



**TWENTY FOURTH
ANNUAL REPORT
2005-06**

ADDI INDUSTRIES LIMITED

BOARD OF DIRECTORS	:	Shri C. L. Jain	Chairman & Managing Director
	:	Dr. B. K. Behera	
	:	Shri V. B. Agarwal	
	:	Shri Hari Bansal	Whole-time Director
COMPANY SECRETARY	:	Shri Rahul Kumar	
MANAGER FINANCE	:	Shri Atul Jain	
BANKERS	:	Punjab National Bank	
AUDITORS	:	M/s. S. R. Dinodia & Co. Chartered Accountants K-39 Connaught Circus New Delhi-110 001	
REGISTERED & CORPORATE OFFICE	:	A-106, Sector IV Noida - 201 301 (U.P.)	
WORKS	:	A-105, 106, Sector IV Noida - 201 301 (U.P.)	B-1, 2, 3, Hosiery Complex Phase-II, Noida (U.P.)
	:	C-227, Industrial Area-I Bulandshahr Road Ghaziabad (U.P.)	

Request to Members

1. As a measure of economy, copies of the Annual Report will not be distributed at the Annual General Meeting. Shareholders are requested kindly to bring their copies to the Meeting.
2. Members/Proxy holders are requested to bring the Attendance Slip duly filled in for attending the Meeting.



ADDI INDUSTRIES LIMITED

TO ALL MEMBERS:

NOTICE IS HEREBY GIVEN that the Twenty-fourth Annual General Meeting of the Members of Addi Industries Ltd. will be held on Monday, the 7th day of August, 2006 at 9.00 A.M. at the Maharaja Agrasen Bhawan, A-6, Sector-33A, Noida – 201 301 (U.P.) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March 2006, Profit & Loss Account for the year ended on that date & the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Dr. B.K. Behera, who retires from office by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri V.B. Agarwal, who retires from office by rotation, and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the current year 2006-2007 & to fix their remuneration.

M/s. S.R. Dinodia & Co., Chartered Accountants, New Delhi, who hold office till the conclusion of this Annual General Meeting, being eligible, have furnished their consent and the requisite Certificate u/s 224(1B) of the Companies Act, 1956.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification/s, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 314, Schedule-XIII & other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactments thereof, for the time being in force), and subject to the approval of the Central Govt., the consent & approval of the Company be and is hereby accorded to the re-appointment of Shri. C.L. Jain, as Chairman & Mg. Director of the Company, for a period of 3 years w.e.f. 1st October, 2006 to 30th September, 2009, on the following remuneration:

- 1) Salary : Rs. 1,50,000 (Rs. One Lac Fifty thousand) per month
(in the scale of Rs. 1,50,000-15,000-1,95,000)
- 2) Accommodation : Free furnished accommodation with servant, gas, electricity & water.
- 3) Perquisites : Usual perquisites, as per Rules of the Company, namely:
 - a) Medical re-imbursement for self and family (equal to one month salary in a year),
 - b) Car for official use,
 - c) P.F., Bonus, Gratuity and/or other Superannuation benefits,
 - d) Membership of 2 clubs,
 - e) Leave Travel concession for self and family, once in a year,
 - f) Personal Accident insurance,
 - g) Leave encashment

Provided that the monetary value of the perquisites computed as per the Income-Tax Act, 1961 shall not exceed the annual salary in any year.

4. Commission : 2% on the Net Profits of the Company.

"RESOLVED FURTHER THAT the Board of Directors (including the Remuneration Committee) be and is hereby authorized to pay the aforesaid remuneration & perquisites (except commission) to the Chairman & Mg. Director, as minimum remuneration, in the event of absence or inadequacy of profits in any financial year".

"RESOLVED FURTHER THAT the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include the Remuneration Committee constituted by the Board) be and is hereby authorized to alter and vary the terms and conditions of the said appointment and/or remuneration, from time to time, subject to the approval of the Central Govt., and such that the same shall not exceed the limits specified in Schedule-XIII of the Companies Act, 1956 (including any statutory modification (s) or re-enactment thereof, for the time being in force or as may hereafter be made by the Central Govt., in that behalf from time to time. or any amendment thereto) as may be agreed to between the Board & Shri C.L. Jain."



ADDI INDUSTRIES LIMITED

"RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper and expedient, to give effect to this resolution".

6. 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 309 & other applicable provisions, if any, of the Companies Act, 1956, and Articles 113 & 114 of the Articles of Association of the Company, the Company hereby approves and authorizes the Board of Directors to fix and make payment of the Sitting fee/s for attending meeting/s of the Board or any Committee thereof, and/or any other remuneration, to the non-executive Directors such that the same shall not exceed the maximum limit/s specified and as may hereafter be amended & prescribed by the Central Govt. in that behalf from time to time".

"RESOLVED FURTHER THAT the Board of Directors or a Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper and expedient, to give effect to this resolution".

Regd. & Corp. Office:

A-106, Sector-IV, Noida-201 301 (U.P.)

Dated: June 28, 2006.

For & on behalf of the Board

Rahul Kumar

Company Secretary

Notes:

- a) A Member entitled to attend and vote is entitled to appoint a Proxy. The Proxy need not be a Member of the Company. Proxies in order to be effective must be lodged with the Company not less than 48 hours before the Meeting.
- b) Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed hereto and forms part of this Notice.
- c) The Register of Members and the Share Transfer Books of the Company will remain closed from Tuesday, the 1st August, 2006 to Monday, the 7th August, 2006 (both days inclusive).
- d) The Equity Shares of Rs. 10 each of the Company have been sub-divided/ splitted-up into 2 new Equity Shares of Rs. 5 each fully paid-up. All those Shareholders, who are still holding the Shares in physical form and have not yet got their Share Certificates of Rs. 10 each exchanged for new Share Certificates of Rs. 5 each, are requested to send the same to the Regd. & Corporate Office of the Company at A-106, Sector-IV, Noida - 201 301 (U.P.) for exchange thereof.
- e) Dividend @ 10% i.e. Re. 1 per Equity Share of Rs.10 was declared for the financial year 2002-03. Similarly, Dividend @ 10% i.e. Re. 0.50 per Equity Share of Rs.5 was declared for the financial years 2003-04 and 2004-05. Those Shareholders who have not yet got their Dividend warrant/s encashed are requested to send the same to the Regd. & Corporate Office of the Company for re-validation.
- f) The Company's Equity Shares continue to remain listed on the Mumbai Stock Exchange, and the listing fees have been duly paid.
- g) The Equity Shares of the Company are dematerialised and the trading has to be compulsorily in demat mode. Those Shareholders who have not yet got their equity shares dematerialised may approach the Depository Participant with whom they are maintaining account, for getting their Shares dematerialised.
- h) **NOMINATION** : Pursuant to the new Section 109A inserted in the Companies Act, 1956, individual Shareholders holding Shares of the Company singly or jointly may nominate an individual to whom all the rights in the Shares of the Company shall vest in the event of death of the sole/all joint Shareholders.
- i) **REGISTRAR & TRANSFER AGENTS** : The Company has appointed M/s. Beetal Financial & Computer Services (P) Ltd., Beetal House, 3rd Floor, 99, Madangir, Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi-110 062, as its Registrar & Transfer Agents. Shareholders may write to them also directly, or communicate with the Company at its Corporate Office, as they may like.
- j) Pursuant to the recommendation of SEBI Committee on Corporate Governance for reappointment/ appointment of Directors, particulars of the concerned Directors retiring by rotation & seeking re-appointment, are annexed to the Report on Corporate Governance.
- k) The Memorandum & Articles of Association of the Company, and/or any other relevant document/s are available for inspection by the Members on any working day during office hours upto the date of the Annual General Meeting.
- l) **General Information** required to be furnished to the Members, as referred to in Section II of Part II of the Schedule XIII to the Companies Act, 1956, is annexed hereto & forms part of this Notice.



ADDI INDUSTRIES LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 5:

Shri C.L.Jain was re-appointed as Chairman & Mg. Director of the Company for a period of five years commencing from 1st October, 2003 to 30th September 2008, on the remuneration, as approved by the Members at their Twenty First Annual General Meeting held on 23rd September 2003. However, as per its Policy, the Central Govt. accorded its approval for three years from 1st October, 2003 to 30th September, 2006. The remuneration, proposed to be paid to him, as set out in the resolution, is the same as was last approved by the Members & the Central Govt.

The remuneration including perquisites (but excluding commission) is proposed to be paid as minimum remuneration in the event of absence or inadequacy of profits in any financial year.

Shri C.L. Jain is the Chairman & Mg. Director of the Company since 1985. The Company has made rapid strides and upward surge in its business activities, turnover / exports and profitability over the years, under his dynamic leadership, day-to-day monitoring and effective control over the affairs of the Company. Keeping in view the gradual and steady growth in the business of the Company, the fact that he was drawing the same remuneration as last approved by the Members & the Central Govt. & keeping in view the status enjoyed and the standard of living of the Managing Director, the Remuneration Committee thought it expedient, reasonable and quite justified to and, therefore, fixed the same remuneration with a time-scale as set out in the resolution, for the fresh term from 1st October, 2006 to 30th September, 2009 which has been approved by the Board of Directors, subject to your and the Central Govt. approval.

The Directors commend the resolution for the consideration and approval of the Members.

None of the Directors, except Shri C.L.Jain himself & Shri Hari Bansal, Director, being related to him & interested to that extent, is, in any way, directly or indirectly, concerned or interested in the resolution. This may also be treated as an Abstract and Memorandum of Interest u/s 302 of the Companies Act, 1956.

Item No. 6:

The Sitting fee/s for attending any Meeting/s of the Board or Committee/s thereof, and any other remuneration, payable to non-executive directors is fixed by the Central Govt. from time to time, in terms of Section 309 of the Companies Act, 1956. The amended Clause 49 of the Listing Agreement has stipulated that henceforth, the approval of the Members would be required for any such payments. It is proposed to provide for payment of such Sitting fees and/or any other remuneration payable to non-executive directors, within & not exceeding the maximum limit/s as now specified and as may be amended from time to time by the Central Govt. in that behalf. At present, the company is paying only the Sitting fee/s to the non-executive directors as disclosed in the annexed "Report on Corporate Governance".

This is just an enabling provision vesting the authority in the Board of Directors to fix such Sitting fee/s and any other remuneration within the maximum limits as now specified and as may be prescribed from time to time. The Directors may be deemed to be interested in the Resolution to the extent of the Sitting fee/s being paid to them at the present moment, and any enhancement in such fee/s and remuneration as may be fixed in future.

The proposed resolution is commended for the consideration and approval of the Members.

For & on behalf of the Board

Regd. & Corporate Office:

A-106, Sector-IV, Noida – 201 301 (U.P.)

Dated: June 28, 2006.

Rahul Kumar

Company Secretary

General Information referred to in Section II of Part II of the Schedule XIII to the Companies Act, 1956.

I. General Information:

Your Company, Addi Industries Limited (AIL), is engaged in the manufacturing and export of textile related products namely Knitted Hosiery Garments. Incorporated in the year 1980, AIL set-up manufacturing facilities and commenced commercial production in the year 1985. It is an existing profit making Company. The Company has its Plants at Noida and Ghaziabad (U.P.). It is exporting its products mainly to U.S.A., since 1995, and is earning valuable foreign exchange for the country.

The turnover & exports of the Company during the last 5 years have been, as under:

Year Ended	(Rs. / Lacs)	31.3.2001	31.3.2002	31.3.2003	31.3.2004	31.3.2005
Turnover		4597.59	6376.10	8056.55	4604.02	5182.61
(Exports)		(4596.08)	(6276.32)	(7439.09)	(4562.08)	(4913.43)
Net Foreign Exchange Earned		4596.08	6276.32	7439.09	4562.08	4913.43

The financial performance of the Company has improved, with the gradual increase in its turnover/ exports:



ADDI INDUSTRIES LIMITED

Year Ended	(Rs. / Lacs)	31.3.2001	31.3.2002	31.3.2003	31.3.2004	31.3.2005
Turnover		4597.59	6376.10	8056.55	4604.02	5182.61
Net Profit after Tax		142.84	451.34	540.58	215.25	11.45
Dividend Paid		Nil	Nil	10%	10%	10%

The turnover/exports and the profitability of the Company have been depressed due to the fierce competition in the international market, in the aftermath of abolition of Quota system commencing 1st January, 2005. Besides, there has been some labour unrest in the dyeing plant which adversely affected the production activities and quality, resulting in delay and untimely dispatch of export shipments. Effective steps are being taken to improve the turnover/exports and profitability in the ensuing year.

The Company has its own sound technical background, and has no foreign collaboration or equity participation/ foreign investment.

II. About the Appointee:

Shri C.L. Jain, the appointee, is the Mg. Director of the Company since 1st September, 1985 and has been re-appointed from time to time, lastly being for the period of 5 years from 1st October, 2003 to 30th September, 2008. However, the Central Govt. accorded its approval for his reappointment for 3 years upto 30th September 2006. His re-appointment for further period of 3 years from 1st October, 2006 to 30th September, 2009 & payment of remuneration, approved by the Remuneration Committee and the Board of Directors, is under the consideration & approval of the Members, and is subject to the approval of the Central Govt.

He belongs to a respectable business family of Punjab, having sound, rich & varied experience of more than 38 years in the textile industry. He associated in his family business of manufacturing of textile and textile related products in the year 1966, and independently set-up Addi in the year 1980. He has been actively associated with your Company since its inception and has been very ably and efficiently guiding its operations as Director/ Mg. Director during the last 26 years. A Graduate in Commerce, Shri C.L. Jain has versatile exposure & experience of more than 38 years to deal with the business activities related with the textile industry and under his dynamic leadership, the Company has attained a name in the industry. He has been involved with the day-to-day working of the Company in almost all spheres related with production, operations, & international marketing. He is also a Member of the Audit Committee, Remuneration Committee, Share Transfer Committee and Investor Relations & Grievance Committee, and is always ready and eager to participate in any activity and devote his valuable time for the cause of the Company.

The data relating to turnover/ exports and financial achievement indicated above is clearly the mirror of an able and independent leadership pioneered by Shri C.L. Jain, resulting in the Company growing from a small entity and carving out a niche for itself in the international market. From a modest turnover of Rs1286.92 Lacs in the year 1987-88, the turnover peaked to Rs. 8056.55 Lacs in the year 2002-03. A foreign buyer had awarded Certificate of Merit for excellent export performance of the Company to them.

Shri C.L. Jain has been in receipt of gross remuneration, as under, during the last 5 years: (Rupees in Lacs)

Financial Year ended	31.3.2001	31.3.2002	31.3.2003	31.3.2004	31.3.2005
Gross Remuneration	9.53	17.77	25.66	27.00	27.00

In keeping with the Company's business achievements, the remuneration drawn earlier, rich and varied experience and the status and standard of living enjoyed by Shri C.L. Jain, the following remuneration is proposed to be paid to him on his re-appointment as Mg. Director of the Company for a further period of 3 years from 1st October, 2006 to 30th September, 2009:

- a) Salary : Rs. 150000 (Rs. One Lac Fifty Thousand) per month
(In the scale of Rs.150000-15000-195000)
- b) Accommodation : Free furnished accommodation with servant, gas, electricity & water.
- c) Perquisites : Usual perquisites, as per Rules of the Company, namely:
 - a) Medical re-imbursement for self and family (equal to one month salary in a year)
 - b) Car for official use
 - c) P.F., Bonus, Gratuity and/or other Superannuation benefits.
 - d) Membership of 2 Clubs
 - e) Leave Travel Concession for self and family, once in a year
 - f) Personal Accident Insurance
 - g) Leave encashment

Provided that the monetary value of the perquisites computed as per the Income-Tax Act, 1961 shall not exceed the annual salary.

- d) Commission : 2% on the Net Profits of the Company.

The aforesaid remuneration (except commission) is proposed to be paid as minimum remuneration in the event of loss or inadequacy of profits in any year.



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Prior to his re-appointment w.e.f. 1st October, 2006, Shri C.L. Jain was in receipt of same remuneration as above (except the proposed time-scale) as decided by the Remuneration Committee and the Board of Directors, w.e.f. 12th November, 2002, and approved by the Members at their 21st Annual General Meeting held on 23rd September, 2003.

The ready-made garments industry, of which the Company is a part, is highly competitive, and the remuneration payable to the Chief Executive/s varies with the size of the Company, profile of the position and the person at the helm of affairs. No comparison can really be made for deciding and fixing the remuneration payable which is individualistic in nature. The proposed remuneration payable to Shri C.L. Jain, Managing Director, is the bare minimum keeping in view his past remuneration and the status and standard of living enjoyed by him.

III. Other Information:

The Company is an existing profit making Company and has Reserves of Rs. 3063.42 Lacs as at 31st March, 2005. Earlier, the profitability was lower mainly due to (i) lower turnover, (ii) higher interest, and overhead costs. The Company is a debt free Company, hence there are no fixed interest costs now, except on the working capital. Profitability is affected due to stiff international competition, lower prices offered by foreign buyers, archaic labour laws etc. There is an upward surge in Garment export from India. The quota system has been abolished from 1st January, 2005. The Company is already seized of this situation to its advantage and has taken effective steps to increase its turnover, exports, and cut down costs wherever feasible to make it more competitive. The financial year 2005-06 was depressed due to a combination of factors inter alia, labour unrest at its dyeing plant and the loss of sale of old, out-dated, obsolete and worn out plant and equipment and other assets of the economically unviable, non-operational and closed spinning mill. The Company is however expanding its export marketing base and has also set up its domestic marketing as well. The domestic market is being expanded with the opening of more retail outlets including franchisees. Besides, new and diversified product lines are also being added in the domestic marketing. Therefore, profitability is likely to improve gradually in future. Your Company hopes to attain far better turnover/ exports & profitability in the years to come, envisaging to achieve the following turnover/ exports & profitability in the next 3 years:

Year Ended	(Rs. / Lacs)	31.3.2007	31.3.2008	31.3.2009
Turnover		2500	4000	6000
(Exports)		(2000)	(3200)	(4800)
Net Profit		80	150	250

IV. Other Disclosures:

No stock option is available to the Managing Director or to any other Director/s, since the Company does not have any stock option scheme.

Following remuneration has been paid to the managerial personnel during the year ended 31.3.2006: (Rs. in Lacs)

Name	Designation	Salary	Perquisites	Commission	Sitting Fees	Total
Sh. C.L. Jain	Mg. Dir.	17.85	9.15	Nil	Nil	27.00
Sh. R.K. Khanna	Director	Nil	Nil	Nil	0.15	0.15 (Part of the year)
Sh. V.B. Agarwal	Director	Nil	Nil	Nil	0.55	0.55
Dr. B.K. Behera	Director	Nil	Nil	Nil	0.55	0.55
Sh. Hari Bansal	W.T. Dir.	18.35	0.25	Nil	Nil	18.60
Sh. S.C. Singhal	W.T. Dir.	1.27	1.73	Nil	Nil	3.00 (Part of the year)
Total		37.47	11.13	Nil	1.25	49.85

Perquisites include rent paid, & allowances/ reimbursement of HRA, medical, conveyance, leave encashment & gratuity paid etc. The sitting fees are inclusive of fees paid for attendance of Committee Meetings.

Service contract with the Mg. Director is for a period of three years with a notice period of one month on either side. No severance fee is payable. Depending upon the performance achieved by the Company, a performance linked incentive may be given in a particular year, as decided by the Board of Directors, within the overall remuneration payable under the Companies Act, 1956.

The Report on Corporate Governance, annexed to the Annual Report of the Board of Directors for the year ended on 31st March, 2006, contains the general information on various other matters including managerial remuneration.

None of the other Director/s, except Shri C.L. Jain himself, and Shri Hari Bansal, Director, who is related to him, is in any way, directly or indirectly, concerned or interested in the resolution.

This may also be treated as an Abstract and Memorandum of Interest u/s 302 of the Companies Act, 1956.

Note : This note is an integral part of the Explanatory Notes to the Special Business contained in the Agenda for this Annual General Meeting for the consideration & approval of the Members.



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DIRECTORS' REPORT

Dear Members

The Directors present their Twenty-Fourth Annual Report & the Audited Statements of Accounts for the year ended on 31st March, 2006.

Financial Results

The performance of your Company for the financial year ended on 31st March, 2006, is summarized below:

Financial Year	2005-2006 (Rs. in Lacs)	2004-2005 (Rs. in Lacs)
Turnover & other Income (incl. Exports)	940.36 (456.18)	5640.43 (4913.43)
Gross Profit before interest & depreciation	(920.04)	387.89
Less: Interest	27.31	112.65
Depreciation	168.33	313.65
Net Profit before Tax	(1115.68)	(38.41)
Less : Provision for Taxation	-	7.60
Less : Income Tax adj. for earlier years	226.30	-
Less : Adj. for Prior period exp.	-	1.31
Less : Provision for Fringe Benefit Tax	2.98	-
Add : Adj. for Deferred Tax	3.52	58.77
Net Profit after tax	(1341.44)	11.45
Balance b/f from previous year	1340.08	1443.66
Surplus available for Appropriation	(1.36)	1455.11
Appropriations:		
Dividend	-	53.98
Tax on Dividend	-	7.05
Transfer to General Reserve	-	54.00
Balance transferred to Balance Sheet	-	1340.08
	(1.36)	1455.11

Dividend

Considering the deficit in operations, the Directors are not in a position to recommend dividend for the financial year 2005-06.

Operations

The performance during the year under review has been very dismal & depressed, as compared to the previous financial year 2004-05, due to a combination of factors. Operations in Dyeing Unit were adversely affected due to labour unrest, which in turn affected the quality, delay in production activities, and consequently resulted in untimely and delayed export shipments. The operations in the Dyeing Plant had to be suspended on account of continuing labour problem, high operational costs and consequently its non-economical viability.

The Company suffered a loss of Rs. 328.15 Lacs on sale of its old, worn-out, out-dated & obsolete plant & machinery & other assets of the unviable, closed and non-operational spinning mill. All these cumulative factors have adversely affected the turnover and the profitability of the Company during the year under review.

Technology upgradation, modernisation-cum-diversification

The company continues to have emphasis on technology upgradation and modernization of its machinery & equipment. Further capital expenditure of Rs. 35.20 Lacs has been incurred during the year under report, as against Rs. 44.65 Lacs incurred in the preceding year.



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Future Prospects

The product of the Company is acclaimed in the international market for its excellent quality. During the period from 1st April, 2006 to 27th June, 2006, the company achieved a turnover of Rs. 104.36 Lacs (including exports of Rs. 42.16 Lacs), as against Rs. 189.35 Lacs (including exports of Rs. 110.63 Lacs) in the corresponding first quarter of the previous year. The directors are making efforts and have taken effective steps to increase the turnover, exports and improve profitability during the current financial year. Steps have also been taken to cut down costs & overheads wherever feasible to make the product more price competitive. The performance is poised for improvement in the current year.

The Company is also expanding its domestic market gradually by opening various retail outlets, including franchisees. New & diversified product lines have been added in the domestic retail marketing.

Finances

Your Company continues to have the support of its Bankers, Punjab National Bank, for the working capital requirements commensurate with its business activities.

Deposits

The Company has neither invited nor accepted any deposits from the Public within the meaning of the Companies (Acceptance of Deposits), Rules, 1975 during the year under report.

Directors

Shri S.C.Singhal resigned from the directorship of the Company on account of his other pre-occupations. The Board places on record its deepest appreciation for the valuable services, advice and matured guidance received from Shri Singhal during his tenure as a Director of the Company.

Dr. B.K. Behera & Shri V.B. Aggarwal, Directors, retire by rotation at the ensuing Annual General Meeting and are eligible for re-appointment.

The Board of Directors have, at its meeting held on 28th June, 2006, again re-appointed Shri C.L. Jain as the Chairman & Mg. Director of the Company for a period of three years from 1st October, 2006 when his current term expires.

Attention of the Members is invited to the relevant items of the Notice of the Annual General Meeting and the Explanatory Statement thereto.

Auditors

M/s. S.R. Dinodia & Company, Chartered Accountants, New Delhi, retire and being eligible, offer themselves for re-appointment as Auditors of the Company for the current financial year 2006-07, to hold office till the conclusion of the next Annual General Meeting. The Company has received their consent & the requisite Certificate u/s 224(1-B) of the Companies Act, 1956.

Subsidiary Company

A Statement u/s 212 of the Companies Act, 1956, in respect of Company's wholly-owned subsidiary, Aum Textfab Pvt. Ltd., is annexed as part of this Report.

Corporate Governance

A separate section on Corporate Governance forming part of the Directors' Report and the certificate from the Company's auditors confirming compliance of Corporate Governance norms as stipulated in Clause 49 of the Listing Agreement with the Stock Exchange is included in the Annual Report.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, based on the representation received from the Operating Management, hereby confirm that as stated by the Auditors:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) they have, in the selection of the accounting policies, consulted the Statutory Auditors, and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that



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period:

- iii) they have taken proper & sufficient care, to the best of their knowledge and ability, 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 preventing and detecting fraud and other irregularities; and
- iv) they have prepared the annual accounts for the financial year on a going concern basis.

Particulars of Employees

Information in accordance with Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, and forming part of the Directors' Report for the year ended 31st March, 2006, is given in the Annexure to this Report.

Energy Conservation, Technology Absorption and Foreign Exchange earnings & outgo

The information in accordance with the provisions of Section 217 (1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in the Annexure to, and forms part of this Report.

Acknowledgements

The Directors wish to convey their appreciation to the Company's workforce for their efforts and collective contribution to the Company's performance. The Directors would also like to thank the shareholders, bankers, customers, suppliers & vendors for the continuous support given by them and their confidence in its management.

For and on behalf of the Board of Directors

Place : New Delhi
Dated : June 28, 2006

C.L. Jain
Chairman & Mg. Director

ANNEXURE TO & FORMING PART OF DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006.

Name	Age (Yrs.)	Qualifi- cations	Designation	Date of Apptt.	Experi- ence(Yrs).	Gross Remn.(Rs.)	Last Employ- ment held	Duration (Years)
EMPLOYED THROUGHOUT THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION FOR THE FINANCIAL YEAR IN THE AGGREGATE OF NOT LESS THAN RS. 24,00,000 P.A.								
Shri C.L.Jain	61	B.Com.	Chairman & Mg. Director	1.9.1985	41	27,00,000	Own Business	23

EMPLOYED FOR PART OF THE FINANCIAL YEAR UNDER REVIEW AND WERE IN RECEIPT OF REMUNERATION AT THE RATE OF NOT LESS THAN RS. 2,00,000 PER MONTH.

-NIL-

Notes: a) The terms of appointment are contractual in nature. b) Remuneration includes salary, rent paid & perquisites. C) Shri C.L.Jain is related to Shri Hari Bansal. Director of the Company.

ANNEXURE TO & FORMING PART OF DIRECTORS' REPORT

Energy Conservation, Technology Absorption and Foreign Exchange earnings & outgo

Conservation of Energy The Company has been regularly monitoring the process of energy conservation through improved operational and maintenance activities. Various measures namely maximum use of natural day light, arresting leakages of air and steam and proper insulation for preventing loss of heat etc. have been implemented, to minimise losses. These measures have and are resulting in cost savings for the Company.