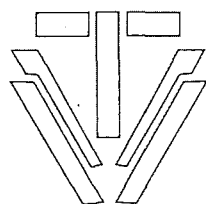


Annual Report 2006-2007



Vanasthali Textile Industries Ltd.



BOARD OF DIRECTORS

Shri Rajesh Modi	<i>Managing Director</i>
Shri Rajendra Goenka	<i>Director</i>
Shri Sunil Goenka	<i>Director</i>
Shri Hemant Mansinghka	<i>Director</i>
Shri Surendra Jindal	<i>Director</i>
Shri K.M. Mathur	<i>Nominee Director (IDBI)</i>
Shri Abhishek Modi	<i>Director</i>
Shri Yogesh Gupta	<i>JDirector (Finance) & Company Secretary</i>

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

A-34, Sector-2
Noida - 201301S

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

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NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the members of the company is to be held on Saturday, 29th day of September, 2007 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, 2007 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 Hemant Mansinghka, who retires by rotation, and being eligible offers himself for the reappointment.
3. To appoint a director in place of Sh Yogesh Gupta, 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 Rakesh Raj & Associates, Chartered Accountants, C - 8, East Of Kailash, New Delhi - 110065 be and are hereby, appointed as the Statutory Auditors of the company to hold office upto the conclusion of the next Annual General Meeting of the company at such 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. Rajendra Goenka be and is hereby appointed as a director of the company."
6. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Sh. Sunil Goenka be and is hereby appointed as a director of the company."
7. To consider and if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution:
"RESOLVED THAT Sh. Surendra Jindal be and is hereby appointed as a director of the company."

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

"RESOLVED THAT Sh. Abhishek Modi be and is hereby appointed as a director of the company."

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

"RESOLVED THAT in pursuance of the provisions of Section 198, 269, 309 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification or re-enactment thereof, for the time being in force) and subject to all such approvals / consents including approval from Company Law Board, Sh. Rajesh Modi, be and is hereby reappointed as Managing Director of the Company for a period of one year with effect from 01/04/2007 but his term of office will be subject to retirement by rotation and that he shall be paid Remuneration in accordance with Part II of Schedule XIII of the Companies Act, 1956 and in case of no profit or inadequate profit Sh. Rajesh Modi shall be paid remuneration by way of salary, perquisites and other allowance not exceeding the ceiling limit as specified in Section II of the Part II of Schedule XIII of the Companies Act, 1956 as under:

1. **SALARY:** Salary of Rs. 50,000/- per month
2. **PERQUISITES:** Perquisites shall be allowed in addition to both salary and commission or special allowance. However, it shall be restricted to an amount equal to the annual salary. Perquisites are classified as follows:
 - i) **Housing / House Rent Allowance**
The Expenditure incurred by the Company will be subject to a ceiling of 60% of salary.
 - ii) **Gas, Electricity, Water and Furnishing**
The expenditure incurred by the Company on gas, electricity, water and furnishing shall be valued as per the Income Tax Rules, 1962.
 - iii) **Medical Reimbursement**
Expenses incurred for self and family.
 - iv) **Leave and Leave Travel Concession**
Leave as per Rules of the Company including encashment of leave, Leave Travel Commission for self and family once in a year incurred in accordance with the Rules of the Company.
 - v) **Club Fees**
Fees of clubs subject to a maximum of two clubs.
 - vi) **Personal Accident Insurance**
Personal Accident Insurance of an amount the annual premium of which does not exceed Rs. 4000/-

And such other perquisites as Board has and will approve and the Board of Directors will also have liberty and power to fix, after 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 under the Companies Act, 1956 shall become payable with the approval of the Central Government wherever so required."

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

Date : 28.08.2007
Place : Noida

Sd/-
YOGESH GUPTA
DIRECTOR (FINANCE) &
CO. SECY

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 25/09/07 to 29/09/07 (both days inclusive).
3. The Explanatory Statement under Section 173(2) of the Companies Act, 1956 with respect to the special business is annexed herewith.
4. The member 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. 4

M/s P.K. Soni & Co., Chartered Accountant, B-86A 2nd Floor, Kalkaji, New Delhi 110 019 have submitted their resignation from the auditor ship of the company. M/s Rakesh Raj & Associates, Chartered Accountants, C - 8, East Of Kailash, New Delhi - 110065 are proposed to be appointed as Statutory Auditors of the Company who have given a certificate under section 224 (1B). It is proposed to appoint them as Statutory Auditors of the company in the ensuing Annual General Meeting and to

hold office upto the conclusion of the next Annual General Meeting.

Your directors recommend the resolution to be passed

ITEM NO. 5 to 8

Sh. Rajendra Goenka, Sh. Sunil Goenka, Sh. Surendra Jindal and Sh. Abhishek Modi were appointed as additional Directors of the company.

Sh. Rajendra Goenka is an industrialist and has promoted Texport Syndicate Group. He has a vast experience of more than 33 Years in the field of readymade garments, chemicals, etc. Sh. Sunil Goenka is an industrialist and has a rich experience of more than seventeen years in the field of production and marketing of readymade garments. Sh. Surendra Jindal is a science graduate and has a rich experience of more than 33 years in running various industries. Sh. Abhishek Modi, a commerce graduate is engaged in manufacture and export of readymade garments. Your directors are of the opinion that the company shall immensely benefit with the association of all of the above as the directors of the company.

None of the directors except Sh. Rajendra Goenka, Sh. Sunil Goenka, are interested in resolution no. 5 & 6 and Sh. Surendra Jindal and Sh. Abhishek Modi are interested or concerned in their respective resolutions i.e. resolution no. 7 & 8.

Your directors recommend the resolution to be passed.

ITEM NO. 9

Sh Rajesh Modi, Managing Director of the company for the last 15 years and the company has progressed very well during his tenure. He has been involved very exhaustively in all activities and departments of the company and spent most of his time in building up the company.

The term of office of Mr. Rajesh Modi expired on 31/03/2007 and he is proposed to be re-appointed for a period of one year w.e.f. 01/04/2007. Your consent is now sought to approve the appointment and remuneration of Sh Rajesh Modi in compliance of Schedule XIII of the Companies Act, 1956.

None of the directors except Sh Rajesh Modi himself is interested or concerned in the resolution.

Your directors recommend the resolution to be passed.

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

Sd/-
Date : 28.08.2007
Place : Noida

YOGESH GUPTA
DIRECTOR (FINANCE) &
CO. SECY



DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the Sixteenth Annual Report together with the audited statements of accounts for the financial year ended 31st March, 2007.

FINANCIAL RESULTS

Your Company's financial performance during the financial year 2006-2007 is summarised below :-

(Rs. in lacs)

Particulars	As on 31.3.07	As on 31.3.06
Sales (Gross)	10477.94	12162.64
Profit before Depreciation,		
Interest & Tax (PBDIT)	1220.05	1533.51
Less : Interest	459.37	358.05
Depreciation	632.18	601.79
Profit before Tax (PBT)	128.82	573.67
Provision for Tax:		
Current	22.75	57.67
Previous Year	6.66	00.95
Deferred	58.68	(24.70)
Profit after Tax	40.73	539.74
Add: Profit for the earlier years	961.09	621.34
Profit available for appropriations	1001.82	1161.09
Transfer to General Reserve	—	200.00
Balance carried to Balance Sheet	1001.82	961.09

OPERATIONS

During the year, the Company, due to falling prices in the international market, increase in the price of yarn (the Company's major raw material) and major rise in the prices of petro-based products, has managed to earn a marginal net profit of Rs. 40.73 Lacs only. The turnover has decreased from Rs. 12162.64 lacs in the financial year 2005-2006 to Rs. 10477.94 lacs during the current financial year 2006-2007, which is 13.85 % less than the previous financial year. The company has earned a gross profit of Rs. 1220.05 lacs for the Year 2006-2007, which is less by Rs. 313.46 lacs as against a gross profit of Rs.1533.51 Lacs in the year 2005-2006.

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

DIVIDEND

Your directors are unable to recommend any dividend for the year ended 31st March 2007.

FUTURE PROSPECTS

The long-term outlook for terry towel is encouraging. The Company continued it's emphasis on technology upgradation, modernization, product and market development. It's 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 is fetching higher price realisation. The Company has implemented expansion projects involving an expenditure of approximately 44 crores which has been financed by way of Term Loans of 33.50 crores from IDBI, Oriental Bank of Commerce and Federal Bank under TUF scheme. During this expansion, 24 looms generating an additional capacity of 2314 MT have been installed and commercial production on these looms has commenced in phases. The devaluation of US Dollar against rupee by almost 12% in the last 3-4 months has been a serious concern for the entire exporters community. However, the Govt. of India has also shown its concern and has come out with certain benefits for the exporters by way of concessions in interest rates and increase in DEPB/Duty Drawback rates which will ease out the operations to some extent. The company is also planning to debond the unit to get better export incentives as compared to the benefits available under EOU Scheme. The Company's increased capacity and product diversification shall result in improving the bottom line and it is hoped that barring unforeseen circumstances the Company will perform 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 2007-2008 has been paid to the Mumbai Stock Exchanges. 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

Sh. Satpal Singh, Nominee Director (IFCI) was withdrawn by IFCI Ltd. consequent upon repayment of loans. Sh. J. K. Das resigned during the year from the position of Joint Managing Director. Mr. S. P. Chadha and Mr. S. K. Khaitan have resigned from the directorship of the Company.



The Board places on record its sincere appreciation for the valuable services rendered by Sh. J. K. Das as Joint Managing Director, Sh. Satpal Singh as Nominee Director, Mr. S. P. Chadha and Mr. S. K. Khaitan as Directors of the company during their tenure.

During the year under review, Mr. Abhishek Modi, Mr. Sunil Goenka, Mr. Rajendra Goenka and Mr. Surendra Kumar Jindal were appointed as the Additional Directors of the company w.e.f 31st July, 2007. As additional Directors on the board, they will hold office upto the date of next Annual General Meeting of the company and shall be eligible for election as Director of the company at that meeting. A Notice under section 257 of the Companies Act, 1956 has been received from the members intending to propose their appointments as the Directors of the company at such Annual General Meeting.

Mr. Rajesh Modi is proposed to be reappointed as the Managing Directors of the Company. Sh. Hemant Mansinghka and Sh. Yogesh Gupta who retire at this Annual General Meeting by rotation, being eligible offer themselves for 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 2007, 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 2007 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.

PROPOSED CHANGE IN MANAGEMENT IN ACCORDANCE WITH SEBI TAKEOVER REGULATIONS

Mr. Rajendra Goenka has entered into a Share Purchase Agreement to Purchase the entire stake of Mr. Rajesh Modi subject to compliance of SEBI takeover regulations. A public announcement has already been published in the newspapers for such acquisitions and also for the open offer to the extent of 20% to the shareholders in accordance with SEBI (SAST) Regulations, 1997.

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 along with 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 Accountant, B-86A 2nd Floor, Kalkaji, New Delhi 110 019 have submitted their resignation from the auditor ship of the company. M/s Rakesh Raj & Associates, Chartered Accountants, C - 8, East Of Kailash, New Delhi - 110065 are proposed to be appointed as Statutory Auditors of the Company who have given a certificate under section 224 (1B). It is proposed to appoint them as Statutory Auditors of the company in the ensuing Annual General Meeting and to hold office upto the conclusion of the next Annual General Meeting.

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 2007.

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 : 28.08.2007
Place : Noida

Sd/-
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 (For Boiler)

Quantity (Tonnes)

Total Cost (Rs.)

Average Rate (Rs. Per Kg)

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

Quantity (Tonnes)

Total Cost (Rs.)

Average Rate (Rs. Per Kg)

4. Diesel (For Boiler)

Quantity (Litres)

Total Cost (Rs.)

Average Rate (Rs. Per Litre)

5. Furnace Oil (For Boiler)

Quantity (Litres)

Total Cost (Rs.)

Average Rate (Rs. Per Litre)

6. Consumption per unit of production

Products : Terry Towels

— Electricity (Kwh/Kg)

2006-2007	2005-2006
39,86,676	25,01,085
1,82,34,015	1,16,38,560
4.57	4.65
92,04,198	66,12,416
67,758	20,84,816
3.65	3.46
2.62	2.74
7.33	6.48
4,133.22	3,715.58
2,01,41,630	1,48,91,523
4.87	4.01
NIL	59.12
NIL	1,07,229
NIL	1.81
NIL	31,558.00
NIL	7,52,925
NIL	23.85
3,85,960	8,18,154
57,81,325	2,41,96,293
14.98	29.57
4.14	2.50

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. The Company is in the process of setting up a Pet Coke based co-generation turbine power plant for electricity generation. It will also produce steam required in the processing section. This will result in lower cost of power generation.
- Better quantity and quality products are achieved. The installation of coal fired boiler 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 2006-2007 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 31.03.2007 comprises of 7 directors, of which two are executive and five are non - executive thereby meeting the requirements of Clause 49(l)(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. (25th September 2004)	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. S. P. Chadha	Non-executive / Independent	4	4	Present	-	-	-
3. Mr. Sanjay Kumar Khaitan	Non-executive/ Independent	4	1	Absent	1	3	-
4. Mr J. K. Das	Joint Managing Director/ Executive	2	0	Absent	-	-	-



Directors	Category	Meetings held during the tenure of Director	Meetings attended	Attendance at the last A.G.M. (25th September 2004)	No. of Directorship in other Companies#	No. of Membership/ Chairmanship held in Other Companies Member Chairman	
5. Mr Hemant Mansinghka	Non-executive/ Independent	4	3	Absent	-	-	-
6. Mr. Satpal Singh	Nominee Director (IFCI)/ Independent	4	4	Absent	-	-	-
7. Mr. K. M. Mathur	Nominee Director (IDBI)/ Independent	4	3	Absent	-	-	-
8. Mr. Yogesh Gupta*	Executive Director	3	3	Present			

Excludes directorship held in Private Companies.

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

1. Mr. J. K. Das 31st July 2006 (Board Meeting)

** Persons appointed as members of the Board of Directors of the Company:-

1. Mr. Yogesh Gupta 31st July 2006 (Board Meeting)

The Board of the Company held as many as four meetings in the previous year. The meetings were held on 29th April 06, 31st July 06, 31st October 06, 30th January 07.

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. S. P. Chadha & Mr. K. M. Mathur. Mr. J. K. Das, resigned from the membership of the committee at the meeting of the committee held on 31st July, 2006. 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 2006-2007 on the following dates: -
29th April 2006, 31st July 2006, 31st Oct 2006 & 30th Jan 2007.

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

Sl. No.	Name of Directors	No. of Meetings attended
1.	Mr. S. P. Chadha	4
2.	Mr. Hemant Mansinghka	3
3.	Mr. K.M. Mathur	3
4.	Mr J. K. Das*	0

* Mr. J. K. Das ceased to be the member of the Committee from the date of Board Meeting held on 31st July, 2006.

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 any commission over and above the sitting fees

Remuneration paid to directors during 2006-2007.

Sl. No	Name	Position	Sitting Fee	Salary/ Perquisites	Commission	Total
1	Mr. Rajesh Modi	Managing Director	-	9,60,000	-	9,60,000
2	Mr. J. K. Das	Joint Managing Director	-	93,000	-	93,000
3.	Mr. Hemant Mansinghka	Director	9,000	-	-	9,000
4.	Mr. S. P. Chadha	Director	12,000	-	-	12,000
5.	Mr. Sanjay Kumar Khaitan	Director	-	-	-	-
6.	Mr. K. M. Mathur	(IDBI Nominee) Director	9,000	-	-	9,000
7.	Mr. S. P. Singh	(IFCI Nominee) Director	8,000	-	-	8,000
8.	Yogesh Gupta	Director (Finance) & Co. Secy.	-	4,35,000	-	4,35,000