

Dhunseri Tea & Industries Limited



ANNUAL REPORT 2006 - 2007

DHUNSERI TEA & INDUSTRIES LIMITED**BOARD OF DIRECTORS**

C. K. Dhanuka *Chairman of the Board*
Managing Director & CEO

P. L. Agarwal
 S. R. Daga
 B. D. Beriwalla
 R. N. Deogun
 H. Khaitan
 M. Dhanuka
 B. K. Biyani
 A. K. Lohia (w.e.f. 30.05.2007)

SENIOR VICE PRESIDENT

I. B. Saraf

SENIOR VICE PRESIDENT (D & P) & CFO

K. K. Tibrewalla

COMPANY SECRETARY

R. Mahadevan

AUDITORS

Lovelock & Lewes
Chartered Accountants

BANKERS

State Bank of India
 Punjab National Bank
 United Bank of India
 Bank of Baroda

REGISTERED OFFICE

'Dhunseri House'
 4A, Woodburn Park
 Kolkata-700 020
 Phone : 2280-1950 (6 Lines)
 Fax : 91-33-2287 8995
 e-mail : dhunseri@vsnl.com

REGISTRARS & SHARE TRANSFER AGENT

Maheshwari Datamatics Pvt. Ltd.
 6, Mangoe Lane, 2nd Floor,
 Kolkata-700 001
 Phone : 2243-5029, 2243-5809
 Fax : 91-33-2248 4787
 e-mail : mdpl@cal.vsnl.net.in

TEA ESTATES

Dhunseri Tea Estate, P.O. Mazbat, Assam.
 Dilli Tea Estate, P.O. Parbatpur, Assam.
 Namsang Tea Estate, P.O. Jeypore, Assam.
 Santi Tea Estate, P.O. Hoogrijan, Assam.
 Bahadur Tea Estate, P.O. Tinsukia, Assam.
 Hatijan Tea Estate, P.O. Hoogrijan, Assam.
 Khagorijan Tea Estate, P.O. Sapekhati, Assam.
 Khetojan Tea Estate, P.O. Tinsukia, Assam.

TEA PACKAGING DIVISIONS

SP-534-A, Sitapura Industrial Area,
 Jaipur, Rajasthan.

Dhunseri Tea Estate
 P.O. Mazbat, Assam.

BRANCH OFFICE

110, Raheja Centre,
 214, Nariman Point,
 Mumbai-400 021

STOCK EXCHANGES (Listing Fees paid)

The Calcutta Stock Exchange Association Ltd.
 7, Lyons Range, Kolkata - 700 001

Bombay Stock Exchange Ltd.
 Phiroze Jeejeebhoy Towers,
 Dalal Street, Mumbai - 400 001

The Guwahati Stock Exchange Ltd.
 Saraf Building Annexe,
 A. T. Road, Guwahati - 781 001

ANNUAL GENERAL MEETING

Monday, 30th July, 2007 at 10.00 a.m.
 at 'KALAKUNJ', Sangit Kala Mandir,
 48, Shakespeare Sarani, Kolkata - 700 017

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DHUNSERI TEA & INDUSTRIES LIMITED**NOTICE**

NOTICE is hereby given that the Ninety-first Annual General Meeting of the Members of DHUNSERI TEA & INDUSTRIES LIMITED will be held on Monday, the 30th day of July, 2007 at 'Kala Kunj', Sangit Kala Mandir Trust, 48, Shakespeare Sarani, Kolkata 700 017 at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March, 2007, the Balance Sheet as at that date and the Reports of the Directors' and Auditors' thereon.
2. To declare a dividend.
3. To elect a Director in place of Sri S. R. Daga, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in place of Sri B. D. Beriwalla, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS :

6. To consider and if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution :-

"RESOLVED that Sri Ashok Kumar Lohia be and is hereby appointed Director of the Company whose period of office will be liable to determination by retirement of directors by rotation".

Registered Office:
 'DHUNSERI HOUSE',
 4A, Woodburn Park,
 Kolkata - 700 020
 30th May, 2007

By Order of the Board

R. MAHADEVAN
Secretary

NOTES:

- i) The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed.
- ii) **A MEMBER ENTITLED TO ATTEND AND VOTE MAY APPOINT A PROXY TO ATTEND AND VOTE ON HIS BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.** A proxy may be sent in the form enclosed and in order to be effective must reach the registered office of the company atleast 48 hours before the meeting.
- iii) The Register of Members and the Share Transfer Books of the company will remain closed from Tuesday, 17th July, 2007 to Monday, 30th July, 2007, both days inclusive.
- iv) The dividend as recommended by the Board, if approved by the shareholders will be payable to those shareholders whose names appear on the Register of Members of the Company as on 30th July, 2007.
- v) The dividend in respect of shares held in the electronic form will be payable to the beneficial owners of shares as on the closing hours of business on 16th July, 2007 as per details furnished by National Securities Depository Ltd. and Central Depository Services (India) Ltd., for this purpose.
 The said beneficial owners are requested to intimate to their Depository Participant (DP) all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, change in name etc. These changes will be automatically reflected in company's records, which will help the company to provide efficient and better service to the members.
- vi) The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories for depositing dividend through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available. In the absence of ECS facilities the company will print the bank account details, if available, on the payment instrument for distribution of dividend.
- vii) Shareholders seeking any information with regard to accounts are requested to write to the company atleast 10 days prior to the meeting so as to enable the management to keep the information ready.
- viii) Members are requested to bring their copies of Annual Report to the meeting.
- ix) Under Section 205A(5) of the Companies Act, 1956 the amount of dividend remaining unclaimed for a period of seven years shall be transferred to Investor Education and Protection Fund (IEPF). Accordingly, the unclaimed dividend(s) for the relevant year(s) on becoming due for transfer, will be duly transferred to the said fund.

No claim shall lie against the company or the said Fund in respect of individual amounts which remain unclaimed and unpaid for a period of seven years from the date of payment and no payment shall be made in respect of any such claims.

Members are requested to send unclaimed/unpaid dividend warrants, if any, for the years 2000-2001, 2001-2002, 2002-2003, 2003-2004, 2004-2005 and 2005-2006 to the Registered Office of the Company at their earliest, for payment in lieu thereof.

DHUNSERI TEA & INDUSTRIES LIMITED**NOTICE (Contd.)****I) EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.****Item No.6**

The Board of Directors at their meeting held on May 30, 2007 appointed Sri Ashok Kumar Lohia as a Director of the Company in the casual vacancy caused by the resignation of Sri S. Bagaria. Sri Lohia holds office till the ensuing Annual General Meeting when he will be eligible for election.

Details of Sri Ashok Kumar Lohia as required under Corporate Governance :

Sri Ashok Kumar Lohia (54) graduated in Commerce in 1972 from St. Xavier's College, Kolkata. He represents the fifth generation of his family's Tea Business and is associated with the tea industry for over 30 years. He is presently a Member of the Tea Board of India. He was elected as a Governing Board Member of the Darjeeling Planters Association in 1996 and became its Vice-Chairman in 1997 and finally elected as its Chairman for three consecutive terms from 1998 to 2000. His expert knowledge and varied experience will be of immense value to the company.

He holds directorships of the following companies :

- | | |
|------------------------------------|---------------------------------|
| 1) Maud Tea & Seed Co. Ltd. | 2) Sycotta Tea Co. Pvt. Ltd. |
| 3) Bio Tea Estates Ltd. | 4) Nagri Farm Tea Co. Ltd. |
| 5) Chamong Tee Exports Pvt. Ltd. | 6) Lohia Properties Pvt. Ltd. |
| 7) Senairam (India) Pvt. Ltd. | 8) S. D. Enterprises Pvt. Ltd. |
| 9) East India Commercial Pvt. Ltd. | 10) B. D. Tea Estates Pvt. Ltd. |

He does not hold any Committee Membership in the companies of which he is a Director.

He does not hold any shares in the company.

The company has received a notice in writing from a member alongwith the requisite deposit proposing the candidature of Sri Ashok Kumar Lohia as a Director of the company pursuant to the provisions of Section 257 of the Companies Act, 1956.

The approval of the members is being sought to the appointment of Sri Ashok Kumar Lohia as a Director of the company whose office will be liable to determination by retirement of directors by rotation.

None of the Directors, except Sri Ashok Kumar Lohia is interested or concerned in the resolution at item No. 6.

II) DETAILS OF SRI S. R. DAGA AND SRI B. D. BERIWALA AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT :

- i) Sri S. R. Daga (83) is the senior most member of the Board of Directors of the company having joined the Board in the year 1955. His association with the Tea Industry for more than six decades and his valuable suggestions and opinions as well as active participation at the Board and Committee meetings have been greatly beneficial to the company.

He holds directorship of the following companies :

- | | |
|---------------------------|---------------------------------|
| a) Sublime Agro Ltd. | b) Hind Hosiery Mills Pvt. Ltd. |
| c) Amaravati Tea Co. Ltd. | d) Assam Roofing Ltd. |

He is also the Chairman of the Audit Committee of M/s. Sublime Agro Ltd.

Sri S. R. Daga holds 1000 shares in the company.

- ii) Sri Basu Deo Beriwalla (69) is one of the senior members of the Board having joined the Board in the year 1974. His association with the Tea Industry for more than three decades and his valuable suggestions and opinions as well as active participation at the Board and Committee meetings have been greatly beneficial to the company.

He holds directorship of the following companies :

- | | |
|--|-----------------------------|
| a) Kaniska Engineering Industries Ltd. | b) Rainbow Engineering Ltd. |
| c) Bee Aar Enterprises Ltd. | |

He does not hold any Committee Membership in other companies of which he is a Director.

Sri B. D. Beriwalla does not hold any shares in the company.

By Order of the Board

Kolkata,
30th May, 2007

R. MAHADEVAN
Secretary

DHUNSERI TEA & INDUSTRIES LIMITED**DIRECTORS' REPORT**

We have pleasure in presenting our Ninety-First Annual Report together with the Audited Accounts for the year ended 31st March, 2007 :

FINANCIAL RESULTS :

	For the year ended 31.03.2007	For the year ended 31.03.2006
	(Rs. in lacs)	(Rs. in lacs)
Gross Profit	1038.97	637.85
Less : Depreciation (Net)	177.44	185.04
Provision for Taxation (Net)	154.15	105.15
Net Profit for the year	707.38	347.66
Add : Balance Brought Forward	346.26	298.14
The Directors recommend this amount to be appropriated as under :	1053.64	645.80
Transfer to General Reserve	300.00	200.00
Proposed Dividend	122.22	87.30
Tax on Dividend	20.78	12.24
Balance Carried Forward	610.64	346.26

DIVIDEND :

The Directors recommend the payment of dividend @ 17.5% i.e. Rs.1.75 per share for the year ended 31st March,2007.

OPERATIONS :

The total tea manufacturing & sales has been 7.4 & 7.9 million kg. as against 7.5 & 7.4 million kg. respectively in the previous year. The production for the year was maintained at last year's level. The sales were comparatively higher for the year under consideration. The realisation was also better in comparison to the previous year.

The existing brands of the company viz. LAL GHORA & KALA GHORA continues to maintain its position in the market. The other brand viz. CHHOTE LAL continues to receive favourable market response and is expected to further consolidate its position.

The demand for orthodox tea is expected to rise in the coming years. Accordingly, a programme for uprooting and replanting of quality clones, in a phased manner is being undertaken. It is also proposed to modify/extend the existing facilities as well as set-up new facilities for manufacture of orthodox tea.

The company continues to focus on higher productivity, cost control as well as quality improvement to sustain its growth and profitability in the coming years.

MADHUTING TEA PVT. LTD.

The annual production of tea from the two estates of Madhuting Tea Pvt. Ltd., (in which company holds 50% of its paid-up capital), is expected to be around 9.7 lac kg. entirely comprising of orthodox tea in comparison to 8.8 lac kg. in the previous year. The company's programme for extension of its plantation area is continuing in a phased manner. The realisation during the year was much better in comparison to the previous year. There has been an all-round improvement in the performance of the company during the year.

SOUTH ASIAN PETROCHEM LTD.

The EOU Company jointly promoted by your company, is engaged in manufacture of PET Resin. In its third full year of commercial production it achieved a turnover of Rs. 1066 crore. as against Rs. 981 crore in the previous year. The Company's EBITDA was Rs. 104.78 crore and after providing for depreciation etc. its PAT was Rs. 44.69 crore. The product continues to receive wide acceptance in the export market.

AUDITORS' REPORT :

The notes to the accounts referred to in the Auditors' Report are self-explanatory.

PARTICULARS OF EMPLOYEES :

A statement pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 is enclosed.

DHUNSERI TEA & INDUSTRIES LIMITED**DIRECTORS' REPORT (Contd.)****PARTICULARS REGARDING ENERGY ETC. :**

The particulars in respect of conservation of energy, technology absorption and foreign exchange earnings and outgo are attached and form part of this report.

DIRECTORS :

Sri S. R. Daga and Sri B. D. Beriwal retire by rotation and being eligible offer themselves for re-appointment. Sri S. Bagaria resigned from the directorship of the Company w.e.f. May 30, 2007. The Board placed on record its appreciation of valuable services rendered by Sri S. Bagaria during his tenure as a Director of the Company. Sri Ashok Kumar Lohia was appointed director of Company at the Board Meeting held on May 30, 2007, in the casual vacancy caused by the resignation of Sri S. Bagaria. Sri Ashok Kumar Lohia holds office till the ensuing Annual General Meeting being the date upto which Sri S. Bagaria would have held office, if it had not been vacated as aforesaid.

A Notice under Section 257 of the Companies Act, 1956 has been received from a member, proposing the appointment of Sri Ashok Kumar Lohia as a Director of the Company.

The directors recommend the appointment of Sri Ashok Kumar Lohia as a Director of the Company.

The information regarding particulars of directors seeking re-appointment/appointment is included in the Explanatory Statement.

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm :

- (i) that in the preparation of the annual accounts the applicable accounting standards have been followed and no material departures have been made from the same ;
- (ii) that they have selected such accounting policies and applied them consistently and made judgements 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 profits for that period ;
- (iii) that they have taken proper and sufficient care 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 ;
- (iv) that they have prepared the annual accounts on a 'going concern' basis.

REPORT ON CORPORATE GOVERNANCE :

A separate section on Corporate Governance and Management Discussion and Analysis together with a certificate from a practising Company Secretary confirming compliance is set out in the Annexure forming part of this report.

AUDITORS :

M/s. Lovelock & Lewes, Chartered Accountants, retire and being eligible offer themselves for re-appointment.

ACKNOWLEDGEMENT :

Your Directors take this opportunity to express their grateful appreciation for the excellent assistance and cooperation received from the consortium of commercial banks and other authorities. Your Directors also thank the employees of the company for their valuable service and support during the year.

C. K. DHANUKA *Chairman of the Board
Managing Director & CEO*

P. L. AGARWAL
S. R. DAGA
B. D. BERIWALA
R. N. DEOGUN
H. KHAITAN
M. DHANUKA
B. K. BIYANI

Directors

Kolkata,
30th May, 2007

Annexure to the Directors' Report

Statement of Particulars of Employees pursuant to Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2007 :

Name of Employee	Age Year	Designation/ Nature of Duties	Remuneration (Rs.)	Qualifi- cation	Experience (Years)	Date of Commence- ment of Employment	Last Post held	Name of previous Employer	% of Equity Shares held
Dhanuka C. K.	53	Mg. Director & CEO	20,55,972	B.Com	32	07.02.75	—	First Appoint- ment	0.86

- Notes :
1. Remuneration includes value of perquisites under the Income Tax Act, 1961 and the company's contribution to provident & superannuation funds.
 2. Above appointment is contractual and the conditions of employment are governed by the rules and regulations of the company.
 3. Sri C. K. Dhanuka, Managing Director is related to Sri Mrigank Dhanuka and Sri Haigreave Khaitan, Directors of the Company

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DHUNSERI TEA & INDUSTRIES LIMITED**Annexure to the Directors' Report****CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO.**

Pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

FORM A**CONSERVATION OF ENERGY**

	Current year ended 31.03.2007	Previous year ended 31.03.2006
A. POWER & FUEL CONSUMPTION		
1. Electricity		
a) Purchased Units (lakhs KWH)	27.19	28.63
Total Amount (Rs. lakhs)	170.32	172.59
Rate / Unit (Rs. / KWH)	6.26	6.03
b) Own Generation		
i) Through Diesel Generator Units (lakhs KWH)	10.22	12.51
Units per Ltr. of Diesel Oil	2.83	2.88
Cost / Unit (Rs. / KWH)	11.45	11.68
ii) Through Gas Generator Units (lakhs KWH)	3.50	4.80
Units per cu.m of Gas	1.14	0.50
Cost / Unit (Rs. / KWH)	2.59	2.49
2. Coal (Margherita and Khasi used in tea withering & drying machines)		
Quantity (Tonne)	2,253.86	2,535.20
Total Cost (Rs. lakhs)	60.88	60.40
Average Rate (Rs. / Tonne)	2,701.33	2,382.42
3. Furnace Oil		
Quantity (lakhs Ltrs.)	0.10	0.05
Total Cost (Rs. lakhs)	1.95	0.81
Average Rate (Rs. / Ltr.)	18.77	16.73
4. Gas		
Quantity (lakhs Cu.m)	34.62	34.53
Total Cost (Rs. lakhs)	140.56	106.53
Average Rate (Rs. / Cu.m)	4.06	3.09
B. CONSUMPTION PER UNIT OF PRODUCTION		
Product - Tea		
Tea Produced (lakh kgs.)	74.16	75.06
Electricity (KWH)	0.55	0.61
Coal (Kg.)	0.30	0.34
Gas (Cu.m)	0.47	0.46

RESEARCH AND DEVELOPMENT (R & D)

The Company has no R & D unit. It subscribes regularly to Tea Research Association which does R & D work for Tea Industry.

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- Efforts in brief made towards technology absorption, adaptation and innovation : Indigenously developed technologies for the improvement of production both in field and factory were adopted, required modifications and innovations were done.
- Benefits derived as a result of the above efforts, e.g. product improvement, import substitution, etc. : Higher yield, reduction of cost of production and improvement in quality of product.
- Imported Technology : Nil

FOREIGN EXCHANGE EARNINGS AND OUTGO

Earnings & Outgo of Foreign Exchange as detailed in Notes and in Schedule 17 to the Accounts were as under :

Foreign Exchange Earnings	: Rs. Nil (Previous year Rs. Nil)
Foreign Exchange Outgo	: Rs. Nil (Previous year Rs. 11.11 lacs)

DHUNSERI TEA & INDUSTRIES LIMITED**Report on Corporate Governance****1. COMPANY'S PHILOSOPHY**

The company believes in good corporate governance and lays emphasis on transparency, accountability and integrity.

The company endeavours to improve on these aspects on ongoing basis.

2. BOARD OF DIRECTORS (BOARD)**a) Composition of Board**

The Board comprises of five non-executive independent directors, one non-executive/non-independent director, two non-executive directors related to promoter and an executive/promoter director who is the Managing Director of the company as well as chairman of the Board. The number of non-executive independent directors comprise of more than one half of the total strength of the Board.

During the year under review Sri B. K. Biyani was inducted as a non-executive non-Independent Director in the Board of the Company w.e.f. 31.05.2006.

b) Attendance of each Director at the Board Meetings and at the last AGM and other Directorships / Committee Memberships held

During the year the Board met five times on the following dates :-

31st May, 2006 ; 12th June, 2006 ; 29th July, 2006 ; 30th October, 2006 and 31st January, 2007.

The attendance and number of other directorship/committee membership of each director is given below:

Name of Director	Category of Directorship	No. of Board Meetings attended	Whether attended last AGM on 29.07.2006	* No. of Directorships in other Public Companies.	@ Other Committee Memberships	
					Member	Chairman
Sri P. L. Agarwal	Non-Executive Independent	3	Yes	7	—	—
Sri S. R. Daga	Non-Executive Independent	5	No	3	—	1
Sri B. D. Beriwal	Non-Executive Independent	5	Yes	3	—	—
Sri C. K. Dhanuka	Executive Director / Promoter	5	Yes	8	4	—
Sri R. N. Deogun	Non-Executive Independent	4	Yes	1	1	—
Sri Haigreave Khaitan	Non-Executive / Promoter Relative	—	No	13	6	—
Sri S. Bagaria	Non-Executive Independent	2	Yes	2	—	—
Sri Mrigank Dhanuka	Non-Executive / Promoter Relative	4	Yes	5	—	—
Sri B. K. Biyani	Non-Executive/ Non-Independent	4	Yes	3	—	—

* Excluding directorship in Indian Private Limited Companies, Foreign Companies, Alternate Directorships and section 25 Companies.

@ Only the Membership/Chairmanship of Audit Committee and Shareholders/Investors Grievance Committee have been considered.

c) Remuneration of Directors, sitting fees, salary, perquisites and commissions

Details of remuneration paid/payable to Directors :

(in Rupees)

Name of Director	Sitting fees		Salaries & Perquisites	Commission	Total
	Board Meetings	Committee Meetings			
Sri C. K. Dhanuka	Nil	Nil	1151327	904645	2055972
Sri P. L. Agarwal #	15000	2000	Nil	Nil	17000
Sri B. D. Beriwal	25000	12000	Nil	Nil	37000
Sri S. R. Daga	25000	12000	Nil	Nil	37000
Sri R. N. Deogun	20000	6000	Nil	Nil	26000
Sri S. Bagaria	10000	Nil	Nil	Nil	10000
Sri B. K. Biyani	20000	Nil	Nil	Nil	20000
Sri M. Dhanuka	20000	Nil	Nil	Nil	20000

Sri M. Dhanuka is related to Sri C. K. Dhanuka.

Paid to M/s. Khaitan & Co. of which Sri P. L. Agarwal is a Partner.

Sri C. K. Dhanuka was re-appointed as Managing Director with concurrent designation of Chief Executive Officer of the Company for a period of 5 years w.e.f. 1st January, 2005 on revised terms as approved by the members at the Annual General Meeting held on 29th July, 2005.

DHUNSERI TEA & INDUSTRIES LIMITED**Details of shares held by non-executive directors in the company as on 31st March, 2007 :-**

Sri M. Dhanuka — 95,000 Shares ; Sri S. R. Daga — 1,000 Shares

None of the other non-executive directors hold any shares in the company.

d) Code of Conduct for Directors and Senior Management

The Board at its meeting held on 27.01.2005 adopted the Code of Conduct for Directors and Senior Management. The Code has been put on the Company's website www.dhunseritea.com

The Code was duly circulated to all the members of the Board and Senior Management and they have affirmed their compliance to the code. A declaration to this effect is appearing along with this Report.

3. Audit Committee

The Audit Committee comprises of the following non-executive independent directors :

Sri S. R. Daga	: Chairman
Sri B. D. Beriwal	: Member
Sri R. N. Deogun	: Member

During the year under review there has been no change in the composition of the Audit Committee.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement.

The Audit Committee met four times during the year on 12th June, 2006; 29th July, 2006; 30th October, 2006 and 31st January, 2007. The attendance of the members at the Audit Committee meetings are summarised below :

Name	No. of Meetings held	No. of Meetings attended
Sri S. R. Daga	4	4
Sri B. D. Beriwal	4	4
Sri R. N. Deogun	4	3

4. Remuneration Committee

The Remuneration Committee comprises of the following non-executive independent directors :

Sri S. R. Daga	: Chairman
Sri B. D. Beriwal	: Member
Sri P. L. Agarwal	: Member

During the year there were no meetings of the Remuneration Committee.

The Remuneration Committee would determine the remuneration packages of the executive director(s).

The details of remuneration paid/payable to directors are detailed under para 2(c) above.

5. Shareholders/Investors Grievance Committee

The Shareholders/Investors Grievance Committee comprises of 4 (four) member directors, of which three are non-executive directors namely, Sri P. L. Agarwal, Sri S. R. Daga and Sri B. D. Beriwal and One Executive Director Sri C. K. Dhanuka.

Sri P. L. Agarwal is the Chairman of the Committee and Sri R. Mahadevan, Company Secretary acts as the Compliance Officer to the Committee.

The Committee deals with all matters relating to shareholders/ investors grievances viz. transfer of shares, non-receipt of balance sheet, non-receipt of declared dividend etc.

The Committee met twice during the year on 12th June, 2006 and 31st January, 2007.

The attendance of the members at the Shareholders/Investors Grievance Committee Meeting are summarised below :-

Name	No. of Meetings held	No. of Meetings attended
Sri P. L. Agarwal	2	1
Sri S. R. Daga	2	2
Sri B. D. Beriwal	2	2
Sri C. K. Dhanuka	2	2

During the year 175 complaints were received from shareholders and investors. All the complaints have been resolved to the satisfaction of the complainants. All valid requests for share transfer received during the year have been acted upon by the company and no such transfer is pending.