

1. Audit Committee

i) Brief description of terms of reference

The terms of reference of the Audit Committee include:

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. 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.
6. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
7. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
8. 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
 - g. Qualifications in the draft audit report.
9. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
10. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
11. 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.
12. Discussion with internal auditors any significant findings and follow up there on.
13. 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.
14. 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.
15. 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.
16. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
17. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

ii) Composition, name of members and Chairperson

The Audit Committee was reconstituted on 21st December, 2005 in compliance with the revised clause 49 of the Listing Agreement. The composition of the Committee is as under:

Sl. No.	Name	Designation & Category
1	Mr. M.R. Umarji	Chairman & Member (NED & ID)
2	Mr. D.G. Prasad	Member (NED & ID)
3	Mr. A.K. Nair	Member (NED & ID)
4	Mr. P.M. Thampi	Member (NED & ID)
5	Mr. Deepak Vaidya	Member (NED)
6	Dr. Ronald Ling	Member (NED)

iii) Meetings and attendance during the year

During the period ended 31st December, 2005, three (3) meetings were held on the following dates viz., 25th March, 2005; 29th July, 2005 & 27th October, 2005,

Sl. No.	Name	Designation	Status	Committee Meetings held during tenure of the Director on the Committee	Committee Meetings Attended
1	Mr. Deepak Vaidya	Member	NED	3	3
2	Mr. Virtanes Saatci	Member	NED	3	1
3	Mr. Sanjay K. Sehgal	Member	NED	1	1
4	Dr. Francis J. Pinto	Member	NED	3	1
5	Dr. Ronald Ling	Member	NED	2	2
6	Mr. M.R. Umarji	Chairman	NED & ID	Nil	N.A.,
7	Mr. A.K. Nair	Member	NED & ID	Nil	N.A.,
8	Mr. P.M. Thampi	Member	NED & ID	Nil	N.A.,
9	Mr. D.G. Prasad	Member	NED & ID	1	1

Notes:

- 1) Mr. Deepak Vaidya ceased to be the Chairman of the Committee and Mr. M.R. Umarji was appointed as Chairman of the Committee with effect from 21st December, 2005.
- 2) Mr. Sanjay K. Sehgal ceased to be a member of the Committee consequent upon his ceasing to be a Director on the Board with effect from 7th July, 2005.
- 3) Dr. Ronald Ling was inducted as a member of the Committee on 7th July, 2005.
- 4) Mr. D.G. Prasad was inducted as a member of the Committee on 5th August, 2005.
- 5) Mr. M.R. Umarji, Mr. A.K. Nair and Mr. P.M. Thampi were inducted as members of the Committee on 21st December, 2005.

Mr. S. Subramaniam, the Company Secretary is the Secretary of the Committee.

2. Remuneration Committee

i) Brief description of terms of reference

Although a non-mandatory requirement, the Company has constituted a Remuneration Committee.

The terms of reference of the Committee is to recommend the remuneration by way of salary, perquisites, allowances and commission for executive directors including pension rights and any compensation payment.

ii) Composition, name of members and Chairperson

The Remuneration Committee was reconstituted on 21st December, 2005 and further on 25th April, 2006 in compliance with the revised clause 49 of the Listing Agreement. The composition of the Committee is as under:

Sl. No.	Name	Designation & Category
1	Mr. M.R. Umarji	Chairman & Member (NED & ID)
2	Mr. Deepak Vaidya	Member (NED)
3	Mr. Virtanes Saatci	Member (NED)

Notes:

- 1) Mr. Arun Kumar ceased to be a member of the Committee with effect from 21st December, 2005.
- 2) Mr. Sanjay K. Sehgal ceased to be a member of the Committee consequent upon his ceasing to be a Director on the Board with effect from 7th July, 2005.
- 3) Mr. M.R. Umarji was inducted into the Committee with effect from 21st December, 2005.

iii) Attendance during the year

The Remuneration Committee did not have any meeting during the 12 month year ended 31st December, 2005.

iv) Remuneration Policy

The remuneration of the employees consists of fixed pay i.e., Basic pay, allowances, perquisites etc., which varies with different grades and is related to the industry pattern, qualification, experience and responsibilities handled by the employee etc., The objectives of the remuneration policy are to motivate employees and recognise their contribution, reward merit and to attract and retain talent in the organisation.

v) Details of remuneration to all directors

Details of Remuneration paid / payable to directors for the year ended 31st December, 2005 are as follows:

(Amount in Rs.)

Name of the Director	Position	Sitting fee*	Salary & Perquisites	Total
Mr. Deepak Vaidya	Chairman	1,40,000	Nil	1,40,000
Mr. Arun Kumar	Executive Vice Chairman & Managing Director	Nil	17,212,000	17,212,000
Mr. K. R. Ravishankar	Executive Director	Nil	11,750,791	11,750,791
Mr. R.S. Prasad - since resigned w.e.f. 31-03-2006	Executive Director & Chief Executive Officer	Nil	3,120,903	3,120,903

(Amount in Rs.)

Name of the Director	Position	Sitting fee*	Salary & Perquisites	Total
Mr. Sanjay K. Sehgal	Director	40,000	Nil	40,000
Mr. Virtanes Saatci	Director	60,000	Nil	60,000
Dr. Francis J. Pinto	Director	60,000	Nil	60,000
Dr. Ronald Ling	Director	40,000	Nil	40,000
Mr. Elcemar Almeida	Director	20,000	Nil	20,000
Mr. D.G. Prasad	Director	20,000	Nil	20,000
Mr. M.R. Umarji	Director	20,000	Nil	20,000
Mr. A.K. Nair	Director	20,000	Nil	20,000
Mr. P.M. Thampi	Director	Nil	Nil	Nil,

Notes:

Sitting fee @ Rs.20,000/- per Board Meeting is being paid to the Non Executive Directors.

The break up of the remuneration drawn by the Executive Directors is as given below:

a) Salaries & Allowances	Rs. 29,846,468
b) Contribution to provident fund and other funds	Rs.2,237,226

Total remuneration	Rs.32,083,694
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The terms and conditions of appointment and remuneration are as approved by the Board of Directors / shareholders.

3. Shareholders' / Investors' Grievances Committee

The Investors' Grievances Committee was renamed as "Shareholders / Investors' Grievance Committee" and reconstituted on 21st December, 2005 in compliance with the revised clause 49 of the Listing Agreement.

i) Name of non executive director heading the Committee:

Mr. Deepak Vaidya, a non-executive director is the Chairman of the Committee. The composition of the Committee is as under:

Sl. No.	Name	Designation & Category
1	Mr. Deepak Vaidya	Chairman & Member (NED)
2	Mr. M.R. Umarji*	Member (NED & ID)
3	Mr. K.R. Ravishankar	Member (P & ID)

* Mr. M.R. Umarji was inducted into the Committee on 21st December, 2005.

During the year ended 31st December, 2005 the Committee met 4 times viz., 4th February, 2005; 12th April, 2005; 29th July, 2005 & 27th October, 2005.

ii) Compliance Officer

Mr. S. Subramaniam, the Company Secretary acts as the Compliance Officer.

iii) Investor / Shareholder Complaints

During the year ended 31st December, 2005 the details are as under:

Complaints Received	Complaints satisfied	Pending Complaints
155	155	Nil

iv) Functions of the Committee

The broad functions of the Shareholders / Investors' Grievance Committee includes redressal of shareholder and investors' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc., Its scope also includes delegating the power of share transfer to an officer or a committee or to the registrar and share transfer agents for the purpose of expediting the process of share transfers with the stipulation that the delegated authority shall attend to share transfer formalities at least once in a fortnight.