



VIDEOCON

**VIDEOCON
APPLIANCES LIMITED**

18th
Annual Report
2004-2005

VIDEOCON APPLIANCES LIMITED

BOARD OF DIRECTORS

Venugopal N. Dhoot

Pradeepkumar N. Dhoot

Naveen B. Mandhana

S. S. Dayama

Avinash Malpani

D. K. Jain

Nominee of IFCI Ltd.

AUDITORS

Khandelwal Jain & Co.

Chartered Accountants

12 - B, Baldota Bhavan

117, Maharshi Karve Road,

Opp. Churchgate Railway Station,

Mumbai - 400 020

Kadam & Co.

Chartered Accountants

Ahmednagar College Road, Kothi,

Near Badve Petrol Pump, Ahmednagar - 414 001

Report  junction.com

BANKERS

Indian Bank

Allahabad Bank

Bank of Baroda

Bank of India

Punjab National Bank

State Bank of Bikaner & Jaipur

State Bank of Indore

The Federal Bank Ltd.

UCO Bank

UTI Bank Ltd.

REGISTERED OFFICE

14 Km. Stone, Aurangabad – Paithan Road,

Village Chittegaon, Taluka Paithan,

Dist.-Aurangabad, (Maharashtra)

FACTORY

15 Km. Stone, Aurangabad – Paithan Road,

Village Chittegaon, Taluka Paithan,

Dist.-Aurangabad, (Maharashtra)

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VIDEOCON APPLIANCES LIMITED

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of **VIDEOCON APPLIANCES LIMITED** will be held on Friday, 31st March, 2006 at 15 KM Stone, Aurangabad-Paithan Road, Village Chittegaon, Taluka Paithan, Dist-Aurangabad (Maharashtra) at 2.00 P.M. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at September 30, 2005, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Equity Shares.
3. To appoint Directors in place of Mr. Naveen B. Mandhana, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Directors in place of Mr. Avinash Malpani, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT M/s. Khandelwal Jain & Co., Chartered Accountants and M/s. Kadam & Co., Chartered Accountants, be and are hereby appointed as Joint Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company on such remuneration as shall be fixed by the Board of Directors."

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 in accordance with the provisions of Section 255, 256, 257 and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification(s) or re-enactment thereof, Mr. S. S. Dayama, who was appointed as an Additional Director pursuant to the provisions of Section 260 of the Companies Act, 1956, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the provisions of the Articles of Association of the Company."

By order of the Board of Directors

Hiren Shah
Company Secretary

Ahmednagar
February 23, 2006

Registered Office

14 KM Stone, Aurangabad- Paithan Road,
Village Chittegaon,
Aurangabad - 431 105

NOTES

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.

2. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Annual General Meeting.
3. In terms of Articles of Association of the Company, Mr. Naveen B. Mandhana and Mr. Avinash Malpani are liable to retire by rotation and being eligible offered themselves for re-appointment as Director. Mr. S. S. Dayama is being appointed as Director. Brief resume of these Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorship and membership/chairmanship of Board Committees, shareholding, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are appended to this Notice. The Board of Directors of the Company recommends the respective re-appointments of the aforesaid Directors.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Board Meeting is annexed hereto.
5. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. The Register of Members and Share Transfer Books shall be closed from Saturday, March 18, 2006 to Friday, March 31, 2006 (both days inclusive) for determining the names of Members eligible for dividend on Equity Shares, if declared at the Meeting. The Dividend on Equity Shares, if declared at the Meeting will be paid on or around 25th April, 2006 to those Members whose names appeared on the Company's Register of Members on Friday March 17, 2006. In respect of shares held in dematerialized form, the dividend will be paid on the basis of particulars of beneficial ownership furnished by depositories as at the end of business on Friday, March 17, 2006.
8. Pursuant to the provisions of Section 205A and 205C of the Companies Act, 1956, the Company has transferred the unclaimed dividends for the financial years 1997-1998 to the Investor Education and Protection Fund (Fund) established by the Central Government. Dividends for the financial year ended 1998-1999 and thereafter, which remain unclaimed for a period of 7 years will be transferred to Investor Education and Protection Fund (IEPF). Members who have not encashed dividend warrant(s) for the aforesaid years are requested to seek Issue of duplicate warrant(s) by writing to the Company's Registrars and Transfer Agents, M/s. MCS Limited. Members are requested to note that no claims shall lie against the Company or IEPF in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates they first became due for payment and no payment shall be made in respect of any such claims.
9. Members who hold shares in physical form in multiple folios in identical names or joint accounts in the same order or names are requested to send the share certificates to the Company's Register and Transfer Agents, M/s. MCS Limited, for consolidation into a single folio.
10. The shares of the company are tradeable compulsorily in electronic form and your company has established connectivity with both the depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). In view of the enormous advantages offered by the Depository system, Members are requested to avail the facility of dematerialization of the company's shares on either of the depositories as aforesaid.

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

ITEM NO. 6

The Board of Directors of the Company ("the Board"), at its meeting held on 8th December 2005 has, pursuant to the provisions of Section 260 of the Companies Act, 1956 (the Act) and Articles of Association of the Company, appointed Mr. S. S. Dayama as an Additional Director of the Company.

In terms of the provisions of Section 260 of the Act, Mr. S. S. Dayama holds office upto the date of next Annual General Meeting. The Company has received a notice in writing from a member alongwith a deposit of Rs. 500 proposing the candidature of Mr. S. S. Dayama for the office of Director of the Company under the provisions of Section 257 of the Act.

Mr. S. S. Dayama has to his credit vast knowledge and experience in the field of Finance & Capital Market. Keeping in view his rich expertise, it will be in the interest of the Company that Mr. S. S. Dayama is appointed as a Director, liable to retire by rotation in accordance with the provisions of the Articles of Association of the Company.

A brief resume of Mr. S. S. Dayama, nature of his expertise and names of companies in which he holds directorship and membership/ chairmanship of Board Committees, as stipulated under Clause 49 of Listing Agreement with the Stock Exchanges in India, are appended to this notice.

Save and except Mr. S. S. Dayama none of the other Directors of the Company is, in any way, concerned or interested in the Resolution set out at Item No.6 of the Notice. The Board recommends the Resolution set out at Item No.6 of the Notice for your approval.

By order of the Board of Directors

Hiren Shah
Company Secretary

Ahmednagar

February 23, 2006

Registered Office

14 KM Stone, Aurangabad- Paithan Road,
Village Chittegaon,
Aurangabad - 431 105

BRIEF PROFILES OF DIRECTORS PROPOSED TO BE APPOINTED/RE-APPOINTED ARE:

A. The brief details of Mr. Naveen B. Mandhana is as under:

1	Name of the Director	Mr. Naveen B Mandhana
2	Date of Birth	18.11.1956
3	Education Qualification	Engineering Graduate
4	Date of Appointment on the Board	08.03.1988
5	Category of Director	Independent - Non Executive
6	Area of Expertise/Senior Position Held/Work Experience	More than 3 decades experience in the fields of manufacturing, technical and marketing.
7	Names of other Directorships in Public Limited Company	Nil
8	Names of committees in which Chairman	Videocon Appliances Limited - Shareholders/Investor Grievance Committee
9	Names of Committees in which Member	Videocon Appliances Limited - Audit Committee & Remuneration Committee.
10	Number of Shares held in the Company	Nil

B. The brief details of Mr. Avinash Malpani is as under:

1	Name of the Director	Mr. Avinash Malpani
2	Date of Birth	15.09.1950
3	Education Qualification	Commerce Graduate
4	Date of Appointment on the Board	30.09.1996
5	Category of Director	Independent - Non Executive
6	Area of Expertise/Senior Position Held/Work Experience	Experience in diversified field
7	Names of other Directorships in Public Limited Company	Kitchen Appliances India Limited
8	Names of committees in which Chairman	Videocon Appliances Limited - Remuneration Committee Kitchen Appliances India Limited - Audit Committee
9	Names of Committees in which Member	Videocon Appliances Limited - Audit Committee Videocon Appliances Limited - Shareholders Committee
10	Number of Shares held in the Company	9,264

C. The brief details of Mr. S. S. Dayama is as under:

1	Name of the Director	Mr. S S Dayama
2	Date of Birth	05.05.1961
3	Education Qualification	Commerce Graduate
4	Date of Appointment on the Board	08.12.2005
5	Category of Director	Independent - Non Executive
6	Area of Expertise/Senior Position Held/Work Experience	Vast experience and Knowledge in the fields of Capital Market and Finance
7	Names of other Directorships in Public Limited Company	Shree Dhoot Trading & Agencies Limited Videocon Properties Limited Indian Refrigerator Company Limited Videocon Appliances Limited Videocon Housing Finance Limited
8	Names of committees in which Chairman	Audit Committees of Videocon Appliances Limited Videocon Properties Limited Videocon Housing Finance Limited Shree Dhoot Trading & Agencies Limited
9	Names of Committees in which Member	Videocon Appliances Limited - Shareholders Committee & Remuneration Committee
10	Number of Shares held in the Company	Nil



VIDEOCON APPLIANCES LIMITED

DIRECTORS' REPORT

To The Shareholders,
Videocon Appliances Limited

The Board of Directors is pleased to present the 18th Annual Report and the Audited Accounts for the year ended September 30, 2005.

FINANCIAL RESULTS

The performance of the Company for the financial year ended September 30, 2005 is summarized below:

Rs. Crores

Particulars	Year ended 30.09.2005	Year ended 30.09.2004
Net Sales	1095.15	1072.12
Other Income	5.49	4.63
Total Income	1100.65	1076.75
Profit before Interest, Tax and Depreciation	155.06	157.03
Interest & Finance charges	42.02	47.65
Depreciation	74.48	75.08
Profit before Tax	38.56	34.30
Provision for Taxation	11.38	14.20
Profit after Tax	27.18	20.10

REVIEW OF THE OPERATIONS OF THE COMPANY

During the year under review, your Company posted a total income of Rs. 1100.64 Crores as against total income of Rs. 1076.75 Crores for the previous year ended 30th September 2004. The profit after tax amounted to Rs. 27.18 Crores as against profit of Rs. 20.10 Crores for the previous period.

DIVIDEND

In view of the reasonably good performance during the year under review, the Board has pleasure in recommending a dividend of 5% for the financial year ended September 30, 2005, subject to approval by shareholders at the 18th Annual General Meeting. The equity dividend amounting to Rs. 1.66 Crores, if approved by the shareholders at the ensuing Annual General Meeting, would be paid out of the profits for the year. The dividend is free of tax in the hands of the shareholders.

FIXED DEPOSIT

The company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the financial year Foreign Exchange earnings amounted to Rs. 31.05 Crores and Foreign Exchange outgo was Rs. 48.24 Crores as against Rs. 63.10 Crores and Rs. 37.41 Crores respectively for the previous period.

CONSERVATION OF ENERGY

The Company has taken adequate steps to conserve energy at all levels. An inhouse team comprising of experts, regularly keep a check on all the energy conservation systems applied by the Company at the work place. At regular intervals the reports and findings of this team are discussed by the senior management. The Energy Conservation System of the Company gives emphasis on:

- Personnel specially trained for this task.
- Research on use of such components in the equipments and final products which will maximize energy conservation.
- Proper maintenance of all machinery & other equipment and timely replacement of worn-out components;
- Maximum utilization of available resources;

RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION

The Company being predominantly in the Home Appliances sector, gives utmost importance to Research & Development (R&D). The R&D activity includes:

- Introducing newer models having low power & electricity consumption
- Improving aesthetic and looks of the products
- Innovative products to meet the perceived needs of consumers;
- Increasing productivity;
- Improvement in the quality of products;
- Providing technical support services.

The company has derived the following benefits:

- Consumer satisfaction
- Low consumption power and highly efficient home appliance products
- Maintain market leadership position.
- Ability to compete with the foreign players in the Indian Markets
- Compete favorably with foreign players in the Indian and International Markets.
- Increased Productivity
- Products with better features, quality and improved reliability;
- Increase in demand for the products in rural areas;
- Products with more features that are suitable to all income groups;

The Company continues to adapt the latest advances in technology and upgrade its manufacturing base.

INFORMATION TECHNOLOGY (IT)

The company firmly believes that IT is the backbone of any industry in today's environment. The Company has taken it as a tool to improve the productivity, efficiency and reliability.

HEALTH, SAFETY AND ENVIRONMENT

The Company accords high priority to health education and awareness. Safety and security of personnel and environmental protection are on the top of the agenda of the Company at its manufacturing facility. All projects and activities are planned and designed with environment protection as an integral part to ensure a safe and clean environment.

APPOINTMENT/REAPPOINTMENT OF DIRECTORS

On 8th December 2005, Mr. S. S. Dayama was appointed as an Additional Director on the Board of the Company. On the same date, Mr. S. Padmanabhan resigned from the Board. The Board places on record its sincere appreciation for the guidance received from Mr. S. Padmanabhan during his tenure as member of the Board.

Mr. S. S. Dayama carries with him vast experience in the fields of Capital Market and Finance. The Company has received a notice in writing from a member alongwith a deposit of Rs. 500 proposing the candidature of Mr. S. S. Dayama for the office of Director of the Company under the provisions of Section 257 of the Act. The Board recommends appointment of Mr. S. S. Dayama as director of the Company who were appointed as an Additional Director pursuant to Section 260 of the Act. The Board is of the opinion that his experience and knowledge will be of immense help in the growth of the Company.

Mr. N. B. Mandhana and Mr. Avinash Malpani retire by rotation at the ensuing Annual General Meeting and being eligible offers themselves for re-appointment. The Board recommends their appointment.

The Brief profiles of directors being appointed/re-appointed at the ensuing Annual General Meeting forms part of notice convening 18th Annual General Meeting.

ANNUAL REPORT 2004-2005**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217(2AA) read with Section 292A of the Companies Act, 1956, we, the Directors of VIDEOCON APPLIANCES LIMITED, state in respect of Financial Year 2004-05 that:

- a) in the preparation of annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;
- b) 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 and of the profit of the Company for that period;
- c) the Directors have 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;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Board has constituted an Audit Committee comprising of Three Independent Directors, *inter alia* for holding discussions with the Auditors periodically, review of quarterly, half yearly and annual financial statements before submission to Board, review of observations of Auditors and to ensure compliance of internal control systems;
- f) the Audit Committee has also been delegated with authority for investigation and access for full information and external professional advice for discharge of the functions delegated to it by the Board;
- g) the Board agrees that the recommendations of the Audit Committee on any matter relating to financial and management including the audit report would be binding on the Board; and
- h) based on the above and the Internal Audit System, the Audit Committee, the Board opines that the Company has internal control system commensurate with the size of the Company and the nature of its business.

PARTICULARS OF EMPLOYEES

There are no employees drawing remuneration exceeding the monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975.

SUBSIDIARY COMPANIES

The Company does not have any subsidiary.

AUDITORS' REPORT

The Auditors' report is unqualified. The notes to the Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further clarifications under Section 217(3) of the Companies Act, 1956.

AUDITORS

M/s.Khandelwal Jain & Co., Chartered Accountants, Mumbai and M/s.Kadam & Co., Chartered Accountants, Ahmednagar, Auditors of the Company hold office until the conclusion of the ensuing Annual General Meeting. The Company has received certificates from these Auditors to the effect that their reappointment, if made, would be within prescribed limit under Section 224(1-B) of the Companies Act, 1956.

CORPORATE GOVERNANCE

As required under clause 49 of the Listing Agreement with the Stock Exchanges, Corporate Governance and Management Discussion and Analysis Report form part of this Annual Report. The Company is in full compliance with the requirements and disclosures that have to be made in this regard. The Auditors' certificate confirming compliance of the Corporate Governance is attached to the Report on Corporate Governance.

ACKNOWLEDGEMENT

The Directors would like to express their grateful appreciation for the assistance and co-operation received from the Financial Institutions, Banks and Government Authorities.

The Directors are happy to place on record their gratitude to the employees at all levels for their commitment and dedicated efforts. The Directors are also thankful to the shareholders for their continued support to the Company.

For and on Behalf of the Board of Directors

V.N.DHOOT
Director

Place : Ahmednagar
Date : February 23, 2006



VIDEOCON APPLIANCES LIMITED

CORPORATE GOVERNANCE

This report sets out the compliance status of the Company on Corporate Governance as set out in the Amended Clause 49 of the Listing Agreement with the Stock Exchanges.

I. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is centered around maintaining highest standards of integrity, accountability and professionalism and ensuring transparency and fairness in all its dealings with stakeholders.

The Company believes in and practises good corporate governance norms both in letter and spirit.

II. Board of Directors

1. Composition of the Board of Directors as on September 30, 2005

Category	Directors	No. of Directors
Promoter-Non Executive Director	Mr. V N Dhoot	2
	Mr. P N Dhoot	
Non-Executive - Independent	Mr. Naveen B Mandhana	3
	Mr. Avinash Malpani	
	Mr. S Padmanabhan	
Nominee Directors-Representing Lending Institution.	Mr. D K Jain (Nominated by IFCI Limited)	1

The Board comprises of eminent persons having versatile experience in the field of management, marketing, finance, technical and administration.

2. Board/Committee Meetings and Proceedings

a. Institutionalised decision making process:

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussion/decisions by the Board, the Company has defined guidelines for the meetings of the Board of Directors and Committees thereof. These guidelines seek to systematize the decision making process at the meetings of Board/Committees, in an informed and efficient manner.

b. Scheduling and Selection of Agenda Items:

All Board/Committee Members are given reasonable notice of the meetings. These meetings are governed by a structured agenda. The agenda alongwith the explanatory notes are distributed well in advance.

c. Availability of Information to the Members:

The Members have unqualified access to all information available with the Company. In fact, all items in the agenda are supported by detailed background information to enable the members to take informed decisions. The information generally provided to the Members include:-

- Quarterly and financial results
- Minutes of the meeting of Audit and other Committees to the Board;
- Material Transaction
- Related Party Transactions

d. Recording minutes of the proceedings:

Minutes of the proceedings each board/committee meetings are recorded. Draft minutes are circulated amongst all members for their comments. The minutes of the proceedings of the meetings are entered in the minutes book.

e. Follow up mechanism:

The guidelines for the Board/Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the actions taken on decisions of the Board and Committees.

f. Compliance:

The board periodically reviews the compliance reports to ensure adherence to all applicable provisions of law, rules and guidelines.

g. Code of conduct:

The Company has laid down code of conduct which binds all the board members and senior management of the company. A declaration by the Chairman and Managing Director to this effect is appended to this report.

3. Board Meetings and Attendance

10 Board Meetings were held during the year 2004 -05 on the following dates :

31.10.2004, 30.11.2004, 31.01.2005, 25.02.2005, 29.04.2005, 29.06.2005, 05.07.2005, 27.07.2005, 10.09.2005 and 30.09.2005.

The Details of attendance and other associations of the Board of Directors is as under:

Sl. No.	Name of Director	Whether attended AGM held on 31.03.2005	Attendance in Board Meetings		Other Board		
			Total	Attended	Directorship	Committee Chairmanship	Committee Membership
1	Mr.Venugopal N. Dhoot Promoter Non-Executive Director	No	10	10	14	1	2
2	Mr.Pradeepkumar N. Dhoot Promoter Non-Executive Director	No	10	9	12	1	5
3	Mr.Naveen B. Mandhana Independent Non-Executive Director	No	10	7	Nil	Nil	Nil
4	Mr. S. Padmanabhan Independent Non-Executive Director	Yes	10	9	11	1	10
5	Mr.Avinash Malpani Independent Non-Executive Director	Yes	10	8	1	1	0
6	Mr. D. K. Jain Nominee IFCI Limited	No	10	Nil	Nil	Nil	

4. Brief Details of Directors proposed to be re-appointed:

Brief profiles of directors retiring by rotation and seeking re-appointment is appended to the Notice convening the ensuing 18th Annual General Meeting.

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III. Board Committees:

Currently the board has constituted three committees i.e., Audit Committee, Shareholders/Investors Grievance Committee and Remuneration Committee.

1. Audit Committee:

(i) Composition (As of 30th September, 2005)

Name of the Committee Member	Category
Mr. S. Padmanabhan Chairman	Non Executive - Independent
Mr. Avinash Malpani	Non Executive - Independent
Mr. Naveen B. Mandhana	Non Executive - Independent

The Committee members have requisite financial and management experience and have held or hold senior positions in other reputed organizations.

(ii) Scope of Audit Committee:

The terms of reference are broadly as under:

- Overall assessment 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.
 - Recommending the appointment of external auditor, fixation of audit fee and also approval for payment for any other services.
 - Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
 - 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.
 - Changes, if any, in accounting policies and practices.
 - Major accounting entries based on exercise of judgment by management.
 - Observations if any, in draft audit report.
 - Significant changes/amendments, if any, arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Qualification in the draft audit report
 - Compliance with stock exchange and legal requirements concerning financial statements
 - 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.
 - Reviewing with the management, external and internal auditors the adequacy of internal control systems.
 - Reviewing the adequacy of internal audit function, 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.
 - Discussion with internal auditors any significant findings and follow up there on.
 - Reviewing the findings, if any, 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.
 - Discussions with external auditors before the audit commence nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
 - Reviewing the company's financial and risk management policies.
 - To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 - To review the functioning of Whistle Blower Mechanism, if any
- The Audit Committee also reviews:
- Management discussion and analysis of financial conditions and results of operations.
 - Statement of significant related party transactions, if any.
 - Management Letters/Letters of internal control weaknesses issued by the Statutory Auditors;
 - Internal Audit Reports relating to internal control weaknesses; and
 - The appointment, removal and terms of remuneration of the Chief Internal Auditor.

(iii) Meetings and Attendance:

During the financial year under consideration, five meetings of the Committee were held on 30.10.2004, 29.01.2005, 15.02.2005, 29.04.2005 and 29.07.2005.

Name of the Committee Member	Category	Meetings held during respective tenure	Meetings attended
Mr. S. Padmanabhan Chairman	Non Executive Independent	5	5
Mr. Avinash Malpani	Non Executive - Independent	5	5
Mr. Naveen B. Mandhana	Non Executive Independent	5	5

The Statutory Auditors and Head of Internal Audit attended and participated in the meetings, on invitation. The Company Secretary is the de-facto Secretary of the Committee.

2. Remuneration Committee:

(i) Composition (As of 30th September, 2005)

Name of the Member	Category
Mr. Naveen B. Mandhana - Chairman	Non Executive Independent
Mr. Avinash Malpani	Non Executive Independent
Mr. S. Padmanabhan	Non Executive Independent

(ii) Scope of Remuneration Committee:

The following matters are referred to the Remuneration Committee:

- Fixing the remuneration payable to the Directors;
- Determining the remuneration policy of the Company; and
- Reviewing the performance of employees and their compensation.

(iii) Directors' Remuneration:

- The Promoter Non-Executive Directors are not drawing any remuneration/sitting fee.
- The non-executive independent directors are paid only sitting fees for attending Board/Committee meetings. The details of sitting fee paid to non executive directors during the year under review are as follows:

Name of Director	Sitting fee paid (Rs)
Mr. S. Padmanabhan	15,000
Mr. Avinash Malpani	14,000
Mr. Naveen B. Mandhana	15,000

(iv) Meetings and Attendance:

Three meetings were held on 25th February, 2005, 6th May, 2005 and 20th August 2005.

Name of the Member	Meetings held	Meetings attended
Mr. S. Padmanabhan	3	3
Mr. Avinash Malpani	3	3
Mr. Naveen B. Mandhana	3	3

(v) Stock Options:

The Company has not issued any stock options to its Directors.

3. SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE:

(i) Composition: (As on 30th September, 2005)

Name of the Member	Category
Mr. Avinash Malpani - Chairman	Non Executive Independent
Mr. P. N. Dhoot	Promoter Non - Executive
Mr. Naveen B. Mandhana	Non Executive Independent

(ii) Scope of Shareholders/Investors grievance Committee:

The Committee administers the following activities:

- Transfer of Shares
- Transmission of shares
- Issue of Duplicate Share Certificates
- Change of Status
- Change of Name