

Twentieth Annual Report
2007-2008



Reliance
Industrial Infrastructure
Limited



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Company Information

Board of Directors

Maresh K. Kamdar Chairman

Chandra Raj Mehta

Sandeep H. Junnarkar

Bharat C. Gosalia

S. C. Malhotra

Dilip V. Dherai Executive Director

Company Secretary

Swatantra Kumar Sethi

Audit Committee

Chandra Raj Mehta Chairman

Sandeep H. Junnarkar

S. C. Malhotra

Shareholders' / Investors' Grievance Committee

Chandra Raj Mehta Chairman

Sandeep H. Junnarkar

Bharat C. Gosalia

Remuneration Committee

Chandra Raj Mehta Chairman

Sandeep H. Junnarkar

S. C. Malhotra

Auditors

Chaturvedi & Shah

Solicitors & Advocates

Kanga & Co.

Bankers

HDFC Bank Limited

ICICI Bank Limited

IDBI Bank Limited

Syndicate Bank

Registered Office

NKM International House, 5th Floor,
178 Backbay Reclamation,
Behind LIC Yogakshema Building,
Babubhai Chinai Road,
Mumbai - 400 020.

Phone : 022 - 6767 1871

Fax : 022 - 6663 1074

Website : <http://www.riil.in>

e-mail : investor_relations@riil.in

Share Transfer Agent

Karvy Computershare Private Limited

46, Avenue 4, Street No.1,

Banjara Hills, Hyderabad - 500 034.

Phone : 040 - 2332 0666/ 0711/ 3031/ 3037

Fax : 040-2332 3058

Website : <http://www.karvy.com>

e-mail : riilnkm@karvy.com



Notice

Notice is hereby given that the Twentieth Annual General Meeting of the Members of Reliance Industrial Infrastructure Limited will be held on Wednesday, 2nd July, 2008 at 11.30 a.m., at 4th Floor, Walchand Hirachand Hall, Indian Merchants' Chamber, IMC Marg, Churchgate, Mumbai - 400 020, to transact the following ordinary businesses :

1. To consider and adopt the audited Balance Sheet as at 31st March, 2008, the Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Shri Bharat C. Gosalia, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri S. C. Malhotra, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT Messrs Chaturvedi & Shah, Chartered Accountants, be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

By Order of the Board of Directors

Swatantra Kumar Sethi
Company Secretary

Mumbai
30th May, 2008

Registered Office:
NKM International House, 5th Floor,
178 Backbay Reclamation,
Behind LIC Yogakshema Building,
Babubhai Chinai Road,
Mumbai - 400 020
e-mail : investor_relations@riil.in

NOTES :

1. **A Member entitled to attend and vote at the Annual General Meeting (the Meeting) is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company. The Instrument appointing the Proxy should, however, be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.**
2. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
3. In terms of Article 143 of the Articles of Association of the Company, Shri Bharat C. Gosalia and Shri S. C. Malhotra, Directors, retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. Brief resume of these Directors, nature of their expertise in specific functional areas, names of companies in which they hold directorships and memberships / chairmanships of Board Committees, their shareholding and relationships between directors *inter-se* as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges, are provided in the Report on Corporate Governance forming part of the Annual Report. The Board of Directors of the Company commends their respective reappointments.
4. Members are requested to bring their Attendance Slip along with their copy of the Annual Report to the Meeting.
5. Members who hold shares in dematerialised form are requested to write their DP ID and Client ID and those who hold shares in physical form are requested to write their Folio Number in the attendance slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. (a) The Company has already notified closure of Register of Members and Transfer Books from Friday, 6th June, 2008 to Thursday, 12th June, 2008 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares.
(b) The dividend on Equity Shares, if declared at the Meeting, will be paid on or after 2nd July, 2008 to those Members whose names shall appear on the Company's Register of Members on 5th June, 2008; in respect of shares held in dematerialised form, the dividend will be paid to Members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
8. (a) In order to provide protection against fraudulent encashment of dividend warrants, Members who hold shares in physical form are requested to intimate the Company's Share Transfer Agent, Karvy

Computershare Private Limited, under the signature of the Sole / First joint holder, the following information to be incorporated on dividend warrants :

- (i) Name of the Sole / First joint holder and the Folio Number.
 - (ii) Particulars of Bank Account, viz. :
 - Name of the Bank;
 - Name of the Branch;
 - Complete address of the Bank with Pin Code Number;
 - Account type, whether Savings Account (SA) or Current Account (CA); and
 - Bank Account Number.
 - (b) Members who hold shares in dematerialised form may kindly note that their Bank Account details, as furnished by their Depositories to the Company, will be printed on their dividend warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by such Members in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. **Members who wish to change such Bank Account details are, therefore, requested to advise their Depository Participants about such change with complete details of the Bank Account.**
 - (c) To avoid loss of dividend warrants in transit and undue delay in respect of dividend warrants, the Company has provided a facility to the Members for remittance of dividend warrants through the Electronic Clearing System (ECS). The ECS facility is available at locations identified by Reserve Bank of India from time to time and covers most of the cities and towns. Members holding shares in physical form and desirous of availing this facility are requested to contact the Company's Share Transfer Agent, Karvy Computershare Private Limited.
9. All unclaimed dividends declared upto the financial year ended 31st March, 1994 have been transferred to the General Revenue Account of the Central Government as required under the Companies Unpaid Dividend (Transfer to General Revenue Account of the Central Government) Rules, 1978 (the Rules). Members who have not so far claimed or collected their dividends declared upto the aforesaid financial year are requested to claim such dividends from the Registrar of Companies, Maharashtra, CGO Complex, 2nd Floor, "A" Wing, CBD-Belapur, Navi Mumbai - 400 614, Telephone (091)(022) 2757 6802, by making an application in Form II of the Rules.
10. Pursuant to the provisions of Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid or unclaimed dividends for the financial years from 1994-95 to 1999-2000 to the **Investor Education and Protection Fund (IEPF)** established by the Central Government.

Dividends for the financial year ended 31st March, 2001 and thereafter, which remain unpaid or unclaimed for a period of 7 years from the date they became due for payment will be transferred by the Company to IEPF. **Information in respect of such unclaimed dividends and the last date for claiming the same are provided in the Shareholders' Referencer, forming part of the Annual Report.** Members who have not so far encashed the dividend warrant(s) for the aforesaid years are requested to seek issue of duplicate warrant(s) by writing to the Company's Share Transfer Agent, Karvy Computershare Private Limited, immediately.

It may be noted that the Company had sent reminders to the Members in this regard. **Members are requested to note that no claim shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.**

11. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Company's Share Transfer Agent, Karvy Computershare Private Limited, for consolidation into a single folio.
12. Non-resident Indian Members are requested to inform the Company's Share Transfer Agent, Karvy Computershare Private Limited, immediately of :
 - (a) Change in their Residential status on return to India for permanent settlement.
 - (b) Particulars of their Bank Account maintained in India with complete name, branch, account type, account number and address of the Bank with Pin Code Number, if not furnished earlier.
13. Members may please note that the Company has **not issued any new share certificate** consequent to change in name of the Company from **Chembur Patalganga Pipelines Limited to CPPL Limited** (with effect from 11th September, 1992) and thereafter to **Reliance Industrial Infrastructure Limited** (with effect from 16th March, 1994) but has sent change of name stickers to be affixed on the share certificates. Members holding shares in physical form who have not received these stickers may please write to the Share Transfer Agent, Karvy Computershare Private Limited, for forwarding the stickers to them.
14. **Members are advised to refer to the Shareholders' Referencer provided in the Annual Report.**

By Order of the Board of Directors

Swatantra Kumar Sethi
Company Secretary

Mumbai
30th May, 2008



Report on Corporate Governance

Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values. Good governance practices stem from the culture and mindset of the organisation. As stakeholders across the globe evince keen interest in the practices and performance of companies, Corporate Governance has emerged on the centre stage.

Keeping in view the Reliance Corporate Traditions, Reliance Industrial Infrastructure Limited (the "Company") endeavours to implement the best Corporate Governance practices by adhering to the well defined Policy Framework.

The Company continuously reviews its policies and practices of Corporate Governance with a clear goal not merely to comply with statutory requirements in letter and spirit but also to implement the best international practices of Corporate Governance, in the overall interest of all the stakeholders.

The Company recognises that good Corporate Governance is a continuing exercise and reiterates its commitment to pursue the highest standards of Corporate Governance in the overall interest of all the stakeholders.

The Company's Governance framework is based on the following main principles :

- Constitution of a Board of Directors of appropriate composition, size and commitment to discharge its responsibilities and duties.
- Ensuring timely flow of information to the Board and its Committees to enable them to discharge their functions effectively.
- Independent verification and safeguarding integrity of the Company's financial reporting.
- A sound system of risk management and internal control.
- Timely and balanced disclosure of material information concerning the Company to its stakeholders.
- Transparency and accountability.
- Compliance with the applicable laws and regulations.
- Fair and equitable treatment of its employees, customers, shareholders, investors and other stakeholders.

In accordance with Clause 49 of the Listing Agreements with the Stock Exchanges (Clause 49) and some of the best practices followed internationally on Corporate Governance, a report containing the details of governance systems and processes at Reliance Industrial Infrastructure Limited is as under :

1. Company's philosophy on Code of Governance

The Company's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations, and in all interactions with its stakeholders including shareholders, employees, lenders, Government and society at large.

The Company is committed to achieve and maintain the highest international standards of Corporate Governance. The Company believes that all its actions must serve the underlying goal of enhancing shareholder value over a sustained period of time.

2. Board Composition and Particulars of Directors

Board Composition

The Board of Directors of the Company (the Board) consists

of 6 Directors, out of which 2 are Independent Directors. Composition of the Board and category of Directors are as follows :

Category	Name of the Directors
Non-Independent Non-Executive Directors	Mahesh K. Kamdar – <i>Chairman</i> Bharat C. Gosalia S. C. Malhotra
Executive Director	Dilip V. Dherai
Independent Non-Executive Directors	Chandra Raj Mehta Sandeep H. Junnarkar

No Director is related to any other Director on the Board in terms of the definition of 'relative' given under the Companies Act, 1956.

Directors' Profile

Brief resume of all the Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships / chairmanships of Board Committees and their shareholding in the Company are provided below :

- (a) **Shri Mahesh K. Kamdar** is a graduate in Commerce from Mumbai University. He has extensive experience and possesses expertise in the fields of pipes and steel and also other related products used in engineering, pharmaceutical, chemical and petrochemical industries.

Shri Kamdar is a Director of the Company since 23rd July, 1990. He was appointed as a Whole-time Director designated as "Executive Director - Commercial" of the Company with effect from 1st July, 1993. He was reappointed in the same capacity with effect from 1st July, 1998 and again with effect from 1st July, 2003. He ceased to be a Whole-time Director of the Company with effect from 27th February, 2006. He was elected as the Chairman of the Board of Directors of the Company with effect from 27th February, 2006. Since then he continues to be on the Board of Directors of the Company as Chairman of the Board and a Director liable to retire by rotation. He does not hold any membership of a Committee of the Board.

Shri Kamdar is also on the Board of Reliance Gas Transportation Infrastructure Limited, Paridhi Tradecom Private Limited, Symphony Impex (India) Private Limited, Reliance Exports Private Limited, SANA Tradecom Private Limited, The India Film Combine Private Limited, Reliance Hospital Management Services Private Limited and Westward Reality Private Limited. He does not hold any membership of a Committee of the Board in any Company.

Shri Kamdar holds 482 shares of the Company in his name as on 31st March, 2008.

- (b) **Shri Chandra Raj Mehta** is a Chartered Accountant and Company Secretary. He has had a distinguished career with the Government holding senior level positions in different capacities. He was a member of the Company Law Board and was also Regional Director, Department of Company Affairs. He has rich experience in Corporate Laws, Finance and Administration.

Shri Mehta is a Director of the Company since 29th August, 2006. He is the Chairman of the Audit Committee, Shareholders' / Investors' Grievance Committee and Remuneration Committee of the Company.

Shri Mehta is also on the Board of Fortune Financial Services (India) Limited. He is a Member of the Audit Committee and the Remuneration Committee of Fortune Financial Services (India) Limited.

Shri Mehta does not hold any share of the Company as on 31st March, 2008.

- (c) **Shri Sandeep H. Junnarkar** is a Science graduate with a postgraduate degree in Law. He qualified as a Solicitor in the year 1977. He has had a brilliant academic career and is a Partner in the law firm Messrs Junnarkar & Associates. His areas of specialization include banking laws, corporate laws including monopolies laws, exchange control laws and securities regulations.

Shri Junnarkar is a Director of the Company since 27th April, 1991. He is a Member of the Audit Committee, Shareholders' / Investors' Grievance Committee, and Remuneration Committee of the Company.

Shri Junnarkar is also on the Board of Everest Industries Limited, Excel Crop Care Limited, IL&FS Infrastructure Development Corporation Limited, Jai Corp Limited, Reliance Industrial Investments and Holdings Limited, Reliance Ports and Terminals Limited, Reliance Utilities Limited, Sterlite Industries (India) Limited, Sunshield Chemicals Limited and Tilaknagar Industries Limited. He is also a Member of the Bombay Incorporated Law Society (Section 25 Company). He is the Chairman of the Shareholders' / Investors' Grievance Committee of Sterlite Industries (India) Limited and a Member of the Audit Committee of Everest Industries Limited, Sterlite Industries (India) Limited, Reliance Utilities Limited and Tilaknagar Industries Limited and a Member of the Remuneration Committee of Everest Industries Limited and Excel Crop Care Limited.

Shri Junnarkar does not hold any share of the Company as on 31st March, 2008.

- (d) **Shri Bharat C. Gosalia** graduated in Civil Engineering from Vallabh Vidhyapith and did his Masters (M.S.) in Structural Engineering, from Ohio University, United States of America. He has expertise in engineering and management of company affairs and has 45 years of experience at the top management level, substantial part of which being at the helm of affairs.

Shri Gosalia is a Director of the Company since 22nd March, 1997. He was appointed as a Whole-time Director designated as "Executive Director and President" with effect from 1st July, 1997. He was reappointed in the same capacity with effect from 1st July, 2002. He ceased to be Whole-time Director of the Company with effect from 30th June, 2005. Since then he continues to be on the Board of Directors of the Company as a Director liable to retire by rotation. He is also a Member of the Shareholders' / Investors' Grievance Committee of the Company.

Shri Gosalia does not hold any share of the Company as on 31st March, 2008.

- (e) **Shri S. C. Malhotra** graduated in Mechanical Engineering from Banaras Hindu University. He has more than 45 years experience in execution of projects related to chemical / petrochemical and petroleum industries.

Shri Malhotra is a Director of the Company since 16th December, 1989. He was appointed as a Whole-time Director designated as "Executive Director - Technical" of the Company with effect from 1st July, 1993. He ceased to be Whole-time Director with effect from 28th June, 1997. Since then he continues to be on the Board of Directors of the Company as a Director liable to retire by rotation. He is a Member of the Audit Committee and the Remuneration Committee of the Company.

Shri Malhotra is also on the Board of Reliance Ports and Terminals Limited.

Shri Malhotra does not hold any share of the Company as on 31st March, 2008.

- (f) **Shri Dilip V. Dherai** is a Chemical Engineer (B. Tech) from the University Department of Chemical Technology (UDCT), Mumbai having graduated in the year 1979. He has vast experience / expertise in activities related to implementation and commissioning of large projects.

Shri Dherai is a Director of the Company since 1st July, 1994. He was appointed as a Whole-time Director designated as "Executive Director - Projects" with effect from 1st July, 1994. He was reappointed in the same capacity with effect from 1st July, 1999 and again for a period of five years with effect from 1st July, 2004. He does not hold any membership of a Committee of the Board.

Shri Dherai holds 1 650 shares of the Company in his name as on 31st March, 2008.

3. Board Meetings, its Committee Meetings and Procedures

(a) Institutionalised decision making process

With a view to institutionalise all corporate affairs and set up systems and procedures for advance planning for matters requiring discussion / decisions by the Board, the Company has defined guidelines for the meetings of the Board and Committees thereof. These Guidelines seek to systematise the decision making process at the meetings of the Board/ Committees in an informed and efficient manner.

(b) Scheduling and selection of Agenda Items for Board Meetings

- (i) Minimum four Board Meetings are held every year, which are pre-scheduled. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs of the Company. In case of business exigencies or urgency of matters, resolutions are passed by circulation.
- (ii) All departments of the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussion / approval /



- decision at the Board / Committee meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board / Committee Meetings.
- (iii) The Board is given Presentations covering future operations of the Company, business environment, business opportunities, business strategy and risk management practices before taking on record the quarterly / annual financial results of the Company.
- (iv) The information placed before the Board includes :
- Business plans, capital budgets and any updates.
 - Quarterly results of the Company.
 - Minutes of meetings of Audit Committee and other Committees of the Board, as also Resolutions passed by circulation.
 - Appointment or resignation of Chief Financial Officer and Company Secretary.
 - Materially important show cause, demand, prosecution and penalty notices.
 - Quarterly details of foreign exchange exposures and the steps taken by the Management to limit the risks of adverse exchange rate movement, if material.
 - Fatal or serious accidents, dangerous occurrences, material effluent or pollution problems.
 - Any material default in financial obligations to and by the Company, or substantial non-payment for services rendered by the Company.
 - Any issue, which involves possible public liability claims of substantial nature, including any judgment or order which may have passed strictures on the conduct of the Company or taken an adverse view regarding another enterprise that can have negative implications on the Company.
 - Details of any joint venture, acquisitions of companies or collaboration agreement.
 - Transactions that involve substantial payment towards goodwill, brand equity or intellectual property.
 - Significant labour problems and their proposed solutions. Any significant development in Human Resources.
 - Sale of material nature of investments and assets, which is not in normal course of business.
 - Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Quarterly summary of all long term borrowings made, bank guarantees issued, loans and investments made.
 - Internal Audit findings and External Audit Reports (through the Audit Committee).
 - Status of business risk exposures, its management and related action plans.
 - Making of loans and investment of surplus funds.
 - Proposals for investment, mergers and acquisitions.
 - Recommendation / declaration of Dividend.
 - General notices of interest of Directors.
 - Terms of reference of Board Committees.
- (v) The Chairman of the Board and the Company Secretary in consultation with other concerned team members of the senior management, finalise the agenda papers for the Board meetings.
- (c) Board Material distributed in advance**
- Agenda and Notes on Agenda are circulated to the Directors in advance, in the defined Agenda format. All material information is incorporated in the Agenda papers for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same is tabled before the meeting with specific reference to this effect in the Agenda. In special and exceptional circumstances, additional or supplementary item(s) on the Agenda are permitted.
- (d) Recording Minutes of proceedings at Board and Committee meetings**
- The Company Secretary records the minutes of the proceedings of each Board and Committee meeting. Draft minutes are circulated to all the Members of the Board / Committee for their comments. The final minutes are entered in the Minutes Book within 30 days from the conclusion of that meeting.
- (e) Post Meeting Follow-up Mechanism**
- The Guidelines for the Board and Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. Action taken report on the decisions / minutes of the previous meeting(s) is placed at the immediately succeeding meeting of the Board / Committee for noting by the Board / Committee.
- (f) Compliance**
- The Company Secretary while preparing the Agenda, Notes on Agenda, Minutes etc. of the meeting(s), is responsible for and is required to ensure adherence to all the applicable laws and regulations including the Companies Act, 1956 read with the Rules issued thereunder and the Secretarial Standards recommended by the Institute of Company Secretaries of India.

4. Attendance of Directors at Board Meetings, last Annual General Meeting and number of other Directorship(s) and Chairmanship(s) / Membership(s) of Committees of each Director in various companies

Name of the Director	Attendance at meetings during 2007-08		No. of Other Directorship(s) (*)	No. of Membership(s) / Chairmanship(s) of Board Committees of Other Companies (**)
	Board Meetings	Last AGM		
Mahesh K. Kamdar	3	No	1	-
Chandra Raj Mehta	4	Yes	1	1
Sandeep H. Junnarkar	4	Yes	10	5 (including 1 as Chairman)
Bharat C. Gosalia	4	Yes	-	-
S. C. Malhotra	4	Yes	1	-
Dilip V. Dherai	3	Yes	-	-

* The Directorships held by Directors as mentioned above, do not include Alternate Directorships and Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

** In accordance with Clause 49, Membership(s) / Chairmanship(s) of only the Audit Committees and Shareholders' / Investors' Grievance Committees of Indian Public Companies (excluding Reliance Industrial Infrastructure Limited) have been considered.

5. Number of Board Meetings held and the dates on which held

Four Board meetings were held during the year. The Company has held at least one Board meeting in every three months and the maximum time gap between any such two meetings was not more than four months. The details of the Board meetings are as under :

Sr. No.	Date	Board Strength	No. of Directors Present
1.	28th April, 2007	6	5
2.	12th July, 2007	6	5
3.	15th October, 2007	6	6
4.	21st January, 2008	6	6

6. Board Committees

Details of the Committees of the Board and other related information are provided hereunder :

(a) Audit Committee

Composition: The Audit Committee of the Board comprises of two Independent Non-Executive Directors, namely, Shri Chandra Raj Mehta, Chairman and Shri Sandeep H. Junnarkar and one Non-Independent Non-Executive Director, namely, Shri S. C. Malhotra. All the members of the Committee are financially literate. The Chairman of the Committee, Shri Chandra Raj Mehta, is a Chartered Accountant and Company Secretary and possesses accounting / financial management expertise. The constitution of the Audit Committee meets the requirements of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Shri Swatantra Kumar Sethi, Company Secretary, is the Secretary to the Audit Committee. Executives from

Finance Department, Secretarial Department as also Representatives of the Statutory and Internal Auditors are invited to attend the Audit Committee Meetings.

Objective: The primary objective of the Audit Committee is to monitor and effectively supervise the Company's financial reporting process with a view to providing accurate, timely and proper disclosures and the integrity and quality of the financial reporting.

Terms of Reference: The terms of reference / powers of the Audit Committee are as under :

(i) Powers of the Audit Committee

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.

(ii) The role of the Audit Committee includes

- 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 to the Board, the appointment, reappointment and, if required, the replacement or removal of the Statutory Auditors and fixation of audit fees.
- Approval of payment to the Statutory Auditors for any other services rendered by the Statutory Auditors.



- Reviewing with the management, the annual financial statements before submission to the Board for approval, with particular reference to :
 - Matters required to be included in the Directors' Responsibility Statement to be included in the Board's Report in terms of sub-section (2AA) of Section 217 of the Companies Act, 1956.
 - Changes, if any, in accounting policies and practices and reasons for the same.
 - Major accounting entries involving estimates based on the exercise of judgment by the management.
 - Significant adjustments made in the financial statements arising out of audit findings.
 - Compliance with listing and other legal requirements relating to financial statements.
 - Disclosure of related party transactions, if any.
 - Qualifications in draft audit report.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Review of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).
- Reviewing with the management, performance of statutory and internal auditors and adequacy of internal control systems.
- 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.
- Discussion with Internal Auditors any significant findings and follow up thereon.
- 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.
- 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.
- To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders (in case of non payment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower Mechanism.

- Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and / or other Committee(s) of Directors of the Company.
- To review the following information :
 - The management discussion and analysis of financial condition and results of operations;
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
 - Management letters / letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal audit reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of Internal Auditors.

Meetings: Four meetings of the Committee were held during the year which were attended by all the members of the Committee. Executives from Finance Department, Secretarial Department as also Representatives of the Statutory and Internal Auditors attended the Audit Committee Meetings by invitation.

The details of the meetings are as under :

Sr. No.	Date	Committee Strength	No. of Members Present
1.	28th April, 2007	3	3
2.	12th July, 2007	3	3
3.	15th October, 2007	3	3
4.	21st January, 2008	3	3

The Chairman of the Audit Committee was present at the last Annual General Meeting.

(b) Remuneration Committee

Composition: The Remuneration Committee of the Board comprises of two Independent Non-Executive Directors, namely, Shri Chandra Raj Mehta, Chairman and Shri Sandeep H. Junnarkar and one Non-Independent Non-Executive Director, namely, Shri S. C. Malhotra.

Terms of Reference: The Remuneration Committee has been constituted to determine / review the remuneration package of the Managing Director(s) / Whole-time Director(s).

Meetings: There was no meeting of the Remuneration Committee during the year.

Remuneration Policy, details of remuneration and other terms of appointment of Directors :

The remuneration policy of the Company is directed towards rewarding performance, based on review of achievements on a periodical basis. The remuneration policy is in consonance with the existing industry practice.

