

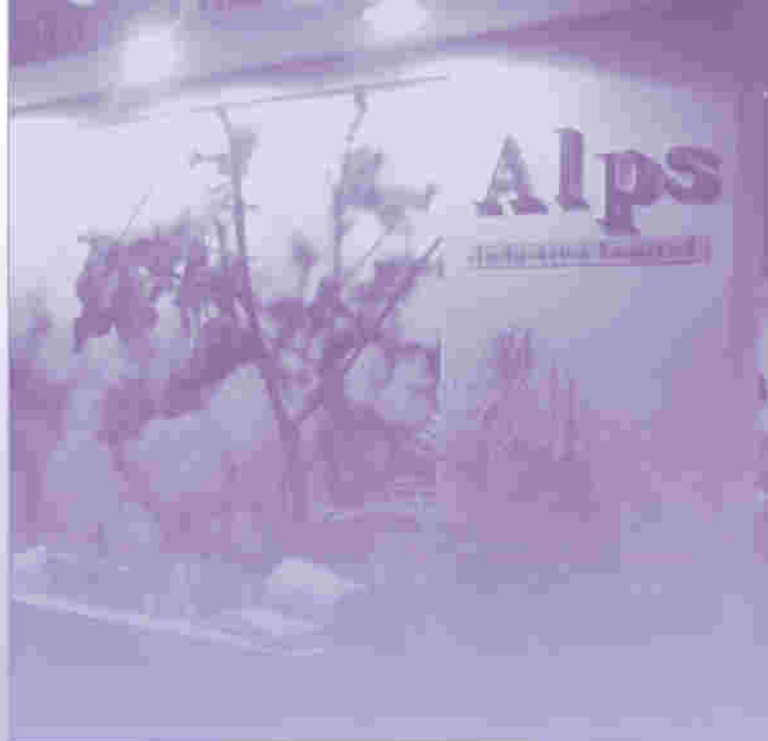
Vista®

WINDOW FASHIONS

FLOOR FASHIONS

HOME FASHIONS

Le Pashmina®



Alps Industries Limited

37th Annual Report 2008-2009

www.reportjunction.com

CONTENTS

Corporate Directory	2
Board of Directors	3
Directors' Report	4
Annexure to the Directors' Report	11
Management Discussion & Analysis	16
Corporate Governance	22
Statement of Subsidiary Companies	41
Auditors' Report	42
Balance Sheet	46
Profit and Loss Account	47
Schedules forming part of Accounts	48
Notes to Financial Statements	54
Cash Flow Statement	64
Balance Sheet Abstract and Company's General Business Profile	66
Subsidiary Companies	
1. Alps USA Inc.	67
2. Alps Energy Pvt. Ltd.	79
3. Alps Uttarakhand Energy Pvt. Ltd.	95
4. Snowflakes Meditech Pvt. Ltd.	106
Consolidated	121

CORPORATE DIRECTORY

Unit I

Vista Division

A-2, Loni Road Industrial Area
Ghaziabad – 201 007 (U.P.)
E-mail : sales@alpsindustries.com

Unit IV

An Integrated Textile Unit

57/2, Site- IV, Industrial Area
Sahibabad,
Ghaziabad – 201 010 (U.P.)
E-mail-alps@alpsindustries.com

Unit VII

Yarn Spinning Mill

Kashipur Spinning Mills,
Near Govt. Degree College,
Kashipur Bazpur Road, Kashipur,
Distt. – Udham Singh Nagar
Uttarakhand – 244 713

Unit X

Home Furnishing Made-Ups

A-16/2, Site-IV, Industrial Area,
Sahibabad,
Distt. Ghaziabad (U.P.) - 201 010.

REGISTERED OFFICE

B-2, Loni Road Industrial Area, Opp. Mohan
Nagar, Ghaziabad - 201 007 (U.P.).
Ph. : 0120-265 7649 Fax : 0120-265 7540
E-mail : b2alps@alpsindustries.com

R&T AGENCY

Alankit Assignments Ltd.
Alankit House, 2E/21, Jhandewalan
Extn., New Delhi – 110 055 (INDIA)
Ph : 91-11-4154 0061-63,
Fax : 91-11-4154 0064, 4254 1201
Email: alankit@alankit.com

CORP. OFFICE & SHARE DEPTT.

57/2, Site-IV, Industrial Area,
Sahibabad
Ghaziabad - 201 010 (U.P.).
Fax : 0120-2895299, 2896041
E-mail : alps@alpsindustries.com

AUDITORS

P. Jain & Co.
Chartered Accountants

COMPANY SECRETARY

Mr. Ajay Gupta

Unit II

Home Furnishings

B-2, Loni Road Industrial Area
Ghaziabad – 201 007 (U.P.)
E-mail -b2alps@alpsindustries.com

Unit V

Vista Awnings

B-160-161, Industrial Estate
Mettupalayam, Pondicherry-605 009
Ph. : 0413 – 227 1895, 227 6749
Fax.: 0413-227 3684
E-mail – alpspon@md3.vsnl.net.in

Unit VIII

Yarn Spinning Mill

Jaspur Spinning Mills,
Afjalgarh Road, Jaspur,
Distt. – Udham Singh Nagar,
Uttarakhand – 244 712

Unit XI

Automotive, Technical Fabrics And Cotton Processing Project

Village - Aminagar alias Bhoor
Baral, Teshil & Distt. Meerut,
U.P.

Unit XII

Home Furnishing Made-Ups

D-247/17, Sector-63,
Noida – (U.P.) - 201301

BANKERS

EXIM Bank
HSBC
IDBI Bank Ltd.
Jammu & Kashmir Bank Ltd.
Punjab National Bank
Standard Chartered Bank
State Bank of Bikaner & Jaipur
State Bank of Hyderabad
State Bank of India
State Bank of Indore
State Bank of Mysore
State Bank of Patiala
Syndicate Bank
UCO Bank

e-mail : alps@alpsindustries.com
http://www.alpsindustries.com

Unit III

Fashion Accessories Division

A-3, Loni Road Industrial Area
Ghaziabad – 201 007 (U.P.)
Email –vista@alpsindustries.com

Unit VI

Fiber Dyeing & Eco-Friendly Yarn Spinning Mill
Plot No. 1A, Sector – 10, Roshnabad Road,
I.I.E, SIDCUL, Haridwar,
Uttarakhand – 249403
E-mail– commlharidwar@alpsindustries.com

Unit IX

High Quality Compact Yarn Spinning Mill
Plot No. 1B, Sector – 10, Roshnabad Road,
I.I.E, SIDCUL, Haridwar,
Uttarakhand – 249403

REGIONAL & MARKETING OFFICES-VISTA

AHMEDABAD : Office No. 4, 3rd Floor, Akar
Complex, Nathalal Colony, Stadium Road,
Naranpura, Ahmedabad
Mob: 09426277290

BANGALORE : 303, Ahuja Chambers of
Commerce, 3rd Floor, Kumara Krupa Road,
Bangalore – 560 001

Ph.: 080-2225 8780, 080-40914620

Telefax: 080-2225 8780

Email : alps.blr@airtelmail.in

CHENNAI: No. 36/25, Premises No.36, Krishna
Arcade, First Floor, Raja Bathar Street, T. Nagar,
Chennai – 600017

Ph. : 044-28156210

chennaialps@rediffmail.com

GHAZIABAD – NCR : 57/2, Site IV Industrial
Area, Sahibabad, Ghaziabad – 201010

Tel: 0120- 4161822, 4161700 Fax: 0120- 2896134

E-mail: sales@alpsindustries.com

KOLKATA: Room No. 8 & 9, M.A. Business
Centre, Poddar Point Rear Street, 113, Park Street
Kolkata – 700016

Mob:09831545591

LUCKNOW: G – 24, Tej Kumar Plaza,
Hazratganj, Lucknow – 226001

Tel: 0522 – 3015452 , fax: 0522 – 3015453

MUMBAI: Flat No. 3116-3117, C-Wing, Oberoi
Estate, Chandivali Farm Road, Chandivali, Andheri (E)
Mumbai-400 072

Tel/Fax: 022-28472111

PUNE: Shop No. 54, Patil Plaza, Near Mitra
Mandal Chowk, Pune – 411009

Tel : 020-24446467, 24442088

BOARD OF DIRECTORS**Mr. K. K. Agarwal, Chairman**

Mr. K.K. Agarwal, aged 67 years, is a textile engineer. He has experience of more than 40 years in the textile and interior decorative industry. He was instrumental in exploring the export markets for the Company's products and establishing long term relations with the Company's buyers like Park B. Smith Inc., USA and Habitat, UK and France. He was the President of All India Manufacturers Organization, UP Board in 1980 and Vice President of North Zone in 1981. He was also the Founder President of All India Cotton Made-ups Association in 1990 and is a winner of Shiromani award for the export of handloom textiles in 1985 from Indian Business Council. He has been nominated as Non official member of Textile committee, nominated Member of Confederation of Textile Industry, Vice President of Northern India Textile Manufacturer Association, Member of Made-Ups Sub Committee by TEXPROCIL with regard to his experience, expertise and suggestions for the betterment of textile industry. He also has a dedicated vision for the educational/health welfare and other social activities of the society and is involved in schools & colleges. He is currently the Non Executive Chairman and Promoter Director of the Company.

Mr. Sandeep Agarwal, Managing Director

Mr. Sandeep Agarwal, aged 45 years, is a commerce graduate. He joined the Company in 1989 and is presently the Managing Director of the Company. He was instrumental in diversifying into value added lines like the Vista range of interior decoratives. He has been the force behind setting up the manufacturing facilities for venetian blinds, vertical blinds, drapery rods, awnings, garden umbrellas, etc. He also developed brands like Vista, for interior decorative and Le Pashmina, for fashion accessories. One of the areas of his responsibilities includes marketing and business development. Under his leadership, the Company has set-up a nationwide distribution system for the Company's products. This has helped the Company in marketing its brands such as Vista throughout the country. The company has expanded considerably by taking up expansion of various projects at Haridwar (Uttarakhand) and Meerut (U.P.) under his acumen and dynamic leadership.

Mr. P. K. Rajput, Executive Director

Mr. P. K. Rajput, Executive Director, aged about 53 years, has been associated with the company for 14 years. He has experience of 31 years in handling Commercial and Administrative affairs with prominent groups related to Textile Industry.

Mr. Rakesh Gupta

Mr. Rakesh Gupta, Director, is a businessman and holds substantial experience in international trade. He is Non executive and Non-independent director.

Mr. Prabhat Krishna

Mr. Prabhat Krishna aged about 62 years is a B. Tech (Chem.) from IIT Delhi. He is retired from State Bank of India. He has over 35 years of experience in the areas of Banking, Forex & Corporate Finance. He is presently advisor to various Companies for Technical consultancy & Rehabilitation. He was also guest faculty to SBI training college.

Mr. Tilak Raj Khosla

Mr. Tilak Raj Khosla aged about 62 years is Arts Graduate with Subordinate Accounts Services (S.A.S). He is retired from the post of Dy. Controller of Defence Accounts in Defence Accounts Department under the Controller General of Defence Accounts under the Ministry of Defence. He has over 41 years of experience in the areas of accounts and auditing at various positions.

DIRECTORS' REPORT

To,
The Members,
Alps Industries Limited

Your Directors have pleasure in presenting the Thirty Seventh Annual Report together with the Audited Statements of Account of the Company for the Period ended on 30th June, 2009 :

Annual Accounts and Reports of the Company are for a period of 15 months, from April 1, 2008 to June 30, 2009. Therefore, these figures are not comparable with those of the previous year ended March 31, 2008.

FINANCIAL RESULTS:

Rs. in Millions

Particulars	15 months period ended on 30.06.2009	Year Ended 31.03.2008
Total Income	9917.29	6342.69
Operating Earnings/Losses before Financial Expenses, Depreciation & Amortization and Tax	(1060.68)	650.44
Finance Cost	964.28	319.97
Depreciation	394.03	178.25
Profit/Loss Before Tax	(2418.99)	152.22
Provision for Tax Including FBT	6.00	5.95
Deferred Tax	37.50	27.46
Profit/Loss After Tax	(2462.49)	118.81
Prior year Adjustment	(1.03)	(3.80)
Add: Surplus of last year	169.13	160.81
Surplus available for appropriation	(2294.39)	275.82
Appropriations		
General Reserve	—	86.50
Proposed Dividend	(17.26)	17.26
Corporate dividend Tax	(2.93)	2.93
Surplus carried to Balance Sheet	(2274.20)	169.13
Surplus available for appropriation	(2294.39)	275.82

PERFORMANCE REVIEW

During the year under review, your company somehow managed to maintain a reasonable growth in the turnover of the company even while the nation faced the brunt of the international slow down affecting the exports and domestic trade very adversely. India has a lot to gain by upping the competitive leverages in a vital sector like textiles. Apart from contributing around 4% of the GDP and employing nearly 35 million people, its natural comparative advantages make it an ideal candidate for significant export orientation. The WTO regime that applies to global made in textiles since 2005 is an opportunity for India that has inherent strengths. The global economic crisis did impact Indian exports. Orders were difficult to come. Some foreign buying houses went bankrupt. Exports realizations were hit. The appreciation of the rupee by almost 12% during 2007 and its continued rise during the contracting period for supplies in 2008-09 also dented the export growth. The overall country's Exports also dipped due to the rising inflationary pressures in the early part of this fiscal. What must concern us is not the decline in exports brought about by temporary phenomena but our continued failure to achieve the targets that we set for ourselves.

What one must wake up to is the fact that there are countries like China, Vietnam and Bangladesh who have posted faster export growth in post quota period. It is certainly upon us to convert our basic strengths into competitive advantage. There are, of course, major downside to export dependent economies. Job losses on account of current recession have been more acute in China and Vietnam. But it would serve no purpose not to claim our deserved place in the global market. The industry would also do well to follow their Chinese counterparts. It is time that textile exporters focused on achieving the necessary quality differentiation to beat price sensitiveness.

In the international market we have made significant progress in successfully launching our products with some of the major retailers in the U.S. as well as Europe. Despite a tough economical environment, we have been able to generate increased sales and acceptability of our products in all major markets like U.S.A., Europe, Australia & South Africa due to our variety of eco-friendly products like 100% Organic, products using Natural & vegetable Dyes & Recycled Fabric using waste material from different production processes viz., Spinning, Weaving and Cut & Sew.

Further, another significant achievement has been our foray into the Mexican market, which is a growing market, and we foresee a better opportunity to increase our penetration into this market as well as other Latin American Market.

Your Directors are pleased to inform that your company's turnover increased to Rs. 9917.29 millions in the previous year from Rs. 6342.69 millions, despite such acute recessionary conditions prevailing world over, recording a growth of over 25.08% (annualised). Domestic sales also improved and recorded an increase of 12.10% (annualised) to Rs. 7548.58 millions. However, the exports grew over by 147.46 % to Rs. 2368.71 millions in comparison to the previous year.

We regret to mention that due to the impact of global recession and consequently acute pressure on the prices and unprecedented losses due to fluctuation in exchange rates, profitability of the Company took a severe beating and ended the period with a loss of (Rs. 2462.49) millions in comparison to a net profit after tax of Rs. 118.81 millions in the previous year.

All the business segments, recorded a reasonable growth in the domestic market during the year. The largest business segment of the company viz. Home Furnishings and Fashion Accessories grew over 32.61% while Architectural Products segment demonstrated a robust growth of over 26.47% on the support of boom in realty sector in the country. The yarn segment grew the fastest on the back of additional capacities going into operation registering a stupendous growth of over 86.65%.

Quality is a continuous process at each stage of production and has to necessarily come from the passion for the same. Alps is headed by a technocrat and this has helped in spreading a total quality culture in the organization.

VISION FOR TECHNOLOGICAL GROWTH

Your company added 5520 spindles, and installed latest winding machines to further improve the quality of its yarn. The Company also added facility to spin Core Spandex yarn on two Rieter compact ring frames and commissioned yarn dyeing facility at its Haridwar plant, with a capacity of 4600kgs per day. During the period under review, we also started production of polyester yarn on 7296 spindles with a view to improve contribution and widen our product range as per market demand. We also plan to replace old open-end spinning machines with the latest machines.

In our Architectural Products Division, we have developed a wide range of stainless steel hardware products with a view to expand our product range for real estate projects. Our architectural products are marketed under the brand name "Vista".

Our Fashion Accessories products are marketed under the brand name "Le-Pashmina" in the domestic market through a nation wide distribution network. Our fashion accessories and home furnishing products find shelf places at over 1100 retail counters across country.

In the overseas markets, we export our products to USA, Europe, South Africa, Middle East, South East Asia, Australia Portugal, Taiwan, Turkey and Bangladesh.

WEAVING AND PROCESSING FACILITIES AT MEERUT

In the last Annual Report, we had informed the shareholders about our new project for weaving and processing plant at Meerut, U.P.

A part of the project has been commissioned in the current financial year. The project will start full commercial production from January, 2010.

With the completion of this project, your company will be able to cater to high fashion segment of home textiles, technical textiles and automotive textiles. The project of "Technical Textiles" has various end-uses such as black out curtains, room darkners, fabrics for special applications like high altitude protective textiles, sports wear, fabrics for tents etc.

Our technical collaboration with Suminoe Textile Co., Ltd., Japan has started yielding positive results. We have been approved by Honda Siel Cars India Ltd. for supply of fabric for their various models. Further Developments are under way for other car OEMs in the country. We expect this segment to achieve a healthy growth in the years to come.

FINANCIAL MANAGEMENT

History of over forty years, your company had been a consistently profit making company, discharging its liabilities on time, continuously growing its capacities and undertaking research and development in new areas to keep ahead of competition.

However, in the current year the Company faced unprecedented adversities, some of which are discussed in the following paras:

1. Sudden acute meltdown in the economies world over leading to severe economic downturn affecting demand world-wide and causing bankruptcy of a large number of conglomerates in the developed world.
2. Cancellation of orders by the buyers resulting in our having to negotiate with them the discounts to liquidate our inventories exclusively produced for them.
3. Increase in Minimum Support Price of cotton by the Government of India resulting in very hefty increase in cotton prices. However the increase could not be passed on to the yarn customers due to adverse economic conditions.
4. Drastic fall in the value of inventories due to lower realizable prices.
5. The Company had entered into a number of foreign exchange contracts with bankers to hedge its forex exposure. However, due to unprecedented fluctuations in the currency markets consequent to sudden meltdown worldwide, these resulted in large losses to the Company.

At the same time, the capital expenditure commitments made for its ongoing expansion of weaving and processing facilities, resulted in severe strain on working capital of the Company.

To tide over the difficulties, your Company filed a proposal for restructuring of its existing debts with all its bankers. The proposal has been approved by the CDR Empowered Group in its meeting held on August 31, 2009 under the CDR scheme. The Company is also proposing to dispose off some of its properties to add to its cash position. While most of the bankers have extended their support to the company in terms of this proposal, some banks are yet to revert thereon.

Besides the above, your company is also actively implementing various other cost reduction measures, waste reduction and optimum utilization of capacities. We are confident that with support of its bankers and tight managerial controls, the Company will restore its operations to the erstwhile healthy levels.

REFERENCE UNDER SICK INDUSTRIAL COMPANIES (SPECIAL PROVISIONS) ACT, 1985

As per the audited accounts of the Company for the period ending 30.06.2009, the accumulated losses of the Company as at the end of the said period amounting to Rs. 2274.20 millions have eroded more than fifty per cent of its peak net worth during the immediately preceding four financial years amounting to Rs. 2976.49 millions. the detailed report of the directors is annexed to the Notice of Annual General Meeting.

CERTIFICATION & RECOGNITIONS

Your Company continues to maintain its accreditations with various agencies like, GOTS, ISO 9001, ISO 14000 and others.

ASSOCIATE PROJECTS**ALPS USA INC.**

Your Company had set up a wholly owned subsidiary Company namely Alps USA Inc., in the State of Delaware, USA in April 2007, to act as an investment vehicle for overseas acquisitions. However in the light of economic conditions in USA, the near future prospects of the company are uncertain.

ALPS ENERGY PRIVATE LIMITED

To start the power project, the Company is under the process of acquiring the land for the project. The management is pursuing state government & concerned authorities to allot the balance required land at the earliest possible. Soon after allotment of land by the government, company will immediately file the project report to its Bankers and will get the necessary funds to start the implementation of the project.

SNOWFLAKES MEDITECH PVT. LTD. (FORMERLY KNOWN AS ALPS RETAIL PRIVATE LIMITED)

The Company is engaged in trading of Textile products and has achieved a sale of Rs. 105.39 Lacs with a profit of Rs.2.42 Lacs during last year. Management is in the process of identification of some economically viable project to be set up at its land at Meerut. The shareholders will be informed about the selection of project as and when it will take place.

DISINVESTMENT

In view of the difficult financial position, the Company has disposed off 1,05,000 Equity Shares of Bulland Buildmart Pvt. Ltd. in terms of the approval from the members of the Board at their meeting held on May 31, 2008.

During the year under review your company has also disinvested all its investment consisting of 99,940 shares in Alps Spandex India Limited.

GOVERNMENT POLICY INITIATIVES

The Government has recognized the adverse impact of high cotton cost, high polyester prices with strengthening of Rupee, world wide economic recession which has all contributed to a severe strain on the textile industry. With a view to provide relief, the Government has taken certain measures/relief like abolition in Basic Excise Duty on 100% Cotton Textile products i.e. Yarn, Fabric & Made-ups etc. not containing any other textile materials, and reduction in the rate of Basic Excise Duty from 8% to 4% for Textile products i.e. Yarn, Fabric & Made-ups etc., Basic Rate of Service Tax from 12% to 10% Further extension of Export Obligation period from 24 Months to 36 Months against advance authorization scheme of DGFT for the upliftment of textiles industry has been extended by the Government of India. The National Textile Policy of 2000 was an attempt to prepare the textile industry for quota free global trade. One of the key elements of the policy was the Technology Upgradation Fund Scheme (TUFS) as on March 2008 under which more than Rs. 53,000 crores has flown to the industry as loans. The original scheme has been extended upto 2012 with some new features. The total investment in technology modernization is estimated to be over Rs. 86,000 Crores upto April 2007. We already have over 3% shares in global export and we must aim at trebling in by 2020. The Government has further decided to extend the operations of the residuary provisions of Yarn, Fabrics & Made-ups Export Entitlement (Quota) Policies for a further period of one year with effect from 1st January 2009. In order to overcome the adverse impact of global recession on production and exports the Government has announced certain measures to stimulate growth in production & exports on 07-12-2008 and 02-01-2009. Accordingly various relaxations has been proposed under Central Excise Duty, Customs Duty, Rate of Interest of Export Finance, Service Tax, Release of Additional funds, Duty Drawback Rates, DEPB Credit

Rates & RBI/External Commercial Borrowing (ECB), which will benefit to the industry considerably.

DIVIDEND

Due to the operational loss suffered by the company, your directors do not propose dividend for the current financial period.

CAPITAL ISSUES

During the period under review the investors have surrendered 40 lacs zero coupon convertible warrants of Rs.10/- each issued at a price of Rs. 65/- each, issued pursuant to the approval of the members of the Board of Directors at their meeting held on May 8, 2007 and shareholders under section 80,81, and 81(1A) of the Companies Act, 1956, at the Extra-Ordinary General Meeting held on 8th June 2007. As per the terms of the issue, the company had received 10% of the total consideration, amounting to Rs. 260.00 lacs, from the investors, at the time of allotment on June 22, 2007. As the Investors have decided not to exercise the option of converting warrants into shares, in terms of the SEBI Guidelines the application money so received has been forfeited.

During the year, the Authorized Share Capital of the company was increased from Rs 45.00 Crores to Rs 52.00 Crores, pursuant to the approval of the members of the Board of Directors at their meeting held on November 28, 2008 and shareholders under Section 94 and any other applicable provisions of the Companies Act, 1956 at the Extra-Ordinary General Meeting held on 26th December, 2008.

Further, in terms of the CDR scheme, approved by the bankers and CDR Empowered Group in its meeting held on 31st August, 2009, the Company proposes to raise additional equity by making a preferential issue of equity shares.

Further, the CDR Scheme stipulates issue of quasi equity instruments i.e. Optionally Convertible Cumulative Preference shares and Cumulative Redeemable Preference shares in favor of the lenders of the Company.

The necessary proposals for issue of equity shares on preferential basis to the promoters and their associates, FIIs and issue of Quasi Equity Instruments in favor of the bankers are being included in the agenda of the forthcoming Annual General Meeting obtain the approval of the shareholders.

INVESTOR RELATIONS

Your Board takes satisfaction from the fact that all investors' grievances, received during the period under review, have been resolved to the satisfaction of the investors within a reasonable time. M/s. Alankit Assignments Limited, the R & T Agent of the Company, has made a positive contribution to resolve the investors' grievances efficiently and effectively, whenever they arose.

CORPORATE CITIZENSHIP/ COMMUNITY DEVELOPMENT

At Alps, we think beyond business. As corporate citizens, we invest in social infrastructure, believing strongly that our business strength fuels our social contributions. To this end, Alps encourages, funds and develops numerous education, health, human capital and infrastructure initiatives. These initiatives are undertaken through partnerships with non-governmental organizations, corporates and trusts.

At the manufacturing locations, we taken care to improve the quality of life in the surrounding communities. The Community Development programs focus on key areas of health care, education and children care. Your Company also discharges its social obligations by running a charitable hospital as well as a Primary and Junior High School alongwith various amenities for the under privileged section of the society. The company has also developed a residential colony near its Haridwar plant for its workmen.

HUMAN RESOURCES

The Company values the employees at Alps. We have an excellent management track record of over 40 years. Good management and fair policies have ensured a healthy work environment and good industrial relations. We provide safe working conditions with motto of Zero accident culture in the organizations.

Information required under Section 217 (2A) of Companies Act, 1956, read with Companies (Particulars of Employees) Rules, 1975 duly amended by the Companies (Particulars of Employees) Rules, 1999 for the period ended 30th June, 2009 is enclosed as Annexure - 1.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

Information in accordance with the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars) in the Report of Board of Directors Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the statement annexed (Annexure -2) hereto and forms part of this report.

DIRECTORS

In terms of the provisions of Article No. 106, 107 & 108 of the Articles of Association of the company and Sections 255 and 256 of the Companies Act, 1956. Mr. Rakesh Gupta, Non Executive and Non Independent Director retires at the ensuing Annual General Meeting, and being eligible, offers himself for reappointment.

In terms of the provisions of Article No. 92 of the Articles of Association of the company and Section 260 of the Companies Act, 1956 the appointment of Mr. P. K. Rajput, Non Independent Director, Mr. Prabhat Krishna and Mr. Tilak Raj Khosla, both independent Directors of the Company, appointed as Additional Directors during the year, needs to be confirmed at the forthcoming Annual General Meeting.

During the year under review, some of the Directors, namely Mr. J.P. Kundra, Mr. G.K. Arora, Mr. Karthik Balachandran Athreya and Dr. M.L. Gulrajani resigned their position from the Board due to their preoccupation with other assignments and showing their inability to continue. Mr. J.P. Kundra, Mr. G.K. Arora, resigned w.e.f. May 26, 2009, Mr. Karthik Balachandran Athreya, resigned w.e.f. June 15, 2009 and Dr. M. L. Gulrajani, resigned w.e.f. July 1, 2009

The compliance report of the corporate governance for proper composition of the Board and the Committees thereof is under process and will be completed within the prescribed timeframe.

APPOINTMENT OF EXECUTIVE DIRECTOR

In view of his contribution, the Board of Directors, at their meeting held on September 22, 2009, based on the recommendations of Remuneration Committee, has recommended the appointment of Mr. P.K. Rajput as Executive Director again for another term of 3 years. The necessary resolution, for the approval of the members of the Company, has been included in the Notice of the Annual General Meeting, subject to the approval of the Central Government and the prescribed authority under the CDR scheme of the Company, if required. A brief note in terms of the requirement of the Corporate Governance on the aforesaid reappointment of Whole Time Director has been included in Part -II of Annexure-3.

DIRECTORS' RESPONSIBILITY

In terms of Section 217(2AA) of the Companies Act, 1956, the members of the Board place on record the Directors' Responsibility Statement as under:

- (i) That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- (ii) That the directors had selected such accounting policies and 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 accounting period and of the profit or loss of the company for that period;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the annual accounts on a going concern basis.