



25th

ANNUAL REPORT

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2007-2008



**ESCORTS
FINANCE
LIMITED**



COMPANY INFORMATION

Board of Directors

Mr. Inder Mohan Sakhuja
Chairman

Mr. Pritam Narang

Mr. Hans Raj Sachdeva

Mr. Janak Sachdeva

Manager

Mr. P. K. Marwah

Auditors

N.M. Rajji & Co.
E-7/14, IInd Floor,
Vasant Vihar,
New Delhi- 110057

Registered Office

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



ESCORTS FINANCE LIMITED

REGISTERED OFFICE: N-6, PRATAP BUILDING, CONNAUGHT CIRCUS, NEW DELHI - 110 001

**NOTICE**

Notice is hereby given that the **20th Annual General Meeting** of the Company will be held on **Monday, 29th September, 2008 at 11.00 A.M.** at 'The Executive Club', 439, Village Shahoorpur, P.O. Fatehpur Beri, New Delhi - 110074 to transact the following business;

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 and Profit and Loss Account for the year ended on that date and the Report of Auditor's and Directors' thereon.
2. To appoint M/S N.M. Raiji & Co., Chartered Accountants, New Delhi as Statutory Auditors of the Company for the year 2008-2009 and to fix their remuneration.

SPECIAL BUSINESS:

3. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Mr. Pritam Narang, who was appointed as an Additional Director with effect from 14th January, 2008 by the Board of Directors and who holds office up to the date of forthcoming Annual General Meeting pursuant to Section 260 of Companies Act, 1956 and in respect of whom the Company has received a notice in writing 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."

4. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Mr. Inder Mohan Sakhuja who was appointed as an Additional Director with effect from 30th June, 2008 by the Board of Directors and who holds office up to the date of forthcoming Annual General Meeting pursuant to Section 260 of Companies Act, 1956 and in respect of whom the Company has received a notice in writing 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."

5. To consider and, if thought fit, to pass with or without modification(s) the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Mr. Janak Sachdeva who was appointed as an Additional Director with effect from 14th July, 2008 by the Board of Directors and who holds office up to the date of forthcoming

Annual General Meeting pursuant to Section 260 of Companies Act, 1956 and in respect of whom the Company has received a notice in writing 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."

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

"RESOLVED THAT Mr. Hans Raj Sachdeva who was appointed as an Additional Director with effect from 14th July, 2008 by the Board of Directors and who holds office up to the date of forthcoming Annual General Meeting pursuant to Section 260 of Companies Act, 1956 and in respect of whom the Company has received a notice in writing 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."

7. 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 Sections 198, 269, read with Schedule XIII, 309, 349, 350, 385, 386, 388 and all other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded for appointment of Mr. P.K. Marwah as Manager of the Company for a period of five years w.e.f. 30th November, 2007 at nil remuneration.

"RESOLVED FURTHER THAT the Board of Directors of the Company, be and are hereby authorised to take all necessary steps in this regard."

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

"Resolved That in accordance with the provisions of SEBI (Delisting of Securities) Guidelines, 2003, or any amendments or modifications thereof, the consent of the Company be and is hereby accorded to the Board of Directors ("The Board") to delist the securities of the Company from the Ahmedabad Stock Exchange Limited and the Delhi Stock Exchange Limited.

Resolved Further That the Board be and is hereby authorised to take all necessary steps in this regard in order to comply with the legal and procedural formalities including authorising any Committee of Directors or any of the



Directors/Officers/Executives of the Company to do all such acts, deeds or things to give effect to this resolution".

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

Place: Faridabad
Dated: 22.08.2008

P. K. Marwah
(Manager)

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 Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, which sets out details relating to special business, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 23/09/2008 to 29/09/2008 (both days inclusive).
4. Shareholders / Proxy holders are requested to produce at the entrance attached admission slip duly completed and signed, for admission to the meeting hall.
5. 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: 42541967
E-mail : rta@alankit.com

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

6. The Equity shares of the company can only be traded in electronic mode w.e.f. 26.06.2000 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.

7. 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.
8. Members are requested to notify immediately any change in their address (with pin code) to Alankit Assignments Limited, quoting their folio numbers.
9. Members desirous of obtaining any information concerning the accounts and operations of the Company are requested to address their questions in writing to the Manager at least ten days before the date of the meeting, so that the information required may be made 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. Members are requested to bring their copy of Annual Report to the meeting. No extra copy would be available for distribution at the meeting.
12. Members are hereby informed that unclaimed dividend for the Financial year 1999-2000 has already been deposited by the Company with Investor Education & Protection Fund (IEPF) constituted by the Central Government under section 205C of the Companies Act, 1956. **Further, under the amended provision of Section 205B of the Companies Act, 1956, no claim shall lie for the unclaimed Dividend from IEPF by the shareholders.**
13. Pursuant to the requirements of the Listing agreement with the Stock Exchanges on Corporate Governance the information required to be given in case of appointment of new Director or re-appointment of a Director, is given in Annexure to the Notice.



EXPLANATORY STATEMENT UNDER SECTION 173 (2) OF THE COMPANIES ACT, 1956.

Item No. 3

Mr. Pritam Narang was appointed as an Additional Director of the Company with effect from 14th January, 2008 pursuant to Section 260 of the Companies Act, 1956 (the Act), and applicable provisions of Articles of Association of the Company. He holds the office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Act 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 of Mr. Pritam Narang for your approval.

None of the directors except Mr. Pritam Narang is concerned or interested in the proposed resolution.

Item No.4

Mr. Inder Mohan Sakhuja was appointed as an Additional Director of the Company with effect from 30th June, 2008 pursuant to Section 260 of the Companies Act, 1956 (the Act), and applicable provisions of Articles of Association of the Company. He holds 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 Act 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 of Mr. Inder Mohan Sakhuja for your approval.

None of the directors except Mr. Inder Mohan Sakhuja is concerned or interested in the proposed resolution.

Item No.5

Mr. Janak Sachdeva was appointed as an Additional Director of the Company with effect from 14th July, 2008 pursuant to Section 260 of the Companies Act, 1956 (the Act), and applicable provisions of Articles of Association of the Company. He holds the office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Act 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 of Mr. Janak Sachdeva for your approval.

None of the directors except Mr. Janak Sachdeva is concerned or interested in the proposed resolution.

Item No.6

Mr. Hans Raj Sachdeva was appointed as an Additional Director of the Company with effect from 14th July, 2008 pursuant to Section 260 of the Companies Act, 1956 (the Act), and applicable provisions of Articles of Association of the Company. He holds the office of Director up to the date of the ensuing Annual General Meeting. The Company has received a notice pursuant to Section 257 of the Act 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 of Mr. Hans Raj Sachdeva for your approval.

None of the directors except Mr. Hans Raj Sachdeva is concerned or interested in the proposed resolution.

Item No. 7

The Board of Directors have appointed Mr. P. K. Marwah as Manager of the Company for a period of 5 years with effect from 30th November, 2007 under section 269 read with schedule XIII of the Companies Act, 1956, at nil remuneration.

Mr. P.K. Marwah is a Post Graduate in Commerce and has 34 years of rich experience in the financial service sector. He has been associated with the Escorts Group nearly for 25 years. Considering his expertise in the financial service sector, his appointment is recommended for your approval.

None of the Directors is concerned or interested in the proposed resolution.

Item No.8

Presently the securities of the Company are listed on the following stock exchanges: -

1. Bombay Stock Exchange Limited ('BSE')
2. Delhi Stock Exchange Limited ('DSE')
3. Ahmedabad Stock Exchange Limited ('ASE')

The Securities and Exchange Board of India has issued the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 which provide an option to the Companies to Voluntarily delist their Securities from stock exchanges. In pursuance of these guidelines, it is proposed to delist Company's Securities from DSE and ASE.

The trading of Company's Securities on DSE and ASE for past several years is insignificant and sparse.



Therefore, this proposal will have the Benefit of saving of:

- Annual Listing Fees;
- A lot of repetitive of paper work; and
- Penalties for any unintentional non compliance

The Company's Securities will continue to remain listed on BSE. Presently, BSE has maximum trading in Company's shares and has national reach. It has nation wide trading terminals.

Even after delisting from the DSE and ASE, investors throughout the length and breadth of the Country would be able to trade in Company's

securities through BSE network. Thus, the investors' interests will not be affected in any way.

The Board recommends this Special Resolution for approval by the members.

None of the Directors is concerned or interested in this Resolution.

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

Place: Faridabad
Dated: 22.08.2008

P. K. Marwah
(Manager)

Annexure to the Notice

Directors	Pritam Narang	Inder Mohan Sakhuja	Hans Raj Sachdeva	Janak Sachdeva
Date of Birth	08.02.1949	21.08.1933	19.02.1951	25.08.1952
Date of Appointment	14.01.2008	30.06.2008	14.07.2008	14.07.2008
Qualification	B.Com (Hons) from Delhi University, M.Com from Rajasthan University, Intermediate (Group-I) of ICWA	Mechanical Engineer	BE (Electrical)	FCS, LL.B., Diploma in Company Law from Indian Law Institute, New Delhi. Diploma in Labour Law from Indian Law Institute, New Delhi
Expertise in specific functional areas	40 Years of work Experience in Accounts & Finance, Exports & Imports, Third Country International Trade, Corporate Aviation Management, Corporate Administration, Projects	Mr.I.M. Sakhuja is having more than 50 years experience in the industrial fasteners and auto ancillary industry. Mr. Sakhuja has 25 years experience as Chairman & Managing Director of Jagatjit Fasteners Pvt. Ltd., a company engaged in the business of manufacture of industrial fasteners. For the last 25 years Mr. Sakhuja is holding the position of Chairman of Jayalaxmi Automotives Pvt.Ltd., which is engaged in manufacture of gears.	Mr. Hans Raj Sachdeva has 15 years experience in the Cabinet Secretariat, South Block, New Delhi as Class-I Gazetted Officer. Presently Mr. Hans Raj Sachdeva is running his independent profession as consultant for Electrical, Security Systems, Power Electronics, DG Sets etc. for the last 18 years.	Mr. Janak Sachdeva is having more than 25 years of experience in various organizations in senior positions in Delhi as well as in Mumbai. He was Chief Legal Manager for Malhotra Group of Companies, manufacturer of Safety Razor Blades for over 9 years. Mr. Sachdeva has more than 16 years of experience in Oswal Chemicals & Fertilizers Ltd. and Phoenix International Ltd., as General Manager & Company Secretary and was handling all Corporate Laws & Legal matters. Since last 5 years he is running his independent profession and dealing with Corporate Law matters.
Other Directorships held*	Escorts Consumer Credit Limited First Consumer Factors Limited	Nil	Nil	Nil
Committee positions held**	Escorts Finance Limited Audit Committee- Member Share holder's Grievance Committee - Member	Escorts Finance Limited Share holder's Grievance Committee - Member	Escorts Finance Limited Audit Committee - Chairman Share holder's Grievance Committee- Chairman	Escorts Finance Limited Audit Committee- Member

*Excluding Directorships in private limited companies, foreign companies and companies under section 25 of the Companies Act, 1956.

**For this purpose only two committees viz. the Audit Committee and Shareholders'/Investors' Grievance Committee of Public Companies have been considered.

DIRECTORS' REPORT

Your Directors are pleased to present the Twentieth Annual Report, together with the Audited Accounts of the Company for the Financial Year ended 31st March 2008, and the Auditors' Report thereon.

FINANCIAL RESULTS

(Rs. in Crores)

	Financial Year ended March 31, 2008	Financial Year ended March 31, 2007
Gross Income	2.91	13.44
Profit/(Loss) before write off, provisions & tax	(2.62)	(4.52)
Bad debts written off	(3.58)	(2.77)
Provisions/Income reversals as per RBI norms (net)	(2.86)	(3.71)
Provision for doubtful stock on hire & debts	Nil	Nil
Prior period expenses	Nil	Nil
Provision for doubtful advances	Nil	Nil
Provision for taxation	(0.07)	(0.05)
Provision no longer required	22.94	Nil
Profit/(Loss) after Tax	13.81	(11.05)
(Deficit)/Surplus from last year	(257.89)	(246.84)
(Loss)/Profit available for appropriation	(244.08)	(257.89)
APPROPRIATIONS		
Transfer to:		
Special Reserve	2.77	Nil
General Reserve	Nil	Nil
Deficit carried forward	(246.85)	(257.89)
	(246.85)	(257.89)

DIVIDEND

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

SCHEME OF ARRANGEMENT AND COMPROMISE

As you are aware, Company has filed a scheme of Arrangement and Compromise on 6th March, 2006 before the Hon'ble High Court of Delhi for the approval to settle the dues of Fixed Deposit holders. Pending disposal of scheme, Hon'ble High Court has constituted Committee of Senior Advocates for payment to the deposit holders who are facing hardship like Medical, Marriage, Education etc.

Hon'ble High Court, Delhi has passed an order on 5th December, 2007 and directed the company to place the shares of Escorts Limited to the tune of Rs.7 Crores at the disposal of Hardship Committee. Hardship Committee has cleared/paid Rs.5.50 Crores out of the same to the Fixed Deposit holders pending hardship.

Hon'ble High Court, Delhi has further passed an order on 16th July, 2008 and directed the Company to place the shares of Escorts Limited to the tune of Rs.25 Crores at the disposal of Hardship Committee for clearing the pending hardship cases of Fixed Deposit holders.

MANAGEMENT DISCUSSION AND ANALYSIS**Industry Structure and Development**

Non Banking Finance Companies (NBFCs) 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, hire purchase financing, investments, corporate loans, IPO funding, venture capital and other non-fund based activities 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. Banks and financial institutions are able to provide services similar to NBFCs at much cheaper rate. More stringent capital adequacy norms have been stipulated by RBI for NBFCs which is making difficult for them to give cheaper finance.

Segment-wise or Product-wise Performance

The Company is primarily engaged in the business of hire purchase, leasing and bill discounting and non-fund based activities. 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 and non-fund based activities.

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, other businesses could be considered.

Risks and Concerns

The collections from the existing portfolio of the Company and non-fund based business would help meeting operating expenses till the time the new initiatives taken by your Company start showing results. 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. 6.51 Crores. With operational Profit of Rs. 13.81 Crores, the total accumulated losses at the end of the year amounted to Rs. 246.85 Crores.

Internal Control Systems and Their Adequacy

The Company's internal control systems are in place to serve the existing business model of the Company.

Human Resource and Industrial Relations

Your Directors acknowledge and deeply appreciate the hard work put in by the existing 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.

DIRECTORS

Mr. Pritam Narang, Mr. Inder Mohan Sakhuja, Mr. Hans Raj Sachdeva and Mr. Janak Sachdeva have been appointed as Additional Directors of the Company, who hold office up to the ensuing Annual General Meeting.

Mr. Munendra Kumar Singh, Mr. S. K. Maini and Mr. Brijesh Singhal 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 Director.

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 2008-09, if made, would be within the prescribed limits under Section 224 (1B) 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 15 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, 2008, the applicable accounting standards have been followed along with proper explanation relating to material departures;
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, 2008 and of the profit 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 2008 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

Inder Mohan Sakhuja
Chairman

Place: Faridabad
Date: 22nd August 2008

REPORT ON CORPORATE GOVERNANCE

Annexure A



A detailed report on Corporate Governance practices followed at Escorts Finance Limited for the period April 1, 2007 to March 31, 2008 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 an stable environment; and
- The Company's policies benefits of 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. Further, where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

As on March 31, 2008, the Company's Board comprised of three Non-Executive Independent 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	Designation	Category	Other Directorships Held*	Outside Committee Positions held**	
				Membership	Chairmanship
Mr. Munendra Kumar Singh	Chairman	Non-Executive & Independent	NIL	NIL	NIL
Mr. Sukesh Kumar Jain#	Director	Non-Executive & Independent	NIL	NIL	NIL
Mr. Brijesh Singhal##	Director	Non-Executive & Independent	NIL	NIL	NIL
Mr. S.K. Maini@	Director	Non-Executive & Independent	NIL	NIL	NIL
Mr. Pritam Narang@@	Director	Non-Executive & Independent	2	NIL	NIL

*Excluding Directorships in private limited companies, foreign companies and companies under Section 25 of the Companies Act, 1956.

**For this purpose only two committees viz. the Audit Committee and Shareholders'/Investors' Grievance Committee of Public Companies have been considered.

#Resigned w.e.f. 16.07.2007.

##Resigned w.e.f. 29.02.2008.

@Appointed as director of Company w.e.f. 31.07.2007.

@@Appointed as director of Company w.e.f. 14.01.2008.