

23RD ANNUAL REPORT 2006-07

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GOPALA POLYPLAST LTD.

**BOARD OF DIRECTORS**

Shri Mahendra Somani	- Chairman
Shri Jugal Kishore Khetawat	
Shri Kashyap Mehta (from : 31/07/2007)	
Shri Lalit Tulsyan	
Shri Malay Dalal (from : 31/07/2007)	
Shri Ramprakash Khatod	
Shri Sanjeev Taparia	
Shri Manoj Somani	- Managing Director
Shri Manish Somani	- Executive Director

REGISTERED & ADMIN. OFFICE

485, Santej Vadsar Road, Santej,
Taluka Kalol, Dist. Gandhinagar-382721

**REGISTRAR &
TRANSFER AGENT**

MCS LIMITED
101, 1st Floor, Shatdal Complex,
Opp. Bata Show Room, Ashram Road,
Ahmedabad-380 052

WORKS

Unit-1 485, Santej Vadsar Road, Santej,
Taluka Kalol, Dist. Gandhinagar-382721

Unit-2 643/B, Kadi Thol Road,
Nani Kadi, Kadi, Dist. Mehsana.

Unit-3 Siddhi Vinayak Filaments
(A unit of Gopala Polyplast Ltd.)
66/A, Govt. Ind. Estate,
Masat, Silvassa, (D&NH)

AUDITORS

M/s. V. K. Moondra & Co.
Chartered Accountants

BANKERS

Industrial Development Bank of India Ltd.
Dena Bank

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23rd Annual General Meeting

Day : Monday
Date : 24th September, 2007
Time : 11 a.m.
Venue : 485, Santej Vadsar Road,
Santej, Taluka Kalol,
Dist.: Gandhinagar-382721.



NOTICE

Notice is hereby given that the 23rd Annual General Meeting of GOPALA POLYPLAST LIMITED will be held at Plot No. 485, Santej Vadsar Road, Santej, Taluka Kalol, Dist. Gandhinagar - 382721, Gujarat on 24th September, 2007 at 11.00 a.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2007 and the Profit & Loss Account of the Company for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on Preference Shares.
3. To appoint a Director in place of Mr. Manish Somani, who retires by rotation and being eligible, offers himself for reappointment
4. To appoint a Director in place of Mr. Jugal Kishore Khetawat, who retires by rotation and being eligible, offers himself for reappointment.
5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution :
"RESOLVED THAT a written certificate pursuant to provision to sub-section (1) of section 224 of the Companies Act, 1956, having been received from M/s. V. K. Moondra & Co., Chartered Accountants, Ahmedabad, the said M/s. V. K. Moondra & Co., be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be agreed upon between the Board of Directors or any committee thereof and the said M/s. V. K. Moondra & Co."

SPECIAL BUSINESS

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

"RESOLVED THAT Mr. Malay Dalal, who is appointed as an Additional Director in the meeting of Board of Directors held on 31st July, 2007 and who holds office as such upto the date of 23rd Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Malay Dalal as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Director 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 Mr. Kashyap Mehta who is appointed as an Additional Director in the meeting of Board of Directors held on 31st July, 2007 and who holds office as such upto the date of 23rd Annual General Meeting and in respect of whom notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose Mr. Kashyap Mehta as a candidate for the office of Director of the Company be and is hereby appointed as a Director of the Company, whose period of office shall be liable to determination by retirement of Director by rotation".

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

"RESOLVED THAT pursuant to Section 78, 100 and other applicable provisions, if any, of the Companies Act, 1956 and subject to the confirmation by the Hon'ble Gujarat High Court as provided under Section 100 of the Companies Act, 1956, the Company be and is hereby authorized to utilize the credit balance in the Securities Premium Account of the Company for the purpose of meeting the 'deferred tax liability' provided and / or to be provided by the Company in terms of Accounting Standard - 22 i.e. Accounting for Taxes on Income issued by the Institute of Chartered Accountant of India.

RESOLVED FURTHER THAT for the purpose of giving effect to the aforesaid Resolution, the Board of Directors of the Company or any of its Committee, be and is hereby authorized to do and to perform all acts, deeds, matters and things and take all such actions as may be considered necessary and desirable to give effect to the same."

By Order of the Board

Manoj Somani

Managing Director

Place : Santej
31st July, 2007

NOTES:

1. The relevant Explanatory Statements pursuant to Section 173 of the Companies Act, 1956, in respect of the business under item no. 6 to 8 above are annexed thereto.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 17th September, 2007 to 24th September, 2007 (Both days inclusive).
3. The Preference Dividend, if declared, will be paid to those preference shareholders, whose names appear in the Register of Members on 24th September 2007.



4. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the time fixed for the meeting.
5. Members/Proxies should bring the Attendance Slip duly filled in for attending the Meeting.
6. Shareholders seeking any information with regard to Accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 ITEM NO. 6

The Board of Directors appointed Mr. Malay Dalal as an Additional Director on 31/07/2007 pursuant to the provision of Article 92 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 to hold the office upto the date of forthcoming Annual General Meeting.

The Company has received notice in writing along with the deposit of Rs. 500/- from a member in terms of Section 257 of the Act signifying his intention to propose Mr. Malay Dalal for the office of Director.

Mr. Malay Dalal is willing to act as Director of the Company, if appointed, and has filed his consent pursuant to Section 264 (1) of the Companies Act, 1956. Mr. Malay Dalal, aged 44 years is a Practicing Chartered Accountant.

The Board recommends the above Resolution for the approval of the members.

None of the Directors in concerned or interested in the resolution, except Mr. Malay Dalal.

Item No. 7

The Board of Directors appointed Mr. Kashyap Mehta as an Additional Director on 31/07/2007 pursuant to the provision of Article 92 of the Articles of Association of the Company read with Section 260 of the Companies Act, 1956 to hold the office upto the date of forthcoming Annual General Meeting.

The Company has received notice in writing along with the deposit of Rs. 500/- from a member in terms of Section 257 of the Act signifying his intention to propose. Mr. Kashyap Mehta for the office of Director.

Mr. Kashyap Mehta is willing to act as Director of the Company, if appointed, and has filed his consent pursuant to Section 264 (1) of the Companies Act, 1956. Mr. Kashyap Mehta aged 47 years, is B.Com., LLB., FCS, AICWA, ACIS (UK). He worked as a Company Secretary of a listed Company for a period of 8 years. Since last 14 years he has been practicing as a Company Secretary.

The Board recommends the above Resolution for the approval of the members.

None of the Directors in concerned or interested in the resolution, except Mr. Kashyap Mehta.

Item No. 8

The Institute of Chartered Accountants of India has prescribed new Accounting Standard - 22 (AS-22) of treatment of 'Accounting of Taxes on Income'. Under AS-22 the difference between the taxable income and the accounting income resulting as deferred tax is to be charged and / or credited to Revenue Reserve in the Books of Accounts of the Company with effect from 01/04/2001.

The deferred tax is the tax effect of timing differences. The timing differences are differences between taxable income and accounting income. The timing differences do not result in payment of deferred tax liability. The deferred tax liability under AS-22 is merely an accounting entry.

The Company has a credit balance of Rs.378.17 Lacs in the Securities Premium Account as on 31/03/2007. With the consent and approval of Shareholders and subject to the confirmation by the Hon'ble Gujarat High Court under Section 100 of the Companies Act, 1956, the Company can utilize the credit balance in Securities Premium Account as aforesaid for any purpose other than those prescribed under Section 78 of the Companies Act, 1956.

The resolution is intended to utilize the Securities Premium Account, which is being carried over from year to year and proposed reduction of Share Capital will be merely a book entry. The action will be in the interest of shareholders and all concerned and shall enhance the financial strength of the Company.

Since the application of the Securities Premium Account for the above purpose would amount to reduction of Share Capital under Section 78 read with Section 100 the Act, it is necessary to obtain approval of members of the Company in General Meeting by passing a Special Resolution for reduction of capital on that behalf under Section 100 of the Act and such reduction of share capital would have to be confirmed by the Hon'ble High Court of Gujarat.

Copies of the documents referred to above, are available for inspection by the members of the Company at its Registered Office between 11.00 a.m. and 1.30 p.m. on any working day of the Company,

The Board recommends the above Resolution for the approval of the members.

None of the Directors is concerned or in any way interested in this Resolution except to the extent of their shareholding in the Company, if any.

By Order of the Board

Manoj Somani
Managing Director

Place : Santej
31st July, 2007

**Details of the Directors seeking appointment in forthcoming Annual General Meeting
(in pursuance of clause 49 Of the Listing Agreement)**

Name of Director	Mr. Manish Somani	Mr. Jugal Kishore Khetawat
Date of Birth	20/09/1968	24/09/1940
Date of appointment	20/05/1995	02/07/1993
Expertise in specific functional areas	Industrialist	Industrialist with rich experience in areas like Transportation, Real Estate Development, Trading, Exports.
Qualifications	B.Com.	Senior Cambridge
List of Companies in which Directorship held as on 31/03/2007	Gopala Mercantile Limited Kagaj Marketing and Trading Pvt. Ltd.	RTL Logistics Ltd. South City Projects (Kolkata) Ltd. Rameshwara Distributors Pvt Ltd. Rameshwara Leasing Pvt. Ltd. Rameshwara International Pvt. Ltd. Rameshwara Developers Pvt. Ltd. Rameshwara Holdings Pvt. Ltd. Khetawat Towers Pvt. Ltd. East End Tower Pvt. Ltd. Lexprotex (India) Pvt. Ltd. Himalaya Promoters Pvt. Ltd. Swaika Enterprises Pvt. Ltd. Dheeraj Properties Pvt. Ltd.
Chairman / Membership of the Committees of the Board of the Companies on which he is a Director	Gopala Polyplast Limited Shareholders/Investors Grievance Committee-Member Share Transfer Committee-Member	Nil

Name of Director	Mr. Malay Dalal	Mr. Kasyap Mehta
Date of Birth	26/06/1963	07/03/1960
Date of appointment	31/07/2007	31/07/2007
Expertise in specific functional areas	Practising Chartered Accountant	Practising Chartered Seceretary
Qualifications	B.Com., FCA, Grad. CWA	B.Com., LL.B., FCS, AICWA, ACIS(UK)
List of Companies in which Directorship held on the date of appintment	Astute Corporate Services Private Limited Progressive Corporate Services Private Limited	Bisleri Gujarat Limited Gujarat Craft Industries Limited Typhoon Financial Services Limited Innovate Securities Private Limited Innovate Derivatives Private Limited
Chairman / Membership of the Committees of the Board of the Companies on which he is a Director	—	<u>Bisleri Gujarat Limited</u> Member of Audit Committee, Remuneration Committee, Shareholder Grievances Committee <u>Gujarat Craft Industries Limited</u> Member of Audit Committee, Remuneration Committee, Shareholder Grievances Committee <u>Typhoon Financial Services Limited</u> Member of Audit Committee, Remuneration Committee, Shareholder Grievances Committee



DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting before you, the 23rd Annual report and the Audited Accounts for the financial year ended 31st March, 2007.

FINANCIAL RESULTS

The Financial results of the Company are summarized below:

	Rs. in Lacs	
	<u>2006-07</u>	<u>2005-06</u>
GROSS PROFIT (PBDIT)	846.41	976.98
Less:		
Interest & Financial Charges	395.39	343.05
Depreciation	299.01	317.25
PROFIT BEFORE TAX	152.01	316.68
Provision for Tax	24.80	103.74
PROFIT AFTER TAX	127.21	212.94
Add: Balance brought forward	—	(205.24)
Profit available for Appropriation	127.21	7.70
APPROPRIATIONS		
Proposed Preference Dividend	4.50	6.75
Tax on proposed Preference Dividend	0.76	0.95
Balance carried forward to next year	121.95	—

DIVIDEND

The Board of Directors recommends dividend @1% on the Cumulative Redeemable Preference Share Capital of the Company for the year under review. The dividend will be paid when declared by the shareholders in accordance with the law. However, with a view to conserving resources, your directors do not recommend dividend on Equity Shares for the year 2006-07.

EXPANSION & MODERNISATION

Woven Sacks Division

The Company has not undertaken any major expansion in its woven sacks division in the year under review. The new tape plant installed during the previous year faced teething problems which were sorted out by November, 2006 when T-Die of the plant was replaced. This had necessitated changes in the raw material which resulted in higher costs leading lower profitability.

Label Division

During the year under review, there has been no major expansion in the Label Division. The Company added Design station to have better & prompt customer service which is crucial for this type of Industry. However the Company has added one new Jacquard Loom imported from M/s. Jakob Muller, AG Frick in May-07.

MANAGEMENT DISCUSSION AND ANALYSIS

As required by Clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion and Analysis Report is appended.

DIRECTORS

Mr. Manish Somani and Mr. Jugal Kishore Khetawat, retire by rotation at the forthcoming Annual General Meeting, and being eligible offer themselves for re-appointment.

During the period under review Shri Prashant Somani, Chairman resigned from the Board of Directors. Your directors place on record their sincere appreciation for the guidance and valuable services rendered by Shri Prashant Somani during his tenure as Directors of the Company.

Mr. Sanjeev Taparia and Mr. Mahendra Somani, who were earlier appointed as Additional Director respectively on 26/06/2006 and 31/07/2006, were appointed as Director of the Company at the 22nd Annual General Meeting held on 18/09/2006.

**DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.**

The Directors hereby confirm, that they have :

- i. followed in the preparation of the annual accounts, the applicable accounting standards along with proper explanation relating to material departures;
- ii. 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 Profit of the Company for that period;
- iii. 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. prepared the annual accounts on a going concern basis

DEPOSITS

The Company has not accepted any deposits to which the provisions of Section 58A of the Companies Act, 1956 are applicable.

DELISTING OF EQUITY SHARES

The Company has applied to the Calcutta Stock Exchanges for voluntary delisting. The Company has completed all the formalities in this respect however the approval of the stock exchange is still awaited. The equity shares of the Company are continued to be listed on the Bombay Stock Exchange Limited (BSE).

CONSUMPTION OF ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE EARNING AND OUTGO

The information required under Section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the report of the Board of Directors) Rules, 1988 is annexed hereto and forms part of this report.

The total earning in foreign exchange from Direct Exports is Rs.130.79 Lacs. (Previous year – Rs.69.34 Lacs)

The total foreign exchange out flow during the year on account of import of Machinery, Spares and other expenses is Rs. 17.57 Lacs (Previous year – Rs. 222.57 Lacs).

PERSONNEL

There is no employee who is in receipt of remuneration exceeding the limits specified under sub-section 2A of Section 217 of the Companies Act, 1956.

CORPORATE GOVERNANCE

As required by Clause 49 of the Listing Agreement, a Report on Corporate Governance is appended along with Certificate of Compliance from the Auditors.

AUDITORS

M/S V. K. Moondra & Co., Statutory Auditors of the Company, retire at the forthcoming Annual General Meeting and are eligible for reappointment.

ACKNOWLEDGMENT

The Board of Directors places on record its warm appreciation for the devoted services of the staff at all levels of the Company who have contributed all these years to the growth of the Company. The Board of Directors gratefully acknowledges support extended by various Government Authorities, customers, investors, Banks and Financial Institutions, to the Company from time to time.

For and on behalf of the Board of Directors

Santej
30th June, 2007

Mahendra Somani
Chairman



ANNEXURE TO THE DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

A. CONSERVATION OF ENERGY

Energy conservation measures taken by the Company involves mainly selection & installation of energy efficient equipment and energy saving devices. The impact of above measures on the cost of production is not precisely ascertainable. The company has installed Heat Recovery Equipments at its Captive Power Plant which enables it to meet the chilling requirement at its plants, which otherwise was fulfilled out of power run compressors and chilling plant. The potential power saving out of these equipments is estimated at 7.00 Lac. KWH per annum.

B. TECHNOLOGY ABSORPTION

- a. Research & Development The Company has not so far formally established a Research & Development wing. However it is getting its technology updated in consultation with the machinery manufacturers on a continuous basis.
- b. Technology absorption, adaptation & innovation The Company has not imported any technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. in Lacs)

	<u>2006-07</u>	<u>2005-06</u>
a. Foreign Exchange Earnings	130.79	69.34
b. Foreign Exchange Outgo	17.57	222.57

FORM - A**DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY****I. POWER AND FUEL CONSUMPTION:**

	<u>2006-07</u>	<u>2005-06</u>
Electricity		
1. Purchased from GEB Units (KWH)	2076778	2324271
Total Amount (Rs.)	10730008	12437531
Rate per unit (Rs.)	5.17	5.35
2. Gas Consumption (in kg)	29780	26792
Total Amount (Rs.)	800693	718801
3. Own Generation (through D.G. sets)		
Total Units Generated (KWH)	82816	108410
Total Amount (Rs.)	926069	990777
Units per Ltr. (KWH)	3.15	3.31
Cost per unit (Rs.)	11.18	9.14
4. Own Generation (F.O)		
Total Units Generated (KWH)	-	3585040
Total Amount (Rs.)	-	15264865
Units per Ltr. (KWH)	-	3.73
Cost per unit (Rs.)	-	4.26
4. Own Generation (CPP-Gas)		
Total Units Generated (KWH)	8188085	3533179
Total Amount (Rs.)	23966576	10005702
Units/SCM	3.80	4.09
Cost per unit (Rs.)	2.93	2.83

II. CONSUMPTION PER UNIT OF PRODUCTION

Product	PP Woven Sacks	
	<u>2006-07</u>	<u>2005-06</u>
Production (Tons)	12140	10222
Total No. of Units (KWH)	9339270	8637590
Units per Ton (KWH)	769	845

* The quantitative details of Label Division cannot be compiled hence the relevant details are not given.

REPORT ON CORPORATE GOVERNANCE

Report on Corporate Governance for the year 2006-07 as per clause 49 of the Listing Agreement is placed here below:

1. Board of Directors :

The Company is managed by Board of Directors comprising a non-executive Chairman, 2 executive directors and 4 non-executive directors. Of these directors, 3 are independent directors.

The composition of directors and their attendance at the board meetings during the year and at the last annual general meeting, as also the number of their other directorships/committee positions are given in the following tables :

Table 1 : Composition of Board of Directors and number of other directorships and committee positions held as on 31st March, 2007 :

Director	Executive / Non-executive Independent	Number of Directorships of other Public companies	Committee positions	
			As Chairman	As Member
Mahendra Somani	Non-executive, Chairman	-	-	-
Manoj Somani	Executive	1	1	1
Manish Somani	Executive	1	-	2
Jugalkishore Khetawat	Non-executive	2	-	-
Lalit Tulsyan	Non-executive, Independent	3	-	2
Ramprakash Khatod	Non-executive, Independent	-	2	1
Sanjeev Taparia	Non-executive, Independent	1	1	1

As mandated by the revised clause 49, the independent directors on the Company's Board

- Apart from receiving Directors remuneration, do not have any material, pecuniary relationship or transactions with the Company, its promoters, its Directors, its senior management or its associates which may affect the independence of the Director.
- Are not related to promoters or persons occupying management positions at the Board level or at one level below the Board.
- Have not been executive of the Company in the immediately preceding three financial years.
- Are not partners or executives or were not partners or executive during the preceding three years of the
 - Statutory Audit firm or the internal audit firm that is associated with the Company.
 - Legal firm(s) and consulting firm(s) that have a material association with the Company.
- Are not material suppliers, service providers or customers or lessors or lessees of the Company, which may affect their independence.
- Are not substantial shareholders of the Company i.e. do not own two percent or more of the block of voting shares.

Table 2 : Attendance of Directors at Board Meetings and at the last AGM :

Director	Number of Board Meetings		Last AGM Attendance
	Held	Attended	
Prashant Somani (*)	2	2	No
Manoj Somani	7	7	Yes
Manish Somani	7	4	No
Jugalkishore Khetawat	7	3	No
Lalit Tulsyan	7	3	No
Ramprakash Khatod	7	5	Yes
Sanjeev Taparia (**)	5	3	No
Mahendra Somani (***)	4	4	No

(*) Mr. Prashant Somani resigned from the Board of Directors w.e.f. 31/07/2006

(**) Mr. Sanjiv Taparaia appointed as Director w.e.f. 26/06/2006

(***) Mr. Mahendra Somani appointed as Director w.e.f. 31/07/2006

Table 3 : No. of Board Meetings held and dates of meetings.

No. of Board Meetings held during the year 2006-07	Dates of Meetings
7	16/06/2006, 26/06/2006, 31/07/2006, 30/10/2006, 25/12/2006, 31/01/2007 and 23/03/2007. The maximum time gap between any two consecutive meetings did not exceed four months.

Disclosure regarding directors considered for appointment / re- appointment :

At the annual General Meeting of the Company, Mr. Manish Somani and Mr. Jugal Kishore Khetawat are retiring by rotation and being eligible for re-appointment are proposed to be re-appointed. Their brief particulars are annexed with the notice convening Annual General Meeting.

Information placed before the Board of Directors :

The Board of the Company was presented with all the relevant and necessary information at their meetings such as production, sales, capital expenditure budgets, actual performance statistics, review of business, any legal proceedings by or against the Company, Share transfer compliance, quarterly financial results, minutes of the meetings of the Audit Committee, Share Transfer Committee and Shareholders/Investors Grievance Committee, Staff matters including senior appointments, significant labour and human relations matters, and such other information

2. Audit Committee :

The Company had constituted a three-member Audit Committee on 31/07/2001 comprising of Mr. Prashant Somani, Mr. Manoj Somani and Mr. Shreeprakash Somani in compliance with the requirement of Section 292A of the Companies Act, 1956. The Committee was reconstituted on 31/07/2006, comprising of non-executive directors of whom two are independent directors. The members of the Committee are Mr. Ramprakash Khatod, Chairman, Mr. Lalit Tulsyan and Mr. Sanjiv Taparia. Mr. Ramprakash Khatod, Chartered Accountant, has good financial and accounting knowledge. The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 18/09/2006.

The Broad terms of reference of the Audit Committee are as follows : -

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 report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up thereon.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.