. He has rich experience in legal and business operations and meets the criteria as an Independent Director under section 149 of the Act and Clause 49 of the Listing Agreement to hold office for 5 (five) consecutive years for a term up to the conclusion of the 27th Annual General Meeting of the Company in the year 2019.

None of the Directors, Key Managerial Personnel and Relatives of the Directors / Key Managerial Personnel of the Company are interested in the proposed Resolutions except as holders of shares in general.

Your Directors, therefore, commend the resolutions for your approval.

By Order of the Board  
For Virat Crane Industries Ltd.,

Sd/-

G.V.S.L. Kantha Rao

Managing Director

(DIN: 01846224)

Place: Guntur  
Date: 28<sup>th</sup> August 2014.

**DIRECTOR REPORT**

**FINANCIAL RESULTS:**

Your directors have pleasure in presenting the Twenty-Second Annual Report of the Company together with the Audited Statements of Accounts for the year ended 31<sup>st</sup> March 2014.

	(Rs. In Lacs)	
	2013-2014	2012-2013
Sales and Other Income	4596.64	3429.72
Profit/(Loss) before Interest & Depreciation	272.79	298.93
Interest	33.18	51.70
Depreciation	20.73	17.93
Profit before exceptional and extraordinary items	218.87	229.30
Profit/(Loss) before Tax	213.92	217.68
Deferred-tax (expenses) / Income	(3.66)	(2.57)
Income-tax – (Current Tax)	(68.96)	(75.00)
Profit (Loss) after Taxation	141.29	140.11
EPS – Basic	0.69	0.69
EPS – Diluted	0.69	0.69

During the year under review, the Company has achieved turnover of Rs. 4596.64 lakhs as compared to the previous year Rs. 3429.72 lakhs. The profit before interest and depreciation is Rs. 272.79 lakhs as compared to the previous year of Rs. 298.93 lakhs. The net profit after providing for interest and depreciation is Rs. 218.87 lakhs as compared to the previous of Rs. 229.30 lakhs. The net profit after



taxation Rs. 141.29 lakhs is carried forward to balance sheet. The Directors of your company are of the view that the performance of your company would improve in the next financial year.

### **DIVIDENDS:**

In view of the Company's profitable performance, your directors are pleased to recommend for approval of shareholders a Final Dividend of 5% (Re. 50 paise per share) on 2,04,23,750 Equity shares of the company in respect of the financial year 2013-2014. The final Dividend if declared as above, would involve an outflow of Rs. 102.12 Lakhs towards Dividend and Rs. 17.35 lakhs towards Dividend Tax resulting total outflow of Rs. 119.47 Lakhs. (Approx).

The paid up capital of your company remained unchanged at Rs. 20,42,37,500/-. Earnings per share was Rs 0.69

### **PUBLIC DEPOSITS:**

The company has not accepted/renewed Fixed Deposits from Shareholders, Employees and Public during the period under review.

### **LISTING :**

The Company's shares are listed at The Mumbai Stock Exchange Ltd., Jeejee Bhoy Towers, Dalal Street, Mumbai-400001.

### **DIRECTORS :**

Sri. G. Subba Rao (DIN: 01864400), retire by rotation in accordance with Articles of Association of the Company and being eligible for reappointment offers himself for reappointment.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 274 of the Companies Act, 1956.

### **DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to the requirements of section 217 (2AA) of the companies act 1956 with respect to the directors responsibility statements it is hereby confirmed that:

- in the preparation of the Annual Accounts for the year 2013-2014 the applicable accounting standards have been followed with proper explanations where required.
- The directors have selected such accounting policies and applied them consistently and made judgements and

estimates to give a true and fare view of the state of affairs of the company as at 31.03.2014 and of the profit or loss of the company for that year.

- Proper and sufficient care is taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for prevention and detection of fraud and irregularities.
- The Annual Accounts are prepared on a going concern basis.

### **AUDIT COMMITTEE :**

The company has an audit committee, whose composition, role functions and powers are in accordance with the legal/ SEBI requirements. The Audit Committee comprises of Sri R.Jagadish Kumar, Sri G.Subba Rao and Sri P.Bhaska Rao as members.

### **CORPORATE GOVERNANCE :**

A separate section on Corporate Governance along with auditor's certificate is attached to this report. A note on Management discussion and analysis is also attached to this report.

### **STATUTORY AUDITORS :**

The Statutory Auditors M/s. Nagaraju & Co (FRN: 002271S) Chartered Accountants, Guntur, retire at the ensuring Annual General Meeting and have confirmed their eligibility and willingness to accept office, if reappointment. Your Directors propose the reappointment of M/s. Nagaraju & Co, as Statutory Auditors to hold office until the conclusion of the Twenty Fifth Annual General Meeting of the Company.

### **COST AUDITORS :**

Pursuant to the provisions of the Section 148 of the Companies Act, 2013 and other applicable rules, the Board of Directors of your Company had appointed, subject to the approval of the Central Government Mr. Chandra Sekhar.A, Annavarapu & Co, Cost Accountants, Guntur to carry out an audit of Cost accounts of the Company for accounting year ending 31<sup>st</sup> March 2015.

### **PERSONNEL :**

The Management appreciated the efforts of the employees of the company and its subsidiary for their co-operation and support during the year and acknowledge their contribution.





There are no employees as per the provision of Section 217 (2A) of the Companies Act 1956, employed throughout the year who are in receipt of remuneration of Rs. 24,00,000/- or more or employed for part of the year and in receipt of Rs. 200000/- per month.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGOINGS :**

Not applicable.

**ACKNOWLEDGEMENTS :**

The directors of the company placed their appreciation to the bankers of the company, various Government Authorities, employees, distributors and Bankers for their cooperation.

For and on behalf of the Board

Sd/-  
P.BHASKARA RAO  
DIRECTOR

(DIN: 01846243)

Place: Guntur

Date: 28<sup>th</sup> August 2014.

Sd/-  
G.V.S.L.KANTHA RAO  
MANAGING DIRECTOR

(DIN: 01846224)

**ANNEXURE TO DIRECTORS REPORT  
CORPORATE GOVERNANCE:**

**1. Company's Philosophy :**

The Company believes good corporate governance that leads to long-term relationship with shareholders, customers, employees and other stakeholders. The Board has constituted various committees, for smooth and swift

functioning of the company. The company has setup, audit committee, share transfer committee and Remuneration committee. Corporate Governance practices are being further strengthened.

**2. Board of Directors :**

The Board of directors comprises of five directors. The details of their category, directorships and attendance are as under:

Sl. No	Name of the Director	Category	Attendance particulars of Board Meeting			No. of other Directorship/Committee Membership	
			Held	Attended	Last AGM		
1	Sri G.Subba Rao	Promoter	4	4	No	3	2
2	Sri R Jagadish kumar	Non – Executive Independent	4	4	No	-	3
3	Sri P Bhaskara Rao	Non – Executive Independent	4	4	Yes	-	3
4	Sri P V Sri Hari	Non – Executive	4	4	Yes	-	--
5	SRI G V L S Kantha Rao	Executive Promoter	4	4	Yes	5	1

During the year the Board meetings were held on – 30<sup>th</sup> May 2013, 12<sup>th</sup> August 2013, 15<sup>th</sup> November 2013 and 12<sup>th</sup> Feb 2014.

**3. Audit Committee & Remuneration Committee:**

**(a) Brief description of terms of reference**

The Terms of Reference of this committee cover the matters specified for Audit Committees under Clause 49 of the Listing Agreement as well as in Section 292A of the Companies Act, 1956, and are as follows:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:



- Any changes in accounting policies and practices
  - Major accounting entries based on exercise of judgment by management
  - Qualifications in draft Auditors' Report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the Company at large.
- d. Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit function, 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.

- f. Discussion with internal auditors of any significant findings and follow up there on.
- g. 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.
- h. Discussion with external auditors, before the audit commences, the nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.
- j. Other matters as assigned/specified by the Board from time to time.

**(b) Composition, Meetings and Attendance during the year**

The Audit Committee comprises of two Independent Non-Executive Directors and One Non-Executive Director. During the year committee met 4 times during the year on 30<sup>th</sup> May 2013, 12<sup>th</sup> August 2013, 15<sup>th</sup> November 2013 and 12<sup>th</sup> Feb 2014. The attendance of the each member of the committee is given below:

Directors	Chairman /Member	Category	No. of meetings attended
Sri R. Jagadish Kumar	Chairman	I & N.E.D	4
Sri P. Bhaskara Rao	Member	I & N.E.D.	4
Sri G. Subba Rao	Member	N.E.D.	4

**Remuneration Committee**

**(a) Terms of Reference**

The Company had constituted the Remuneration Committee. The broad terms of reference are to determine and recommend to Board, Compensation payable to Executive Directors, appraisal of the performance of the Managing Directors / Wholtime Directors and to determine and advise the Board for

the payment of annual commission/compensation to the Non-Executive Director.

**(b) Composition, Meetings and Attendance during the year**

The Remuneration Committee comprises of total three Non-Executive Directors. The committee comprises as follows: