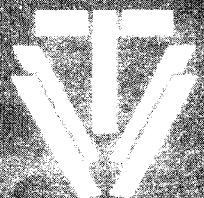


Annual Report 2005-2006

Report Junction.com

Vanasthali Textile Industries Ltd.





BOARD OF DIRECTORS

Shri Rajesh Modi	<i>Managing Director</i>
Shri S. P. Chadha	<i>Director</i>
Shri Sanjay Kr. Khaitan	<i>Director</i>
Shri Hemant Mansinghka	<i>Director</i>
Shri Satpal Singh	<i>Nominee Director (IFCI)</i>
Shri K.M. Mathur	<i>Nominee Director (IDBI)</i>
Shri J. K. Das	<i>Joint Managing Director</i>

AUDITORS

M/s P. K. Soni & Co.
Chartered Accountants,
B-86A, IIInd Floor, Kalkaji
New Delhi 110 019.

BANKERS

Allahabad Bank
Federal Bank
Oriental Bank of Commerce
State Bank of Bikaner & Jaipur

WORKS & REGISTERED OFFICE

F-3-5, RIICO Industrial Complex,
Vigyan Nagar, Shahjahanpur-301 706
District Alwar (Rajasthan)

HEAD OFFICE

E-67, Greater Kailash Enclave-I,
New Delhi 110 048

REGISTRAR AND SHARE TRANSFER AGENT

Beetal Financial & Computer Services (P) Limited
"Beetal House", 3rd Floor,
99, Madangir, Behind Local Shopping Centre,
Near Dada Mansukh Das Mandir,
New Delhi-110 062

C O N T E N T

Notice	1
Director Report	3
Corporate Governance	5
Management Discussion	13
Auditor's Report	14
Balance Sheet	16
Profit & Loss Account	17
Schedules	18
Cash Flow Statement	23



NOTICE

NOTICE is hereby given that the Fifteenth Annual General Meeting of the members of the company is to be held on Friday, the 29th Day of September 2006 at 10:00 A.M. at F-3-5 RIICO Industrial Complex, Vigyan Nagar, Shahjahanpur Distt. Alwar, Rajasthan, to transact the following businesses as:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited balance sheet of the company as on 31st March 2006 and the profit and loss account for the year ended on that date together with the reports of the Board of Directors and Auditors' thereon.
2. To appoint a director in place of Sh. Rajesh Modi who retires by rotation, and being eligible offers himself for the reappointment.
3. To appoint a director in place of Sh. Hemant Manisinghka who retires by rotation, and being eligible offers himself for the reappointment.
4. To appoint statutory auditors of the company and to fix their remuneration and in this connection to consider and if thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:

"RESOLVED THAT pursuant to the provisions of Section 224 (1) of the Companies Act, 1956 M/s P.K. Soni & Co., Chartered Accountants, be and is hereby, reappointed as the 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 at such a remuneration as may be mutually agreed upon between the Board of Directors and the Auditors, plus reimbursement of service tax, out of pocket, travelling and living expenses.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modifications, the following resolution as an ORDINARY RESOLUTION

"RESOLVED THAT Sh Yogesh Gupta, for whom notice has been received under section 257 of the Companies Act, 1956 be and is hereby appointed as a Director of the Company, liable to retire by rotation."

"RESOLVED FURTHER THAT pursuant to the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and other applicable provisions of The Companies Act, 1956, (including any statutory modification,

amendments or re-enactments thereof, from time to time) and enabling provisions of the Articles of Associations of the Company, Sh. Yogesh Gupta be and is hereby appointed as the Director (Finance) of the Company with immediate effect for a term not exceeding five years subject to the retirement by rotation under the applicable provision of the Companies Act, 1956 at the remuneration payable in the manner to the extent set out herein below:-

Basic Salary:- Rs.25,550-4000-45,550 per month, House Rent Allowance--Rs 11,200 per month and the Board of Directors will have liberty and power to fix, alter and vary the remuneration so payable in such manner as the Board may deem fit and are acceptable to him within the limits specified in Schedule XIII of the Companies Act, 1956."

MINIMUM REMUNERATION

In the event of loss or absence of adequate profits, the remuneration aforesaid shall be the minimum remuneration. Any excess over the limits, prescribed specified under The Companies Act, 1956 shall become payable with the approval of the Central Government wherever so required.

6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary resolution:

"RESOLVED THAT in supersession of the Resolution adopted at the Annual General Meeting of the Company held on 27.09.1996 and pursuant to the provisions of Section 293(1)(d) and all other applicable provisions, if any, of the Companies Act, 1956 and the Memorandum and Article of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time, at their discretion either from banks, financial institution or from any one or more persons any sum of money (including monies that may be borrowed by issue of Debentures) on such terms and conditions as may be suitable to the Board of Directors up to a limit not exceeding Rs.200 Crores (Rupees Two Hundred Crores) notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) will or may exceed the aggregate of the paid up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific



purpose, provided that the maximum amount of monies so borrowed by the Board and outstanding shall not at any time exceed Rupees 200 Crores (Rupees Two Hundred Crores)".

By order of the Board
For VANASTHALI TEXTILE IND. LTD.

Date : 31.07.2006
Place : New Delhi

YOGESH GUPTA
Director (Finance) &
COMPANY SECRETARY,

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS ANNUAL GENERAL MEETING MAY APPOINT ANY PERSON AS HIS/HER PROXY TO ATTEND AND VOTE ON POLL AT THIS ANNUAL GENERAL MEETING ON HIS/HER BEHALF AND THE PROXY SO APPOINTED NEED NOT BE THE MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from 25/09/06 to 29/09/06 (both days inclusive).
3. The members are requested to bring their copy of the Annual Report to the meeting, as the additional copies would not be available at the venue of the meeting.

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

ITEM NO. 5

Consequent to increase in the size of the company and major expansion going on, it is felt imperative that an experienced person having exposure to Finance, Legal, accounts & administration should be included in the Board and should take care of the day to day activities carried out in the Company. Shri Yogesh Gupta has been working

as Chief Financial officer and Company secretary of the Company and is looking after the Finance, accounts and legal activities of the company for the past 13 years.

Your Directors in the Board Meeting had decided to elevate him to the position of whole Time Director for a period of five years commencing from 31st July 2006 in the interest of the Company.

Your approval is now sought to approve the appointment and remuneration of Shri Yogesh Gupta in compliance with Schedule XIII of the Companies Act, 1956.

Except Shri Yogesh Gupta himself, no other director is deemed to be interested in the resolution.

ITEM NO. 6

At the Annual General Meeting held on 27.09.1996 the consent of the members had been given under Section 293(1)(d) of The Companies Act, 1956, to the Board of Directors in excess of the Company's paid up capital and free reserves upto the limit of Rs. 75 crores. Taking into account further requirement of funds for the Company's operations, present and future, it is proposed to revise the aforesaid limits to Rs. 200 crore. Necessary resolution authorizing the Board of Directors to borrow on behalf and for the purpose of the Company further sums of money upto Rs. 200 Crores, placed before the members, and is recommended for their approval.

None of the Directors of the Company is in anyway concerned or interested in the resolution.

By order of the Board
For VANASTHALI TEXTILE IND. LTD.

Date : 31.07.2006
Place : New Delhi

YOGESH GUPTA
Director (Finance) &
COMPANY SECRETARY

**DIRECTORS' REPORT**

Dear Members,

Your Directors are pleased to present the Fifteenth Annual Report together with the audited statements of accounts for the financial year ended 31st March, 2006.

FINANCIAL RESULTS

Your Company's financial performance during the financial year 2005-2006 is summarised below.

(Rs. in lacs)

Particulars	As on 31.3.06	As on 31.3.05
Sales (Gross)	12162.64	9999.39
Profit before Depreciation, Interest & Tax (PBIT)	1533.51	1101.75
Less : Interest	358.05	319.60
Depreciation	601.79	537.88
Profit before Tax (PBT)	573.67	244.27
Provision for Tax:		
Current	57.67	19.00
Previous Year	00.95	(2.44)
Deferred	(24.70)	(40.15)
Profit after Tax	539.74	267.86
Add: Profit for the earlier years	621.34	327.53
Profit available for appropriations	1161.09	595.40
Transfer to General Reserve	200.00	-
Balance carried to Balance Sheet	961.09	595.40

OPERATIONS

During the year, the Company, despite of falling prices in the international market, increase in the price of yarn (the Company's major raw material) and compounded by the major rise in the prices of petro-based products, has managed to earn handsome profit. There was a significant increase in the turnover of Company. The turnover increased from Rs. 9999.39 lacs in the financial year 2004-2005 to Rs. 12162.64 lacs during the current financial year 2005-2006, which is 21.62% more than the previous financial year. The company has earned a gross profit of Rs. 1533.51 lacs for the Year 2005-2006, which is more by 431.76 lacs as against a gross profit of Rs. 1101.75 Lacs in the year 2004-2005.

Company's different varieties of towels namely bath, beach, hand and face towels have been exported to the countries of Europe, United States, Australia, Chile, New Zealand, Japan, South Africa and Middle East.

DIVIDEND

Your directors are unable to recommend any dividend for the year ended 31st March 2006.

FUTURE PROSPECTS

The long-term outlook for terry towel is encouraging. The Company continued its emphasis on technology upgradation, modernization, product and market development. Its quality is well established and accepted in the international market. Now, the Company is focussing on value added products such as embroidered terry towels, micro-cotton towels, tufted towels etc. which can fetch higher price realisation. The Company is undertaking a expansion projects involving an expenditure of approximately Rs. 44 crores. It has already completed first phase of expansion by adding eight

looms financed by way of Term Loan of Rs. 13 crores from IDBI under TUF scheme. For the second phase of expansion, the Company has already been sanctioned a term Loan of Rs. 20.50 crores under TUF scheme. Further, the merger process of Regal Weavers Private Limited with the Company, which has 6 Dobby Looms and 6 Jacquards looms, has been completed. The Company's focussed effort on technology advancement, product diversification will result in improving the bottom line and it is hoped that barring unforeseen circumstances the Company will perform even better during the Current Financial year.

FIXED DEPOSITS

During the year under review, your company has not accepted any fixed deposit within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereto.

LISTING

The equity shares of your company are currently listed on Mumbai Stock Exchange. The listing fee for the year 2006-2007 has been paid to the Mumbai Stock Exchanges. During the period under review, there were some major changes in the Listing Agreement. The Company has made its endeavor to comply with all its mandatory and non-mandatory requirements.

INDUSTRIAL RELATIONS

Cordial and harmonious industrial relations prevailed throughout the year, which contributed towards good performance in all the areas of the business of the Company.

DIRECTORS

During the year under review Sh. Praveen Deva, Director (Marketing) resigned from the Directorship of the Company.

The Board places on record its sincere appreciation for the services rendered by Sh. Praveen Deva, Director (Marketing), Sh. Rajesh Modi and Sh. Hemant Mansinghka who retire at this Annual General Meeting by rotation, being eligible offer themselves for reappointment.

The Board recommends their reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT AS PER SECTION 217(2AA) OF COMPANIES ACT, 1956

Pursuant to the requirements of Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the Profit and Loss Account for the year under review;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the directors had prepared the accounts for the financial year ended 31st March 2006 on a going concern basis.

PARTICULARS OF EMPLOYEES

None of the employees of the company were drawing emoluments more than what has been specified under section 217(2A) of the Companies Act, 1956 read with



amended Companies (Particulars of Employees) Rules, 1975.

CORPORATE GOVERNANCE

The Company is strongly committed towards its philosophy of Corporate Governance. The Company has already constituted several committees of directors to assist the Board in good Corporate Governance. The Corporate Governance Report alongwith the Auditors certificate regarding compliance of the conditions of the Corporate Governance as stipulated in Clause 49 of the Listing Agreement of the Stock Exchange is attached herewith.

AUDITORS

M/s P.K. Soni & Co., Chartered Accountants, B-86A 2nd Floor, Kalkaji, New Delhi 110 019 hold office upto the conclusion of the ensuing Annual General Meeting and being eligible and available offer themselves for reappointment.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information pursuant to Section 217(1)(e) of the Companies Act,

1956 read with the Companies (Disclosure & Particulars in the report of board of directors) Rules, 1988, relating to conservation of energy and technology, absorption are given by way of Annexure to this report. As regards to the information in respect of foreign exchange earnings and outgo, the same has been given in the notes to accounts forming part of the Accounts for the year ended 31st March 2006.

ACKNOWLEDGEMENT

Your Directors wish to place on record sincere gratitude to the co-operation and assistance extended by the Government authorities, Financial Institutions, Banks, Suppliers, Agents and Buyers. Your Directors also wish to place on record their deep sense of appreciation for the sincere and dedicated services rendered by the employees of the company.

For and on behalf of the
Board of Directors

Date : 31.07.2006
Place : New Delhi

Rajesh Modi
Managing Director

ANNEXURE TO THE DIRECTORS' REPORT

A. Conservation of energy :

The Company is making all around efforts for the conservation of energy. The company has installed coal fired Boiler which has lead to savings in fuel consumption. Investment has been proposed in installation of coal-based High Pressure Boiler and Turbine which is expected not only to save fuel cost but also to reduce the per unit cost of generation of electricity.

The impact of the above measures will further be felt during the current year.

Total energy consumption per unit of production as per Form A:

FORM-A

(Form for disclosure of particulars with respect to conservation of energy)

A. Power and Fuel Consumption :

1. Electricity

- a) Purchased Unit (kwh)
- Total Amount (Rs.)
- Rate/Unit (Rs.)
- b) Own Generation
- Through D.G. Unit (Kwh) Diesel
- Through D.G. Unit (Kwh)
- Furnace Oil
- Unit/Ltr. of Diesel Oil (Kwh)
- Unit/Ltr. of Furnace Oil (Kwh)
- Cost/Unit (Rs.)

2. Coal / Pet Coke (For Boiler)

- Quantity (Tonnes)
- Total Cost (Rs.)
- Average Rate (Rs. Per Kg)

3. Husk / Rice Husk / Ground Nut (For Boiler)

- Quantity (Tonnes)
- Total Cost (Rs.)
- Average Rate (Rs. Per Kg)

	2005-2006	2004-2005
a) Purchased Unit (kwh)	2,501,085	4,44,339
Total Amount (Rs.)	11,638,560	20,26,703
Rate/Unit (Rs.)	4.65	4.56
b) Own Generation		
Through D.G. Unit (Kwh) Diesel	6,612,416	95,98,262
Through D.G. Unit (Kwh)		
Furnace Oil	2,084,816	5,44,913
Unit/Ltr. of Diesel Oil (Kwh)	3.46	3.54
Unit/Ltr. of Furnace Oil (Kwh)	2.74	2.75
Cost/Unit (Rs.)	6.48	5.10
2. Coal / Pet Coke (For Boiler)		
Quantity (Tonnes)	3715.58	5,454.81
Total Cost (Rs.)	1,48,91,523	2,22,03,364
Average Rate (Rs. Per Kg)	4.01	4.07
3. Husk / Rice Husk / Ground Nut (For Boiler)		
Quantity (Tonnes)	59.12	294.60
Total Cost (Rs.)	1,07,229	4,94,782
Average Rate (Rs. Per Kg)	1.81	1.70

4. Diesel (For Boiler)

Quantity (Litres)	31,558	19,237
Total Cost (Rs.)	7,52,925	3,47,805
Average Rate (Rs. Per Litre)	23.85	18.08

5. Furnace Oil (For Boiler)

Quantity (Litres)	818154	8,20,984
Total Cost (Rs.)	24196293	95,64,464
Average Rate (Rs. Per Litre)	29.57	11.65

6. Consumption per unit of production

Products : Terry Towels		
- Electricity (Kwh/Kg)	2.50	3.13
- Furnace Oil (Litre/Kg)	0.22	0.26

FORM B

(Form for disclosure of particulars with respect to absorption Research and Development (R&D))

Technology absorption, adaptation and Innovation

1. Efforts in brief
 - The Company has no specific Research & Development activities. However, the company has well equipped quality control department to check the quality of product manufactured.
2. Benefits derived as a result of the above.
 - The Company has taken regular in house efforts to improve the quality of the product resulting in lower rejection.
 - Better quantity and quality products are achieved. The installation of coal fired boiler and Furnace Oil DG Sets has resulted in considerable cost savings.
3. Imported technology
 - No technology has been imported except for technologically advanced equipments.



REPORT ON CORPORATE GOVERNANCE

INTRODUCTION

Your Company is committed to the principles of good Corporate Governance as it is crucial to the very existence of the Company since it builds confidence and trust, which eventually leads to a more stable and sustained resource flows and long-term partnership with its investors and other stakeholders. Further it results in the control of the Company in a regulated manner, aiming to achieve transparent, accountable and fair management. The detailed report on implementation by the Company, of the revised Corporate Governance Code as incorporated in Clause 49 of the Listing Agreement with the Stock Exchange, for the financial year 2005-2006 is set out below:

A. CORPORATE GOVERNANCE - PHILOSOPHY

Corporate Governance is an integral element of the company's value system, management ethos and other business practice. Good Corporate practices stem from the Company's culture and mind set and Your Company initiatives are based on:-

1. Commitment towards excellence and consumer satisfaction
2. Commitment to maximizing long term value for shareholders.
3. Commitment to Corporate conduct and citizenship
4. Concern for environment and sustainable development.

The spirit of Corporate Governance has prevailed in the Company and has influenced its decisions and policies long before the guidelines became mandatory. The Company believes that all its actions must serve the underlying goal of enhancing overall shareholder value on a sustained basis.

B. BOARD OF DIRECTORS - COMPOSITION AND CATEGORY

The Company's policy is to maintain the optimum combination of Executive and Non Executive Directors to preserve and maintain the independence of the Board and to ensure adequate separation of governance and management functions of the Board. The Board of Directors of the Company consists of persons with considerable professional expertise and experience in the field of business industry, finance, management, legal and marketing. The Board of Directors of Vanasthali Textile Industries Limited as on 31.03.2006 comprises of 7 directors, of which two are executive and five are non - executive thereby meeting the requirements of Clause 49 (I)(A) of the Listing Agreement. The board has constituted various committees viz. Audit Committee, Remuneration Committee, Finance Committee, Project Management Committee, Shareholders Grievance Committee & Share Transfer Committee. The Board functions either as a full Board or through Committees. The Board and Committee meet at regular intervals. There is no pecuniary relationship or transaction of the non-executive directors with the Company.

The composition of Directors and the attendance at the Board Meetings during the year and the last Annual General Meeting are stated in the Table below:-

Directors	Category	Meetings held during the tenure of Director	Meetings attended	Attendance at the last A.G.M. (2nd September 2005)	No. of Directorship in other Companies#	No. of Membership/ Chairmanship held in Other Companies Member Chairman	
1. Mr. Rajesh Modi	Promoter/ Managing Director/Executive	4	4	Present	--	--	--
2. Mr. J.K. Das	Joint Managing Director/Executive	4	3	Absent	--	--	--
3. Mr. Parveen Deva*	Executive	1	1	Absent	--	--	--
4. Mr. S.P. Chadha	Non-executive/ Independent	4	4	Present	--	--	--
5. Mr. Sanjay Kumar Khaitan	Non-executive/ Independent	4	0	Absent	1	3	--
6. Mr. Hemant Mansinghka	Non-executive/ Independent	4	2	Absent	--	--	--
7. Mr. Satpal Singh	Nominee Director (IFCI)/ Independent	4	3	Absent	--	--	--
8. Mr. K.M. Mathur	Nominee Director (IDBI)/Independent	4	4	Absent	--	--	--

Excludes directorship held in Private Companies.



* Persons ceased to be members of the Board of Directors of the Company:-

1. Sh. Praveen Deva 27th April 2005 (Board Meeting)

The Board of the Company held as many as **four** meetings in the previous year. The meetings were held on 27th April 05, 21st July 05, 28th October 05, 31st January 06.

In compliance with requirements of Clause 49 (IV)(E)(v), the shareholding of the non-executive Directors in the Company is stated as follows:

SL. NO.	NAME OF DIRECTOR	NO. OF SHARES HELD
1.	Mr. S. P. Chadha	1500
2.	Mr. Sanjay Kumar Khaitan	110
3.	Mr Hemant Mansinghka	NIL
4.	Mr. Satpal Singh	NIL
5.	Mr. K. M. Mathur	NIL

All information required to be disclosed as per Clause 49 of the Listing Agreements with the Stock Exchange have been placed before the Board.

COMMITTEES OF DIRECTORS

The following sub-committees of the Board of Directors of the Company have been constituted.

AUDIT COMMITTEE

(a) Terms of reference and composition, name of members of the committee.

Terms of reference

The role and terms of reference covers areas mentioned under clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956, beside other terms as may be referred by the Board of Directors, which broadly includes: -

To oversee the Company's financial reporting process and financial information disclosure to ensure that the financial statements are correct, sufficient & credible, to review with the management, the annual financial statements before submission to the Board, external and internal Audit Reports, the adequacy of internal control systems, to review the adequacy and effectiveness of accounting & financial controls of the Company, compliance with the Company's Policies and applicable laws and regulations and recommending the appointment and removal of external auditors, fixation of Audit Terms, compliances with accounting standards and Listing Agreement entered into with the Stock Exchange and other legal requirements concerning financial statements and related party transactions, if any, to review the Company's financial and risk management policies and discuss with the Internal Auditor any significant findings for follow-up thereon, looking into the reasons for substantial defaults, if any, in payment to the, shareholders(in case of declared dividends)and creditors and reviewing any other areas which may be specified as role of the Audit Committee under amendments, if any, from time to time, to the Listing Agreements, Companies Act and other Statutes.

The minutes of the Committee were placed before the members of the Board, discussed and taken note of.

Composition

The Audit Committee comprises of Mr. Hemant Mansinghka, Mr. J.K. Das, Mr. S. P. Chadha & Mr. K. M. Mathur. Statutory Auditors, Internal Auditors are permanent invitees to the Audit Committee. The Company Secretary acts as the secretary of the Committee.

Meeting and attendance during the year.

Four meeting of the Audit Committee were held during the financial year 2005-2006 on the following dates: -
27th April 2005, 21st July 2005, 28th Oct 2005 & 31st Jan 2006.

The attendance of each member of the Committee is given below: -

Name of Directors	No. of Meetings attended
1. Mr. S. P. Chadha	4
2. Mr. Hemant Mansinghka	2
3. Mr. K.M. Mathur	4
4. Mr J. K. Das	3

REMUNERATION COMMITTEE

The Board has constituted the Remuneration Committee on 20th April 2002 to determine, on behalf of the Board and shareholders, the Company's policy to formulate and recommend, the remuneration of Directors. It shall consider the remuneration packages for the executive directors including pension rights and compensation rights. It consists of Mr. S. K. Khaitan, Mr. S. P. Chadha & Mr. Hemant Mansinghka Non - Executive Directors as the members of the Committee. The Committee shall choose one among themselves as the Chairman of the meeting.



Non - Executive Directors at present are not paid commission over and above the sitting fees.

Remuneration paid to directors during 2005-2006.

Sl. No	Name	Position	Sitting Fee	Salary/ Perquisites	Commission	Total
1	Mr. Rajesh Modi	Managing Director	-	6,96,000/-	2,64,000/-	9,60,000/-
2.	Mr. J. K. Das	Joint Managing Director	-	4,22,000/-	1,50,000/-	5,72,000/-
3	Mr. Praveen Deva	Director (Marketing)	-	31,000/-	-	31,000/-
4	Mr. Hemant Mansinghka	Director	6,000/-	-	-	6,000/-
5	Mr. S. P. Chadha	Director	12,000/-	-	-	12,000/-
6	Mr. Sanjay Kumar Khaitan	Director	-	-	-	-
7	Mr. K. M. Mathur (IDBI Nominee)	Director	12,000/-	-	-	12,000/-
8	Mr. S. P. Singh (IFCI Nominee)	Director	6,000/-	-	-	6,000/-

FINANCE COMMITTEE

The Board of Directors has constituted a Finance Committee to consider and approve the availment of loan on behalf of the Company. Since it is not possible for the Board to meet every time for the availment of the loan, therefore the Board decided to constitute Finance Committee which was given power to approve the financial transactions of Rs. 25 crore, at one time. The committee comprises of Sh J.K. Das, Joint Managing Director and Sh S.P. Chadha, Independent Director.

The Company secretary is the secretary of the Committee.

PROJECT MANAGEMENT COMMITTEE

Since the Company has undergone major expansion during the Financial Year 2005-06, therefore the Company has constituted a Project Management Committee for the transparent, efficient and accountable progress of the project. The Project Management Committee comprises of two Non executive Independent Directors and one Executive Director viz. Sh K.M. Mathur, Sh S.P. Chadha and Sh J.K. Das.

Meeting and attendance during the year.

Two meetings of the Project Management Committee were held during the financial year 2005-2006 on the following dates: -

8th October 2005, 31st January 2006

The attendance of each member of the Committee is given below: -

Name of Directors	No. of Meetings attended
1. Mr. S. P. Chadha	2
2. Mr. K.M. Mathur	1
3. Mr J. K. Das	2

SHAREHOLDERS GRIEVANCE COMMITTEE

The Investor Grievance Committee of the Company, under the nomenclature "Investor Service Committee", oversees redressal of Shareholder and investor grievances.

A) Composition

The Board of Directors of the Company has constituted Shareholders/Investor Grievance Committee in the year 2002. The Committee comprises of three Non-Executive Directors namely Mr. S. K. Khaitan, Mr. S. P. Chadha & Mr. Hemant Mansinghka. Mr. S. K. Khaitan shall act as Chairman of the meeting. The Company secretary is the secretary of the Committee and is also the Compliance officer of the Company

The Committee looks into the redressal of shareholders and investor complaints; monitoring expeditious redressal of investors grievance, and such other matters as may be delegated to committee by the Board of Directors.

B) Complaints

During the financial year, the Company received 29 nos. complaints from shareholders and 1 complaint from SEBI. The Company redressed all the grievances to the satisfaction of the members.