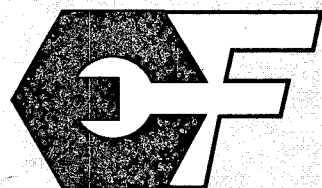


19th

**ANNUAL REPORT
2006-2007**



**ESCORTS
FINANCE
LIMITED**



COMPANY'S INFORMATION

Board of Directors

Mr. Munendra Kumar Singh
Chairman

Mr. Brijesh Singhal

Mr. S.K. Maini

Registered Office

N-6, Pratap Building,
Connaught Circus,
New Delhi-110 001

Chief Executive Officer

Mr. Partha Sarkar

Company Secretary

Mrs. Ruchika Gupta

Auditors

N.M. Rajji & Co.
E-7/14, Vasant Vihar,
New Delhi-110 057

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ESCORTS FINANCE LIMITED**REGISTERED OFFICE : N-6, PRATAP BUILDING, CONNAUGHT CIRCUS, NEW DELHI - 110 001****NOTICE**

Notice is hereby given that the **Nineteenth Annual General Meeting** of the Company will be held on **Tuesday, September, 25, 2007 at 10:30 A.M.** at Sri Sathya Sai International Centre and School, Pragati Vihar, Lodhi Road, New Delhi - 110 003 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2007 and Profit and Loss Account for the year ended March 31, 2007 and the Report of Auditors' and Directors' thereon.
2. To appoint director in place of Mr. Brijesh Singhal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s. N.M.Raiji & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company for the year 2007-2008 and to fix their remuneration.

SPECIAL BUSINESS:

4. Appointment of Mr. S.K. Maini as Director of the Company:
To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Mr. S.K. Maini, who was appointed as an Additional Director with effect from July 31, 2007 by the Board of Directors of the Company and who ceases to hold office pursuant to Sec.260 of Companies Act, 1956 and in respect of whom the Company has received a notice in writing from a member under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board,
For **Escorts Finance Limited**

Place : New Delhi
Dated : 14.08.2007

Ruchika Gupta
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES MAY BE IN THE FORM ANNEXED HERETO AND TO BE EFFECTIVE MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from September 19, 2007 to September 25, 2007 (both days inclusive).
3. Shareholders / Proxy holders are requested to produce at the entrance attached admission slip duly completed and signed, for admission to the meeting hall.

4. Members are informed that Share Transfer and related activities are being carried out by Alankit Assignments Limited, Registrar and Transfer Agents, from the following address: -

ALANKIT ASSIGNMENTS LIMITED

Alankit House
2E/21, Jhandewalan Extension,
New Delhi - 110 055
Tel.: 23541234, 42514234 Fax: 23552001, 42541201
E-mail : alankit@alankit.com

All correspondence may kindly be sent to the above address only.

5. The Equity shares of the company can only be traded in electronic mode w.e.f. June 26, 2000 as per SEBI guidelines. The company has already entered into agreements with National Securities Depository Ltd. and Central Depository Services (I) Ltd for the same. Interested members may opt to convert physical shares of the company in the electronic mode after sending request for dematerialisation through their Depository Participant.
6. Section 109A of the Companies Act, 1956 has extended nomination facility to individuals holding shares in Companies. Shareholders, in particular those holding shares in single name, are requested to avail the above facility by furnishing to the Company, particulars of their nominees. Shareholders may please write to the Company Secretary for the prescribed Nomination Form 2B.
7. Members are requested to notify immediately any change in their address (with pin code) to Alankit Assignments Limited, quoting their folio numbers.
8. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Company Secretary at least ten days before the date of the meeting, so that the information required may be made available at the meeting.
9. Copies of Memorandum & Articles of Association of the Company and all other material documents referred to hereinabove will be available for inspection at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all working days except Saturdays, Sundays and other holidays and will also be available at the Meeting.
10. Members who have not yet paid their "Allotment Money" are advised to send the same along with interest calculated @ 17% p.a. for delayed period i.e. from 07.05.95 till the date of payment, through demand draft / cheque payable at Delhi in favour of the Company, to avoid forfeiture.
11. Unclaimed dividend for the year 1999 - 2000 declared on 29.07.2000 was duly transferred to Investor Education and Protection Fund as seven years has elapsed since its declaration.

NOTICE CONTD...



12. Members are requested to bring their copy of Annual Report to the meeting. No extra copy would be available for distribution at the meeting.
13. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to special business, is annexed hereto.
14. Brief Resume and other information, in respect of the Directors seeking appointment / re-appointment at the Annual General Meeting, as required under Clause 49 of the Listing Agreement with the Stock Exchanges are given hereunder.

A. Mr. Brijesh Singhal

Date of Birth	: October 30, 1968
Date of Appointment	: December 27, 2006
Qualification	: B.Com from Jamia Millia Islamia University; M.B.A (HR) from Jamia Millia Islamia University; LL.B from University of Delhi.
Expertise in specific functional areas	: He is practicing as an Advocate since 1998 in Delhi High Court and all District Courts including Tribunals, Forums subordinate to the Delhi High Court. He has a vast knowledge in cases pertaining to corporate matters and panel lawyer for various companies. He has worked with M/s. Skyline Builders as Manager Legal.
Outside Directorships held	: NIL
Outside Committee positions held	: NIL

B. Mr. S.K. Maini

Date of Birth	: September 21, 1948
Date of Appointment	: July 31, 2007
Qualification	: B.A.Com from Delhi University; Fellow Member of the Institute of Chartered Accountants of India (ICAI).
Expertise in specific functional areas	: He is practicing as a Chartered Accountant since 1975 and is well versed with the tax laws and Corporate Accounting. Among others, CITIBANK and Air-France are the major clients of his firm.
Outside Directorships held	: NIL
Outside Committee positions held	: NIL
Shareholding in the Company	: NIL

EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956**Item No. 4**

Mr: S.K.Maini was appointed as an Additional Director of the Company with effect from July 31, 2007 pursuant to Section 260 of the Companies Act, 1956 (the Act), and applicable provisions of Articles of Association of the Company. He will hold the office of Director upto the date of the ensuing Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Companies Act, 1956 in writing along with requisite deposit, proposing him as a candidate for the office of Director of the company, liable to retire by rotation.

Your Directors recommend the appointment for your approval.

Except Mr. S.K. Maini no other director is concerned or interested in this resolution.

By Order of the Board,
For **Escorts Finance Limited**

Place : New Delhi
Dated : 14.08.2007

Ruchika Gupta
Company Secretary

DIRECTORS' REPORT**DIRECTORS' REPORT**

Your Directors are pleased to present the Nineteenth Annual Report, together with the Audited Accounts of the Company for the Financial Year ended 31ST March 2007, and the Auditors' Report thereon.

FINANCIAL RESULTS**(Rs. In Crores)**

	Financial Year ended March 31, 2007	Financial Year ended March 31, 2006
Gross Income	13.44	9.37
Loss before write off, provisions & tax	(4.57)	(20.11)
Bad debts written off	2.77	2.53
Provisions/Income reversals as per RBI norms (net)	3.71	2.68
Provision for doubtful stock on hire & debts	Nil	189.40
Prior period expenses	Nil	17.25
Provision for doubtful advances	Nil	38.77
Provision for taxation	Nil	(0.24)
Loss after Tax	(11.05)	(270.51)
(Deficit)/ Surplus from last year	(246.84)	23.67
Loss	(257.89)	(246.84)
APPROPRIATIONS		
Transfer to:		
Special Reserve	Nil	Nil
General Reserve	Nil	Nil
Deficit carried forward	(257.89)	(246.84)
	(257.89)	(246.84)

DIVIDEND

In view of the losses suffered by the Company, no dividend has been considered for the year.

OPERATIONS OVERVIEW

In view of the enormous difficulties your company is facing, which has been highlighted by the Board in its previous reports the management has been struggling to keep its head above water, while grappling with the main problem of settling with its various creditors. It has been facing these challenges bravely even as its funded business has come to a standstill and there has been large exodus of staff.

It switched its operations largely to its non-funded business while cutting costs and concentrating on recovering whatever monies it can from the market. Fortunately the countrywide network of the company is still intact though staffing levels have thinned.

The company has been engaged in resolving its outstanding dues to its various creditors. Good success has been achieved with banks, but the settlement of the dues with the fixed depositors through the Scheme of Arrangement filed in the High Court in Delhi is taking considerable time. More details are given below.

SCHEME OF ARRANGEMENT AND COMPROMISE

As already informed, to meet its obligations to fixed deposit holders and secured creditors, the Board turned to the promoter, Escorts Limited, with a request for a bailout package.

Escorts Limited have come out with a scheme to settle the dues of Fixed Deposit Holders and Secured Creditors of Escorts Finance Limited (EFL).

Salient features of the Scheme are as under: -

1. Escorts Limited shall, in lieu of the Fixed Deposits held by the Fixed Deposit Holders of EFL, grant all of them Liquidity Options in the form of either Equity Shares or Fully Convertible Unsecured Debentures of Escorts Limited for value equivalent to 75% of the aggregate of principal amount of the Fixed Deposit held by each Fixed Deposit Holder together with the interest and penal interest accrued thereon, if any, as at the effective date.
2. In addition to grant of liquidity options to the Fixed Deposit holders of EFL, Escorts Limited shall assume the liabilities towards the Secured Creditors of EFL on such terms and conditions as may be mutually agreed by and between Escorts Limited, EFL and the Secured Creditors of EFL.
3. In consideration for the above, EFL shall treat Escorts Limited as Unsecured Creditor for 75% of the Fixed Deposit Value and assign part of its Loans and Advances and part of its Stock-on-Hire appearing in the provisional Balance Sheet as at the Specified Date to Escorts Limited. Escorts Limited shall realize these assets to settle the outstanding of EFL's Secured Creditors as on Effective Date.

DIRECTORS' REPORT CONTD...

To implement the above Scheme, Escorts Limited and Escorts Finance Limited approached the Hon'ble High Court of Delhi under Section 391 to 394 of the Companies Act, 1956. The Hon'ble High Court admitted the application and issued directions for holding meetings of Fixed Depositors and Secured Creditors of your Company on 5th May 2006 where the Scheme was duly approved by the requisite majority. The Shareholders, Secured Creditors and Unsecured Creditors of Escorts Limited approved the Scheme at their meetings held on 10th May 2006. These meetings were conducted under the supervision of the Court and necessary approvals were secured.

Following this, your Company has filed a petition before the Hon'ble High Court of Delhi for the approval of the Scheme. At present the Scheme is subjudice before the Court. If approved and on successful implementation of the Scheme of Arrangement and Compromise, your Company will be in a position to settle all its creditors.

ONE TIME SETTLEMENT PROPOSAL TO THE CONSORTIUM BANKS OF THE COMPANY

The Company faced major disadvantages of cost due to poor economies of scale and aggressive entry by Banks in retail finance with low cost funds. The Credit rating of the Company went below investment grade in January 2005 so the Company had to stop accepting fresh deposits and start refunding its fixed deposits to meet the guidelines of Reserve Bank of India. The Company faced a situation of mismatch of the assets recovery from borrowers versus repayment commitment to the lenders. Under these circumstances it was decided by the Board that the best alternative to meet the liabilities of the Company would be to offer a One Time Settlement proposal to the Company's Bankers.

In this regard a consortium meeting of the Company's Bankers was held on 30th August 2006 to discuss the deteriorating financial position of the Company. At the meeting an offer for One Time Settlement (OTS) was placed before all the members of the consortium. All the banks accepted the proposal in one form or other, and by 31st March 2007, the following banks were fully settled.

- The Federal Bank Ltd.
- State Bank of Indore
- Vijaya Bank
- Bank Of Baroda
- The Bank of Rajasthan Ltd.
- Indian Overseas Bank.

This leaves only Dena Bank, The Jammu & Kashmir Bank Ltd., The Bombay Mercantile Co-operative Bank Ltd. and Punjab National Bank, whose full and final settlements are likely to be completed within the current financial year.

At this juncture your Board through the following Management Discussion and Analysis seeks to place before you the present position of the Company in some detail. Once the Company is able to overcome the present crises, it would then refocus on developing new business avenues. India's burgeoning economy would offer ample opportunities for growth.

MANAGEMENT DISCUSSION AND ANALYSIS

Industry Structure and Development

The Non Banking Finance Companies (NBFC) sector in India is represented by a mix of a few large companies with nationwide presence and a few small and medium sized companies with regional focus, primarily engaged in equipment leasing, hire purchase financing, investments, corporate loans, IPO funding and venture capital etc. The Reserve Bank of India regulates and supervises these NBFCs.

The NBFCs are facing stiff competition from banks and financial institutions. Due to easy availability of low cost funds with them throughout the country, the banks and financial institutions are able to provide services similar to NBFCs at much cheaper rate.

Segment-wise or Product-wise Performance

The Company is primarily engaged in the business of hire purchase, leasing and bill discounting. Since the risk and returns in these businesses are similar, therefore, these are grouped as a single segment. This is in accordance with the guiding principle enunciated in the Accounting Standard on Segment Reporting (AS- 17) issued by The Institute of Chartered Accountants of India.

Future Outlook

The basis of the new business would be the existing business of construction equipment finance franchisee and tractor finance agency business.

Your Company sees suitable opportunities in these business areas based on the expected growth rate of the economy and in particular high growth rate in the construction, infrastructure and agricultural areas which are your Company's areas of competence and involvement.

Your Company is right now engaged in a major cost reduction programme and upon successful implementation of the Scheme of Arrangement and Compromise, should be able to generate profits from the subsequent years. Other businesses could be considered only after the implementation of proposed Scheme of Arrangement and Compromise.

Risks and Concerns

The collections from the existing portfolio of the Company will get exhausted in the next two years. The funds so collected would help repayments and in meeting operating expenses till the time the new initiatives taken by your Company start showing results. The current construction equipment finance franchisee business would bring in limited profits. The future of the Company would depend upon the growth of new businesses after the Scheme of Arrangement and Compromise is implemented.

Financial Performance

As already mentioned, the year under review was a traumatic one for the Company. With virtual stoppage of its funds based business, your Company has made provisions and written off debtors amounting to Rs. 6.53 Crores. With operational losses of Rs. 11.05 Crores, the total accumulated losses at the end of the year amounted to Rs. 257.89 Crores.

DIRECTORS' REPORT CONTD...**Internal Control Systems And Their Adequacy**

The Company's internal control systems which had served it well in the past, suffered a serious set back due to scarcity of staff and the virtual impossibility of attracting quality staff.

The controls are being rebuilt and designed to serve the new business model of the Company.

Human Resource and Industrial Relations

It is our firm belief that the Company should have the best of talent working for it and its workforce should be in tune with the latest skills. But unfortunately because of the negative growth in the Company, there was a rapid deterioration of quality manpower at all levels in the Company. Your Company is striving to start new businesses and focussing to build a motivated team to achieve its business goals, since employees are the pivots of the Company and therefore it is always our endeavour to hone and strengthen them.

Your Directors acknowledge and deeply appreciate the hard work put in by the employees and their support to the management.

Cautionary Statement

Statements in this management discussion and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations are significant changes in political and economic environment in India, tax laws, RBI regulations, exchange rate fluctuation and other costs.

FINANCIAL RESOURCES**a) Fixed Deposits:**

Credit Analysis & Research Limited (CARE) had downgraded the credit rating for the Fixed Deposit Programme of the Company to CARE B with effect from October, 2005.

Fixed Deposits as on 31.03.2007 stood at Rs. 139.3 Crores. Deposits aggregating to Rs. 116.6 Crores had matured for payment but remained unpaid as on 31st March 2007. As per the provisions of NBFCs Acceptance of Public Deposits (Reserve Bank) Directions 1998, your Company had stopped accepting the public deposits and is required to bring deposits down to Rs. 10 Crores by January 2008.

b) Banks' Funds:

As the Company is withdrawing from the fund based business, it proposes to retire the funds borrowed from banks and is engaged in discussion with banks in this regard.

As on date all the dues of following banks have been settled and the Company is in consultation with other banks to settle their accounts:

- The Federal Bank Ltd.
- State Bank of Indore

- Vijaya Bank
- Bank Of Baroda
- The Bank of Rajasthan Ltd.
- Indian Overseas Bank.

INVESTORS' SERVICES

Alankit Assignments Limited, a Category I Registrar and Transfer Agent are carrying on the share transfer work in both physical as well as electronic modes. The shares of your Company can only be traded in electronic mode. Therefore, the shareholders who have not yet dematerialized their shares may contact their respective Depository Participants for facilitating dematerialization of their shares.

DIRECTORS

Mr. S.K. Maini has been appointed as Additional Director of the Company, who holds office upto the ensuing Annual General Meeting.

Mr. Rajan Nanda, Mr. Sunil Kataria and Mr. Sukesh Kumar Jain resigned from the post of Director. The Board of Directors place on record their appreciation of the valuable advice and counsel rendered by them during their tenure as Directors.

In terms of Section 256 of the Companies Act, 1956, Mr. Brijesh Singhal retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the listing agreement with Stock Exchanges, a Report on Corporate Governance along with a certificate from M/s N. M. Raiji & Co., Chartered Accountants, confirming compliance of conditions of corporate governance are enclosed as Annexure A.

AUDITORS

M/s N.M. Raiji & Co., Auditors of the Company will hold office until the conclusion of the ensuing Annual General Meeting. The Company has received letter from them to the effect that their reappointment as statutory auditors for the financial year 2007-2008, if made, would be within the prescribed limits under Section 224 (1)(b) of the Companies Act, 1956.

AUDITORS OBSERVATIONS AND COMMENTS THEREON

The observations made by the Statutory Auditors in the Auditor's Report are dealt with separately in the Notes to the Profit & Loss Account and the Balance Sheet, forming Schedule 16 of the Accounts. These are self-explanatory and do not call for any further comments.

DIRECTORS' RESPONSIBILITY STATEMENT

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

1. That in the preparation of the annual accounts for the financial year ended 31st March, 2007, the applicable accounting standards have been followed along with proper explanation relating to material departures;

DIRECTORS' REPORT CONTD...

2. That the Directors have 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 financial year ended 31st March, 2007 and of the loss of the Company for that period;
3. That the Directors 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;
4. That the Directors have prepared the annual accounts for the financial year ended 31st March, 2007 on a going concern basis.

PARTICULARS OF EMPLOYEES

None of the employees of your Company is in receipt of remuneration requiring disclosure pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, hence no such particulars are annexed.

INFORMATION UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

- a. Conservation of energy and technology absorption
Your Company being engaged in financing business does not have any activity relating to conservation of energy and technology absorption

b. Foreign Exchange Earning and Outflow

During the period under review, there was no foreign exchange outflow from your Company and it had no foreign exchange earnings.

c. Amount due to small scale industries

There was no amount due to any small scale industry.

ACKNOWLEDGEMENT

Your Directors wish to thank and acknowledge the co-operation and assistance extended by the Banks, Financial Institutions, Government Agencies, Customers and Depositors.

The Directors also wish to convey their deep appreciation of the contribution made by all employees to the operations of the Company, in particular those who continued with the Company and extended their full support during this difficult period. We also convey our thanks to our esteemed shareholders for their continued support and encouragement.

For and on behalf of the Board

Place: New Delhi
Date: 14th August, 2007

Munendra Kumar Singh
Chairman

REPORT ON CORPORATE GOVERNANCE**Annexure - A**

A detailed report on Corporate Governance practices followed at Escorts Finance Limited for the period April 1, 2006 to March 31, 2007 is given below:

I. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

"Corporate Governance" refers to a combination of laws, regulations, procedures, implicit rules and voluntary practices that enable companies to attract financial and human capital, perform efficiently and thereby maximize long term value for shareholders, while respecting the aspect of multiple stakeholders, including society at large.

Corporate Governance is not a matter of just complying with the checklists; it is integral to the very existence of the Company. It strengthens investors' trust and ensures long term partnership that help in fulfilling the Company's quest for higher growth and profits. Corporate Governance rests upon the four pillars of: **Transparency, Full Disclosure, Independent Monitoring and Fairness** to all, especially to minority shareholders. A good Corporate Governance policy should also ensure the following:

- A competent management team is at the helm of affairs;
- The Board is strong with an optimum combination of Executive and Non-Executive (including independent) Directors, who represent the interest of all stakeholders;
- The Board effectively monitors the management's progress, takes all corporate decisions;
- The Board is aware of the concerns of the Company's Shareholders;
- The management and employees have a stable environment; and
- The Company's policies benefit all its shareholders.

In sum, the essence of Corporate Governance lies in the phrase **"Your Company"**. It is "Your" Company because it belongs to you, the Shareholders. The Chairman and Directors are "Your" fiduciaries and trustees. The objective is to take the business forward to maximize "Your" long-term value / wealth.

II. BOARD OF DIRECTORS**Composition and Category of Directors**

The Board should have an optimum combination of Executive and Non-Executive Directors with not less than fifty percent of the Board comprising of Non-Executive Directors. Further, at least one-third of the Board should comprise of Independent Directors if the Chairman is Non-Executive and at least half of the Board should comprise of Independent Directors in case of an Executive Chairman.

As on March 31, 2007, the Company's Board comprised of Three Non-Executive Directors. The composition of the Board is in conformity with the Listing Agreement.

The details of Directors with regard to their outside directorships and committee positions are as follows:

Name	Promoter/Executive/Non-Executive/ Independent ¹	No. of Outside Directorships Held ²		Outside Committee Positions held ³	
		Director	Chairman	Member	Chairman
Mr. Rajan Nanda ⁴	Promoter/Non-Executive Chairman	1	3	NIL	NIL
Mr. Partha Sarkar ⁵	Executive (Managing Director)	3	NIL	NIL	NIL
Mr. Munendra Kumar Singh	Independent	NIL	NIL	NIL	NIL
Mr. Sunil Kataria ⁶	Independent	NIL	NIL	NIL	NIL
Mr. Sukesh Kumar Jain	Independent	NIL	NIL	NIL	NIL
Mr. Brijesh Singhal	Independent	NIL	NIL	NIL	NIL

1. Independent Director means a Director defined under Clause 49 of the Listing Agreement
2. Excluding Directorships in private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.
3. Only two committees viz. the Audit Committee and Shareholders'/Investors' Grievance Committee are considered.
4. Resigned w.e.f. 21.08.2006.
5. Resigned w.e.f. 29.04.2006
6. Resigned w.e.f. 05.09.2006.

REPORT ON CORPORATE GOVERNANCE CONTD...**Attendance of Directors at Board Meetings and the last Annual General Meeting**

The Board shall meet at least four times a year, with a maximum gap of four months between any two meetings.

During 2006-07, the Board of Directors met 13 (Thirteen) times [including 4(Four) adjournments] on April 18, 2006; April 29, 2006; May 4, 2006; June 30, 2006 (Adjourned for lack of quorum and held on July 15, 2006, July 20, 2006, July 29, 2006); August 10, 2006 (Adjourned to August 14, 2006); August 31, 2006; October 31, 2006; November 30, 2006; January 31, 2007; February 28, 2007.

The Directors' attendance at the Board Meetings and the last Annual General Meeting are as follows:

Name	No. of Board Meetings held during tenure	No. of Board Meetings attended	Attendance at the last AGM
Mr. Rajan Nanda*	8	6	No
Mr. Partha Sarkar**	1	1	Yes
Mr. Sunil Kataria***	9	9	No
Mr. Munendra Kumar Singh	8	8	Yes
Mr. Sukesh Kumar Jain	13	13	Yes
Mr. Brijesh Singhal	12	12	Yes

* Resigned w.e.f. 21.08.2006.

** Resigned w.e.f. 29.04.2006 (Attended the AGM as CEO)

*** Resigned w.e.f. 05.09.2006.

Code of Conduct

The Board shall lay down a code of conduct for all Board members and Senior Management of the Company. All Board members and Senior Management personnel shall affirm compliance with the code on an annual basis. The Annual Report of the Company shall contain a declaration to this effect signed by the Chief Executive Officer.

The Company is not having website to post the code of conduct.

Declaration by CEO

The CEO of the Company has given the Certificate as below as per the requirement of Clause 49 of the Listing Agreement:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct for Directors and Senior Management in respect of the Financial Year 2006-07.

Place: New Delhi

Date: 14.08.2007

Partha Sarkar
(Chief Executive Officer)

queries. The Company Secretary shall act as the Secretary of the Committee.

Your Company's Audit Committee was originally constituted on 18.11.1996. As on March 31, 2007, the composition of the Audit Committee was as under:

Director	Designation	Category
Mr. Sukesh Kumar Jain	Chairman	Independent Director
Mr. Brijesh Singhal	Member	Independent Director
Mr. Munendra Kumar Singh	Member	Independent Director

Terms of Reference

The Audit Committee is performing in terms of Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The role of the Audit Committee includes the following:

1. 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.
2. 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.
3. Approval of payment to Statutory Auditors for any other services rendered by the Statutory Auditors.
4. 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

III. AUDIT COMMITTEE**Composition**

A qualified and independent Audit Committee shall be set up with minimum three Directors as members and two-thirds of the members of the Committee shall be Independent Directors. All members of the Audit Committee shall be financially literate and at least one member shall have accounting or related financial management expertise. The Chairman of the Audit Committee shall be an Independent Director and shall be present at Annual General Meeting to answer shareholder