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PRANAVADITYA SPINNING MILLS LIMITED

BOARD OF DIRECTORS :

SHRI HARKISHON N. UDANI	Chairman
SHRI PARAG H. UDANI	Director
SHRI HASMUKHLAL S. PARIKH	Director (since Resigned on 1/4/2005)
SHRI YESHWANT R. SHAH	Director
SHRI SUMAN B. SHAH	Director
SHRI MAHENDRA S. SHAH	Director
SHRI MANOJ C. DESAI	Director – Finance
SHRI B. R. NAYAK	Director – Commercial
SHRI ASHOK HALASANGI	Director – Technical

COMPANY SECRETARY : SHRI KAUSHAL DHARAMSHI

BANKERS :
BANK OF BARODA
UNION BANK OF INDIA

AUDITORS :
M/s. VINOD VASA & ASSOCIATES
Chartered Accountants,
Jumna Building,
292, Tilak Marg, Dhobi Talao,
Mumbai - 400 002.

CORPORATE OFFICE :
92, Mittal Chambers,
Nariman Point,
Mumbai - 400 021.

REGISTERED OFFICE & MILL :
Village : Alte
Taluka : Hatkanangale
District : Kolhapur
Maharashtra : 416 109.

SHARE TRANSFER AGENTS :
Bigshare Services Pvt. Ltd.
E-2 & 3, Ansa Industrial Estate,
Saki Vihar Road,
Saki Naka,
Andheri (E),
Mumbai – 400 072.
Tel. 28470652
28470653

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NOTICE

Notice is hereby given that the **Fifteenth Annual General Meeting** of the members of **PRANAVADITYA SPINNING MILLS LTD.** will be held on **29th September, 2005,** at 4.00 p.m. at the Registered Office of the Company at Village Alte, Hatkanangale Taluka, Kolhapur District, Maharashtra - 416 109 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March 2005 and the Audited Profit & Loss Account for the financial year ended on that date together with the Reports of the Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Parag H. Udani, who retires by rotation and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. Sumanlal B. Shah, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Yeshwant R. Shah, who retires by rotation and being eligible, offers himself for re-appointment.

5. To appoint Auditors to hold office from the conclusion of this annual general meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**

2. The Proxies, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the meeting.

3. All documents referred to in Notice and the accompanying Explanatory Statement including Memorandum & Articles of Association of the Company are open for inspection at the Registered Office of the Company on all working days except Saturdays, between 11.00 a.m. to 1.00 p.m. upto the date of an Annual General Meeting.

4. The Register of Members and Share Transfer Books of the Company will remain closed from **22nd September, 2005 to 29th September, 2005**. (Both days inclusive)

5. The Company's Equity Shares are listed at The Stock Exchange, Mumbai (Regional Stock Exchange), Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001. The Annual Listing Fees as prescribed has been paid to this Stock Exchange.

6. Members are requested to:

   (a) Notify any change in their registered address along with pin code numbers to Company's Share Transfer Agent, M/s. Bigshare Services Private Limited, at E – 2/3, Ansa Industrial Estate, Saki Vihar Road, Saki Naka, Andheri (East), Mumbai – 400 072.

   (b) Quote their respective ledger folio numbers on every communication with the Company and / or Share Transfer Agent.

   (c) Bring their copies of Annual Report to the meeting. No copies of the Annual Report will be available for distribution to the members at the meeting.

   (d) Deposit duly filled-in attendance slip annexed to the Proxy Form at the entrance to the place of meeting and not to bring with them any other person who is not a member / proxy.

   (e) Write to the Company at least 10 days before the date of the meeting regarding any information on accounts so as to enable the Company to keep the information ready.

   (f) Consider dematerializing the equity shares held by them.

   (g) Pursuant to clause 49 (VI) (A) of the listing agreement with the Stock Exchanges, following information is furnished about the Directors proposed to be appointed / re-appointed :

   As per Attached Annexure – I

By the Order of Board of Directors

Place: Mumbai
Dated: 18th August, 2005

Harkishon N.Udani
Chairman

Registered Office:
Village Alte,
Hatkanangale Taluka,
Kolhapur,
Maharashtra – 416 109.

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ANNEXURE - I

Details of the Directors seeking appointments / re-appointment at the forthcoming Annual General Meeting
(In Pursuance of Clause 49 (VI) (A) of the Listing Agreement)

Name of Director	Mr. Parag H. Udani	Mr. Yeshwant R. Shah	Mr. Sumanlal B. Shah
Date of Birth	21st May, 1961 Age : 44 years	31st August, 1942 Age : 63 years	27th November, 1949 Age : 56 years
Date of Appointment	27th November, 1990	7th January, 1994	27th January, 2001
Expertise in specific functional areas	Mr. Parag H Udani has about 22 years experience in the textile Business especially in Marketing of Yarn & Fabric. After completing his MBA (Finance) from Mumbai University and there after completed his MBA in Marketing from University of California, USA, he joined the business in 1983 and had responsibility of looking after and developing in Yarn and Fabric Business in Local and Domestic Markets.	Mr. Yeshwant R. Shah has had a career spanning 42 years. Beginning his career as Lecturer in VJTI, Sasmira, he went on to join Birla Group - Century Rayon as Marketing & Technical Services. Then he joined Gokak Mills of Tata Group where he rose from Marketing Manager to Jt. Managing Director. He was also advisor to K.T. Group. From 1996 onwards, he started his own Consultancy Agency where he is providing expertise in many spinning mills and other textile companies.	Mr. Sumanlal B. Shah has 32 years of experience in different areas of Business Management and his expertise extends to Finance, Banking, Commercial and General Administration.
Qualification	Mr. Parag H. Udani is a B.Com. from Mumbai University and MBA (Finance) from University of California, USA.	Mr. Yeshwant R. Shah is a Bachelor of Textiles & Fellowship of Textile Association (FTA)	Mr. Sumanlal B. Shah is a B.Com. from Mumbai University and holds Diploma in Tax Management from Jamnalal Bajaj Institute.
Directorships held in other companies (excluding foreign companies)	1) Akruti Holding Ltd. 2) Ajit Garments Pvt. Ltd. 3) Kaytee Impex Pvt. Ltd. 4) Priyanka Securities & Commercial Pvt. Ltd. 5) Jyotprakash Investments Pvt. Ltd. 6) Pranav Intermediate Pvt. Ltd. 7) Aditya Intermediate Pvt. Ltd. 8) E-Commerce Technologies (I) Pvt. Ltd.	1) Amit Spinning Industries Ltd. 2) Krishan Knitwear Technology Ltd. 3) Arunoday Mills Ltd. 4) Domtex India P. Ltd. 5) Rishiraj Filaments Ltd. 6) Simba India Pvt. Ltd. 7) Nitin Spinners Ltd. 8) Orbit Exports Ltd.	1) Harisiddha Trading & Finance Ltd. 2) Kotak & Company Ltd. 3) Kotak Commodity Services Ltd. 4) Komaf Financial Services Ltd. 5) Multifaced Finstock P. Ltd. 6) Telecon Investments India P. Ltd. 7) Jaykay Finholding (India) P. Ltd. 8) UMT Investments Ltd. 9) Usha Martin Telematics Ltd.
Committee position held in other companies	None	1) Arunoday Mills Ltd. – Member of Audit Committee 2) Amit Spinning Industries Ltd., – Member of Remuneration Committee 3) Krishna Knitwear Technology Ltd.	None

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DIRECTORS' REPORT

Dear Shareholders,

Your Directors have pleasure in presenting the Fifteenth Annual Report and the Audited Statement of Accounts of the Company for the financial year ended 31st March, 2005.

FINANCIAL RESULTS:

	For the year ended 31st March, 2005 (Rs. In lacs)	For the year ended 31st March, 2004 (Rs. In lacs)
Gross Sales	**3867.95**	4343.13
Profit /(Loss) before Depreciation, Interest and Tax	**250.49**	312.86
Less : Interest	**201.36**	235.45
Depreciation	**218.56**	204.00
	(169.43)	(126.59)
Less : Prior year Expenditure/ Income (Net)	**(4.77)**	(7.81)
Impairment Loss (as per AS 28)	**(544.32)**	Nil
Net loss for the year before Taxation	**(718.52)**	(134.40)
Less : Provision for Taxation	**Nil**	Nil
Net Loss after Tax	**(718.52)**	**(134.40)**
Add : Balance in Profit & Loss Account	**(645.37)**	(609.98)
	(1363.89)	(744.38)
Less : Write back of Term Loan adjusted	**Nil**	99.01
	(1363.89)	(645.37)

The sales turnover for the year 2004-05 was Rs. 3868 lacs against Turnover of Rs. 4343 lacs and the profits after interest and before depreciation / other write offs of Rs. 71 lacs compared to Rs. 134 lacs in the previous year. The low turnover and profits were mainly due to continued drop in yarn prices due to depressed overseas markets and lower demand and low prices in domestic markets.

Cotton prices were higher in the first half of the year. From October '04 onwards, cotton prices were at a reasonable levels. There were also uncertainty due to value added tax (VAT) for a few months from January, 2005 which affected the off take and prices. During the year, total production of yarn was 4126 tons against 3934 tons in the previous years. Trial runs were conducted for spinning of acrylic and polyester yarns for Reliance Industries Ltd. (RIL), details of which are given in "Review of Operations".

REVIEW OF OPERATIONS:

Textile Industry in our country continues to be very important sector of our economy and, next to agriculture, sustains and generates maximum employment for all categories of our people. Government and the Industry are jointly working to double exports of all Textile Products in the next five years to 50 billion dollars and generating additional employment for 10 million people. Various steps are being taken and India is emerging as major sourcing destination for buyers from USA, Europe and other developed countries.

During the year, the cotton prices remained quite reasonable from October 2004 due to large cotton crop. However, the yarn prices dropped continuously due to insufficient demand from garment manufacturers, power loan users and from exports. Your company is constantly working towards improving the quality of yarn and reduce costs and yarns are produced and supplied to customers requirement and satisfaction.

With a view to divert part of the production capacities to spin acrylic and polyester fiber, the company undertook trial runs from January 2005 and entered into an agreement with Reliance Industries Limited, whose technical team visited our Plant several times and approved our systems and qualities. We have earmarked about 30% of the production capacities to spin yarn out of fibres supplied by Reliance from March '05. This development would also insulate against fluctuations of yarn and cotton prices which happens quite frequently. An amount of Rs. 23 lacs was spent in making necessary changes in the machineries for spinning synthetic fibre and the arrangement with Reliance Industries Limited, which is on job work basis, is expected to improve the profitability of the Company in the coming year.

Future OutLook :

With good monsoons all over the country, bumper cotton crop is expected and cotton prices are likely to remain reasonable and stable. We expect to improve the working and profitability due to higher demand of quality yarns from power loom and garment sectors, where large expansions are taking place and for whom the basic raw material is cotton yarn. There are other positive developments taking place such as abolition of quotas from January 2005 under the post WTO agreement, expected increased during of yarn by China and South East countries and Europe, and increase demand from the domestic market with better prices. However it may be noted that recently, international oil prices have increased by about 30% compared to last year and this could result in slow down of international economy and also affect Indian exports of textile products including yarn. The recent floods all over Mumbai, Maharashtra and in certain textile centres like Bhiwandi, Ichalkaranji, have also affected the demand for yarn.

At the request of the company, our Bankers, Bank of Baroda, has agreed to review the repayment of outstanding term loan on ballooning basis and we have requested for the same facility to Union Bank of India. We thank them for their cooperation and understanding.

Application of Accounting Standard 28 (AS 28) prescribed by The Institute of Chartered Accountants of India (ICAI) : Impairment Clause

The above standard AS - 28 has become mandatory with effect from 1st April, 2004 and the Company has to take in to account the impairment of assets in terms of regulations

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contained in above AS 28. After obtaining the necessary valuation report from Bank authorized approved valuer, effect of AS-28 has been given in the current year 2004-05. Such impairment loss was to the extent of Rs. 848.99 lacs. However, after adjusting Rs. 304.66 lacs to Revaluation Reserve, the balance impairment loss of Rs. 544.32 lacs was charged to Profit & Loss Account. Due to this, the company has become potentially sick u/s 3(1)(O) and other applicable provisions of the Sick Industrial Companies (Special Provision) Act, 1985. The Company is taking necessary steps with BIFR Board in this regard. For further clarification on application and effect of AS-28, kindly refer to Note No. 1(IV), 3 and 7 of Schedule 20 (Notes to Account) attached to Balance Sheet and Profit & Loss Account.

DIVIDEND:

Your Directors regret their inability to propose any dividend in view of the continued losses of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

In compliance of section 217(2AA) of the Companies Act, 1956 your Directors confirm that:

(a) that in preparation of the Annual Accounts, the applicable standards have been materially followed subject to Note No.1 (X) and 6 of Schedule 20 to the Accounts.

(b) that the selected accounting policies were applied consistently and the Directors 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 financial year and of the loss of the Company for the aforesaid period.

(c) that proper and sufficient care has been taken 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.

(d) the Company has become potentially sick as per provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) as the accumulated losses as at 31st March '05 have exceeded 50% of the peak amount of net worth of last 4 years for the company. In view of this, the company will make reference to the Board for Industrial and Financial Reconstruction (BIFR) for approximate relief.

Having record to above facts, accounts for the current year have been prepared on "going concern" basis as followed hitherto.

CORPORATE GOVERNANCE:

The Company has taken adequate steps to ensure that the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with The Stock Exchange, Mumbai are complied with. A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange, form part of the Annual Report.

DIRECTORS:

Mr. Parag H. Udani, Mr. Yeshwant R. Shah and Mr. Suman B. Shah retire by rotation at the 15th Annual General Meeting of the company and being eligible, offer themselves for re-appointment.

AUDITORS AND AUDITORS' REPORT:

The statutory auditors M/s. Vinod Vasa & Associates, Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting. The Company has received a letter from M/s. Vinod Vasa & Associates to the effect that their appointment as Auditors, if made, would be within the limits under Section 224 (1B) of the Companies Act, 1956. The notes to the accounts referred to in the Auditors Report by way of qualifications are self-explanatory and therefore, do not call for any further comments.

FIXED DEPOSITS:

Your Company has not accepted any deposits within the meaning of Section 58A of the Companies Act, 1956 and the Rules made there under.

ENERGY, TECHNOLOGY AND FOREIGN EXCHANGE:

Information 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 is as per Attached **Annexure – II** and forms part of this report.

PERSONNEL:

There is no employee coming within the purview of Section 217 (2A) of the Companies (Particulars of Employees) Rules, 1975.

INSURANCE:

All the properties of the Company have been adequately insured against fire, marine and other risks.

ENVIRONMENT, SAFETY AND POLLUTION CONTROL:

Your Company has been taking proper care in complying with all statutory requirements relating to safety, environment and pollution control.

APPRECIATION:

Your directors wish to place on record their appreciation of the support and co-operation received from their Banks namely Bank of Baroda and Union Bank of India and the Government Authorities. Your Directors also commend the unstinting efforts put in by employees at all levels.

For and on behalf of the Board of Directors

Place : Mumbai
Dated : 18th August, 2005.

HARKISHON N.UDANI
Chairman

Registered Office:
Village Alte, Taluka Hatkanangale,
P.B. No.2, Dist. Kolhapur - 416 109,
Maharashtra.

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ANNEXURE -II

Information 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 and forming part of Directors' Report.

(I) Conservation of Energy :

a) **Energy Conservation Measures taken :**
Energy Conservation is an ongoing process within the Company. The Company has been making continuous efforts for enhancement in capacity utilization, cost competitiveness and quality through systematic process monitoring and adherence to technological norms.

(b) **Additional Investment and proposals, if any, being implemented for reduction of consumption of energy :** NIL

(c) **Impact of measures of (a) and (b) above for reduction of energy consumption and consequent impact of the cost of production of goods.**
The above measures will help in reducing cost.

(d) **FORM - A**

(I) Power & Fuel Consumption	2004-05	2003-04
1. Electricity		
(a) Purchased Units ('000)	**9146.77**	8805.56
Total Amount (Rs. In lacs.)	**303.01**	305.29
Rate per unit	**3.31**	3.47
(b) Own Generation		
Through Diesel Generator-Unit ('000)	**350.49**	286.98
Unit per litre of Diesel Oil	**3.44**	3.26
Cost per unit	**8.30**	4.81
2. Coal	**NIL**	NIL
3. Furnace Oil	**NIL**	NIL
4. Others	**NIL**	NIL
(II) Consumption per Unit of Production:		
Production of yarn (M.T.)	**4136.34**	3961.31
Electricity per M.T. of production	**2296.05**	2295.33

(II) Technology Absorption :

FORM - B

i) Research and Development

1. Specific areas in which R & D carried out by the Company.	- R & D carried out for increasing the strength of the yarn. The efforts of the Company also directed towards improvement of manufacturing process, yarn quality and productivity.
2. Benefits derived as a result of above R & D.	- Reduction in cost of output, decrease in wastage and improvement in quality of yarn.
3. Future plan of action.	- The above activities shall continue and more efforts in this direction will be made.
4. Expenditure on R & D : (a) Capital (b) Recurring (c) Total (d) Total R & D expenditure as a percentage of total turnover	No system of separate maintenance of accounts have been developed. The expenditure is merged with various other heads of expenses.

ii) **Technology absorption, adoption and Innovation :**

1. Efforts in brief technology absorption, adoption and innovation.	- The plants are based on indigenous technology.
2. Benefits derived as a result of above efforts e.g. output improvement, cost reduction, product development, import substitutions, etc.	- NIL
3. Details of imported technology	- No technology has been imported during the last 5 years.

(III) Foreign Exchange Earnings and Outgo :

	2004-05 (Rs. In lacs)	2003-04 (Rs.in lacs)
Total Earnings (F.O.B. Value)	**0.00**	4.56
Total Outgo	**52.54**	108.13

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MANAGEMENT BUSINESS REPORT

1) **Overall Review**

Textile Industry in our country continues to be very important sector of our economy and, next to agriculture, sustains and generates maximum employment for all categories of our people. Government and the Industry are jointly working to double exports of all Textile Products in the next five years to 50 billion dollars and generating additional employment for 10 million people. Various steps are being taken and India is emerging as major sourcing destination for buyers from USA, Europe and other developed countries.

During the year, the cotton prices remained quite reasonable from October 2004 due to large cotton crop. However, the yarn prices dropped continuously due to insufficient demand from garment manufacturers, power loom users and from exports. Your company is constantly working towards improving the quality of yarn and reduce costs and yarns are produced and supplied to customers requirement and satisfaction.

With a view to divert part of the production capacities to spin acrylic and polyester fiber, the company undertook trial runs from January 2005 and entered into an agreement with Reliance Industries Limited, whose technical team visited our Plant several times and approved our systems and qualities. We have earmarked about 30% of the production capacities to spin yarn out of fibres supplied by Reliance from March '05. This development would also insulate against fluctuations of yarn and cotton prices which happens quite frequently. An amount of Rs. 23 lacs was spent in making necessary changes in the machineries for spinning synthetic fibre and the arrangement with Reliance Industries Limited, which is on job work basis, is expected to improve the profitability of the Company in the coming year.

2) **Outlook for the current year**

With good monsoons all over the country, bumper cotton crop is expected and cotton prices are likely to remain reasonable and stable. We expect to improve the working and profitability due to higher demand of quality yarns from power loom and garment sectors, where large expansions are taking place and for whom the basic raw material is cotton yarn. There are other positive developments taking place such as abolition of quotas from January 2005 under the post WTO agreement, expected increased buying of yarn by China and South East countries and Europe, and increase demand from the domestic market with better prices. However it may be noted that recently, international oil prices have increased by about 30% compared to last year and this could result in slow down of international economy and also affect Indian exports of textile products including yarn.

3) **Internal Control System & Their Adequacy**

The Company has a proper and adequate system of Internal controls to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and that transactions are authorized, recorded and reported correctly.

The internal control system is supplemented by an extensive programme of internal audits, review by management and documented policies, guidelines and procedures.

4) **Energy Conservation**

The Company has a continuous focus on Energy Conservation. Regular studies are conducted to analysis quantitative energy conservation patterns and variances are rigorously scrutinized.

5) **Human Resources & Industrial Relation**

Your Company recognizes employees satisfaction and morale as a key for sustained growth and recognizes training as an integral part of employee development. Adequate measures of the same have been carried out for the year under review.

Industrial relations have been cordial. During the year, your Company has continued with its Restructuring operations aiming at cost efficacy and viability of operations by having higher workload, rationalization and obtaining better efficiency in the working.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
The Pranavaditya Spinning Mills Limited

We have examined the compliance of conditions of Corporate Governance by **The Pranavaditya Spinning Mills Limited,** for the year ended on 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

As required by the Guidance note issued by the Institute of Chartered Accountants of India, on the basis of information furnished and explanations given to us, we state that no investor Grievances are pending for a period exceeding one month against the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For **Vinod Vasa & Associates**
Chartered Accountants

Place : Mumbai
Dated : 18th August, 2005.

Vinod Z.Vasa
Partner
Membership No. 7566

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CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Philosophy of Pranavaditya Spinning Mills Limited (PSML) on corporate governance envisages the attainment of the highest levels of transparency, accountability and equity in all facets of its operations and all interactions with its stakeholders, including the shareholders, employees, the government and the lenders. PSML is committed to achieving the highest standards of corporate governance. PSML believes that all its operations and actions must serve the underlying goal of enhancing overall shareholders value over a sustained period of time.

2. BOARD OF DIRECTORS:

The Board consisted of 9 (Nine) Directors as on March 31, 2005. The Board is headed by the Non-Executive Chairman, Shri Harkishon N. Udani and is composed of persons with considerable professional experience in varied fields and comprises a majority of Non-Executive Directors. Over two thirds of its Board consist of Non-Executive Directors and of these the majority are Independent Directors. The details are given below.

Directors	Whether Promoters or Non-Executive / Independent	No. of outside Directorship held	No. of Board Committees of other Companies in which a member
Shri Harkishon N.Udani	Chairman, Promoter &Non-Executive	8	Nil
Shri Hasmukhlal S.Parikh	Non-Executive & Independent	4	10
Shri Yeshwant R. Shah	Non-Executive & Independent	6	7
Shri Suman B.Shah	Non-Executive & Independent	4	Nil
Shri Parag H.Udani	Promoter & Non- Executive	8	Nil
Shri B.R.Nayak	Director (Commercial)	Nil	Nil
Shri Mahendra S.Shah	Non-Executive & Independent	3	Nil
Shri Manoj C. Desai	Director – Finance	Nil	Nil
Shri Ashok Halasangi	Director – Technical	Nil	Nil

Note:

1. Excludes Alternate Directorship in Companies covered under Section 25 of the Companies Act, 1956 and Private Companies, which are neither a subsidiary nor a holding Company of a Public Company.
2. Excludes Committees other than Audit Committee, Shareholders' Investors Grievance Committee and Remuneration Committee and companies other than Public Limited Company.

The attendance of the Directors of the Company at the Board Meetings and Annual General Meeting are as follows:-

Directors	No. of Board Meetings attended	Whether attended last A.G.M
Shri Harkishon N. Udani	5	Yes
Shri Hasmukhlal S. Parikh	5	No
Shri Yeshwant R. Shah	5	No
Shri Suman B. Shah	5	No
Shri Parag H. Udani	2	Yes
Shri B. R. Nayak	4	Yes
Shri Mahendra S. Shah	4	Yes
Shri Manoj C. Desai	5	Yes
Shri Ashok Halasangi	–	Yes

The Board of Directors met **5 (Five)** times during the year on **30.04.2004, 28.06.2004, 30.07.2004, 28.10.2004 & 28.01.2005.**

Annual General Meeting was held on 24th September 2004.

3. AUDIT COMMITTEE:

A) Terms of Reference

a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

c) Reviewing with management the annual financial statements before submission to the Board, focussing primarily on:

- Any change in accounting policies and practices.
- Major accounting entries based on exercise of judgement by Management.
- Qualification in draft audit report.
- Significant adjustments arising out of audit.
- Compliance with accounting standards.
- Compliance with stock exchange and legal requirements concerning financial statements.

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- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.

d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e) Reviewing the adequacy of internal audit function.

f) Discussion with internal auditors on significant findings and follow up thereon.

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.

g) Discussions with external auditors before the audit commences nature and scope of audit, as well as have post-audit discussion to ascertain any area of concern.

h) Reviewing the Company's financial and risk management policies.

i) 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.

B) Composition of Audit Committee

The Audit Committee comprises of the following Non-Executive Directors namely:-

(1) Shri Mahendra S. Shah - Chairman
(2) Shri Hasmukhlal S.Parikh
(3) Shri Yeshwant R.Shah
(4) Shri Harkishon N. Udani

C) The Committee met **4 (Four)** times on **30.04.2004, 30.07.2004, 28.10.2004** and **28.01.2005** during the financial year 2004-2005 and the attendance of the members of the Committee were as follows:-

Name of the Members	No. of Audit Committee meetings attended
Shri Mahendra S. Shah	4
Shri Harkishon N.Udani	4
Shri Yeshwant R.Shah	4
Shri Hasmukhlal S. Parikh	4

Shri Mahendra Shah, Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 24th September 2004.

4. **REMUNERATION COMMITTEE (Non-Mandatory):**

A) Terms of Reference

The Remuneration Committee shall have the powers to determine the Company's Policy on specific remuneration packages for Wholetime Directors including pension rights and any other compensation related matters and issues within the framework of the provisions and enactment governing the same.

B) Composition of the Committee

The remuneration Committee comprises of the following Directors namely:-

(1) Shri Yeshwant R.Shah - Chairman
(2) Shri Hasmukhlal S. Parikh
(3) Shri Mahendra S. Shah

C) The Remuneration Committee has been constituted w.e.f. 15th April 2002. The Committee met 1 **(one)** time on **28.10.2004** during the financial year 2004-2005 and all the members of the Committee attended the meeting.

D) Remuneration Policy

The Company has constituted a Remuneration Committee of the Board in compliance with the SEBI guidelines. The Committee is fully empowered to frame the compensation structure for the working Directors and review the same from time to time based on certain performance parameters, growth in business as well as profitability and also align with the best practices prevailing in the industry.

E) Details of Remuneration paid to all Directors.

I) The details of payment to the Managing / whole time Directors for the financial year 2004-05 are given below:

Executive Directors	Salary (Rs.)	Commission (Rs.)
Shri B. R. Nayak	2,16,782/-	Nil
Shri Manoj C. Desai	6,65,439/-	Nil
Shri Ashok Halasangi	1,18,994/-	Nil

Notes: (a) presently, the Company does not have a scheme for grant of stock options either to the wholetime Directors or employees.

II) The details of payment to Non-Executive Directors for the financial year 2004-2005 are given below:

Non-Executive Directors	Sitting Fees (in Rs.) B. Meeting	C.Meeting	Commission (in Rs.)
Shri Harkishon N.Udani	10,000/-	6,000/-	Nil
Shri Hasmukhlal S. Parikh	10,000/-	6,000/-	Nil
Shri Yeshwant R. Shah	10,000/-	6,000/-	Nil
Shri Suman B. Shah	10,000/-	Nil	Nil
Shri Mahendra S. Shah	8,000/-	4,500/-	Nil
Shri Parag H. Udani	4,000/-	Nil	Nil

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