

Annual Report 2005-06



VARDHMAN ACRYLICS LIMITED





Vardhman Acrylics Limited

BOARD OF DIRECTORS

Mr. Shri Paul Oswal	Chairman
Mr. Sachit Jain	
Mr. Munish Chandra Gupta	
Mr. Sanjit Paul Singh	
Mr. Hirotaka Shiota	
Mr. Haruyasu Chihaya	
Mr. Darshan Lal Sharma	
Mr. Sudeshkumar Ganpatrai Gulati	Nominee of IDBI
Mr. Bal Krishan Choudhary	President & Executive Director

GENERAL MANAGER (COMMERCIAL)

Mr. K.C. Bansal

COMPANY SECRETARY

Mr. Sanjay Gupta

REGISTERED & CORPORATE OFFICE

Vardhman Premises, Chandigarh Road
Ludhiana - 141 010

Phones : (0161) 2228943 - 48

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E-mail: secretarial.lud@vardhman.com

Web site: www.vardhman.com

AUDITORS

M/s. S.S. Kothari Mehta & Co.
Chartered Accountants
New Delhi

BUSINESS OFFICE

5th Floor, Sagar Plaza Building
19, Laxmi Nagar District Centre
Vikas Marg, New Delhi - 110 092

BANKERS

State Bank of Patiala
ICICI Bank Limited

WORKS

755, GIDC, Jhagadia Mega Estate
Jhagadia - 393 110
Distt. Bharuch (Gujarat)

CONTENTS

Notice	2
Directors' Report	4
Corporate Governance Report	8
Auditors' Report	13
Balance Sheet	16
Profit & Loss Account	17
Cash Flow Statement	18
Schedules to Accounts	19



Vardhman Acrylics Limited

NOTICE

NOTICE is hereby given that the SIXTEENTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Saturday, the 26th day of August, 2006 at 12.30 p.m. at Registered Office of the Company situated at Vardhman Premises, Chandigarh Road, Ludhiana, to transact the following business:-

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the year ended on that date together with the Report of Auditors and Directors thereon.
2. a) To appoint a Director in place of Mr. Sanjit Paul Singh, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
b) To appoint a Director in place of Mr. Munish Chandra Gupta, who retires by rotation in accordance with Article 126 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the year 2006-2007 and to fix their remuneration.

SPECIAL BUSINESS:

4. 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 257 and all other applicable provisions, if any, of the Companies Act, 1956, Mr. Hirotaka Shiota, who was appointed by the Board of Directors as an Additional Director of the Company under Section 260 of the Companies Act, 1956, to hold office upto the ensuing Annual General Meeting and in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of the Director, be and is hereby appointed as a Director, liable to retire by rotation under the Articles of Association of the Company".
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution :-
"RESOLVED THAT pursuant to the provisions of Section 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, approval of the Members,

be and is hereby given to the enhancement of the sitting fee payable to the Directors from Rs. 4,000/- and Rs. 3,000/- per meeting to Rs. 8,000/- and Rs. 5,000/- per meeting for attending the Board Meetings and its Committee Meetings respectively".

By Order of the Board

Place : Ludhiana
Dated : 22nd July, 2006

(Sanjay Gupta)
Company Secretary

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. A BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of items no. 4 & 5 of the Notice is annexed hereto and the information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting, as proposed in items no. 2 and 4 of the Notice, is also being annexed hereto separately and both form part of the Notice.
3. The Register of Members and Share Transfer Books of the Company shall remain closed from 16th August, 2006 to 26th August, 2006 (both days inclusive).
4. Members desiring any information as regards Accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
5. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 a.m. to 12.30 a.m.
6. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.



Vardhman Acrylics Limited

ANNEXURE TO THE NOTICE:

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

ITEM NO. 4 OF THE SPECIAL BUSINESS:

The Board of Directors of the Company in its meeting held on 30.01.2006 appointed Mr. Hirotaka Shiota as an Additional Director of the Company pursuant to Article 121 of the Articles of Association of the Company. In terms of Section 260 of the Companies Act, 1956, read with Article 121 of the Articles of Association of the Company, Mr. Hirotaka Shiota will hold office of Additional Director upto the ensuing Annual General Meeting. The Company has received a notice from a Member under Section 257 of the Companies Act, 1956, signifying his intention to propose the candidature of Mr. Hirotaka Shiota as a Director of the Company. Accordingly, your approval is solicited for his appointment as a director liable to retire by rotation.

Memorandum of Interest:

None of the Directors except Mr. Hirotaka Shiota, the appointee himself, is concerned or interested in this resolution.

ITEM NO. 5 OF THE SPECIAL BUSINESS:

Article 116 of the Articles of Association of your Company provides for payment of sitting fee to every director for

attending a meeting of the Board or its Committee subject to such maximum fee as may be prescribed by the Central Government from time to time. Presently, the directors of the Company are being paid sitting fee @ Rs. 4,000/- and Rs. 3,000/- per meeting for attending the Board meetings and its Committee meetings respectively. Keeping in view the contribution made by the Directors in framing progressive policies and also the valuable guidance/ suggestions given by them from time to time, the Board of Directors in its meeting held on 22.07.2006 enhanced the sitting fee payable to the directors from Rs. 4,000/- to Rs. 8,000/- and from Rs. 3,000/- to Rs. 5,000/- per meeting for attending the Board Meetings and its Committee Meetings respectively, for which your approval is solicited.

Memorandum of Interest:

Except Mr. B.K. Choudhary, President & Executive Director, all other directors of the Company are concerned or interested in this resolution.

By Order of the Board

Place : Ludhiana

Dated : 22nd July, 2006

(Sanjay Gupta)

Company Secretary

Information pursuant to Corporate Governance Clause of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in the Annual General Meeting

Name of the Director	Mr. Sanjit Paul Singh	Mr. Munish Chandra Gupta	Mr. Hirotaka Shiota
Date of Birth	16.09.1959	23.07.1938	03.05.1949
Date of Appointment	17.04.2003	17.04.2003	30.01.2006
Expertise in specific functional area	Corporate Strategy, Finance & Accounts and Human Resources	Industrial Promotion, Industrial Policy, Corporate Governance, Financial Management, Taxation etc.	Polymer Engineering & Fibre Manufacturing Technology
Qualification	B.Com; M.B.A	M.A. (English); Diploma in Public Administration	Doctor of Engineering
Directorships of other companies	Nil	Bhansali Engineering Polymers Limited	Nil
Chairmanships/ Memberships of Board Committees of other companies	Nil	Chairman- Audit Committee Bhansali Engineering Polymers Limited	Nil
Number of shares held	Nil	Nil	Nil



DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their Sixteenth Annual Report together with the Audited Accounts of the Company for the year ended 31st March, 2006.

1. FINANCIAL RESULTS:

The financial results for the year are as under:-

	(Rs. in Lacs)	
	<u>2005-06</u>	<u>2004-05</u>
Sales (Gross)	17,098.56	20,493.46
Profit before Depreciation, Interest & Tax (PBDIT)	1,318.26	4,281.57
Interest & Financial Charges	562.62	793.34
Profit before Depreciation & Tax (PBDT)	755.64	3,488.23
Depreciation	1,114.13	1,107.82
Profit before Tax	(358.49)	2,380.41
Provision for Tax		
- Current Tax (including wealth tax)	0.24	187.05
- Deferred Tax	36.96	232.22
- Fringe Benefit Tax	2.50	—
- IT adjustments for earlier years	2.00	—
Profit/(Loss) after Tax	(400.19)	1,961.14
Appropriations:		
Transfer to General Reserve	—	1,000.00
Balance carried to Balance Sheet	494.61	895.05
Total	494.61	1,895.05
Earnings per share (Rs.)	(0.37)	1.81

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

a) ACRYLIC FIBRE INDUSTRY – GLOBAL PERSPECTIVE:

The global demand of acrylic fibre in the year 2005 slipped to 2.64 million MT approx. from 2.72 million MT approx. in 2004, a drop of nearly 3%. A part of the drop could be attributed to inter-fibre substitution due to lower prices of cotton globally leading to drop in polyester consumption and prices, which in turn impacted acrylic fibre consumption and prices. Historically, higher prices of crude oil led to unprecedented increase in prices of most of the petro-products including Naptha and Propylene. Shortage of propylene capacity in conjunction with unanticipated production losses and consolidation in acrylonitrile industry further contributed to higher acrylonitrile prices. Acrylic fibre producers world over faced twin problems of falling fibre prices and surging acrylonitrile prices. The average spread available to acrylic fibre producers was one of the lowest in last more than five years.

The acrylic fibre capacity restructuring witnessed since the year 2000 continued. New capacity creation largely in China, and to a relatively smaller extent elsewhere in Asia, to replace the capacity shutdown in US, Europe,

Japan, S. Korea etc. continued in the year 2005. With the new capacity on stream, the average capacity utilization in the year 2005 dropped down to less than 89% approx. from 91% in the previous year adding to the woes of the industry.

The year 2005 proved to be a difficult year for acrylic fibre industry in most parts of the world.

b) ACRYLIC FIBRE INDUSTRY – INDIAN PERSPECTIVE:

During the year, domestic fibre industry also experienced the same phenomenon as elsewhere in the world. The domestic apparent consumption of acrylic fibre dropped by 5% approx. Acrylic fibre exports also suffered slight setback and dropped by 6000 MT approx. both on account of falling demand and poor prices globally. The capacity enhancement by domestic fibre producers led to capacity utilization falling below 80% which brought further pressure on prices and margins. The spread available to domestic fibre producers was one of the lowest in last few years. The Company being part of the industry suffered the consequences.

c) FINANCIAL ANALYSIS & REVIEW OF OPERATIONS:

● PRODUCTION & SALES REVIEW:

The total production of acrylic fibre during the year under consideration was 15083.56 MT as against 16146.44 MT in the previous year and that of acrylic tow was 2922.62 MT as against 2259.75 MT in the previous year. Your Company has achieved a turnover of Rs. 17,098.56 lacs against a turnover of Rs. 20,493.46 lacs in the previous year. After providing for depreciation of Rs. 1,114.13 lacs (previous year Rs. 1,107.82 lacs) and provision for current tax (including wealth tax) of Rs. 0.24 lacs (previous year Rs. 187.05 lacs), deferred tax of Rs. 36.96 lacs (previous year Rs. 232.22 lacs), fringe benefit tax of Rs. 2.50 lacs (previous year nil) and income tax adjustments for earlier years of Rs. 2.00 lacs (previous year nil), loss after tax of the Company is Rs. 400.19 lacs as against a profit after tax of Rs. 1,961.14 lacs in the previous year.

● RESOURCE UTILISATION:

i) Fixed Assets:

The gross fixed assets (including work-in-progress) as at 31st March, 2006 were Rs. 23,591.42 lacs as compared to Rs. 23,483.94 lacs in the previous year.

ii) Current Assets:

The net current assets as on 31st March, 2006 were Rs. 3,427.84 lacs as against Rs. 2,914.03 lacs in the previous year. Inventory level was at Rs. 3,986.03 lacs as against Rs. 3,140.26 lacs in the previous year.



Vardhman Acrylics Limited

• FINANCIAL CONDITIONS & LIQUIDITY:

Liquidity & Capital Resources:

	(Rs. in Lacs)	
	2005-2006	2004-2005
Cash & cash equivalents		
Beginning of the year	7.77	32.43
End of the year	11.39	7.77
Net cash provided/(used) by		
Operating Activities	768.55	2,521.98
Investing Activities	(131.00)	(87.54)
Financial Activities	(633.92)	(2,459.10)

d) BUSINESS OUTLOOK:

The fundamental factors which are favourable for the health of acrylic fibre industry both for fibre producers and spinners in medium and large terms remain strong. The more important of these factors are ;

- Domestic fibre producers have gained a foothold in foreign markets. The quality of Indian acrylic fibre has been generally well accepted. The domestic industry has achieved an average export level of 15% of its production over last three years.
- Acrylic yarn exports volumes have been building up. The exports over last two years have reached a level of over 10% approx. of acrylic yarn production in the country. The scope of building further volumes, with favourable government policies and support seems good.
- Consumption of acrylic fibre in the country is getting diversified beyond only apparel usages. It augurs well for increase in consumption of acrylic fibre as has been the experience globally also.
- Over medium and long term, the potential of exports of acrylic fibre end products seems bright. More than 35% of acrylic fibre consumption in some countries like China is for production of end products meant for exports.

In short term, on the other hand, certain negative factors need to be recognized. The unprecedented levels of crude oil prices and lingering uncertainties on energy prices are leading to high volatility in acrylonitrile prices. Any slow down in consumption and economic growth globally shall encompass our country too. Domestic over capacity of acrylic fibre also has to be borne in mind while forecasting price realization and margins. Inter-fibre substitution on account of difference in prices may also impact acrylic fibre consumption though the likelihood and the extent for the coming year is yet not clear.

e) INTERNAL CONTROL SYSTEM:

The Company has adequate systems of internal control in place. The internal audit is designed and carried out

to measure and examine adequacy, relevance and effectiveness of control systems, compliance with policies and statutory requirements. The Audit Committee of the Board reviews the findings and recommendations of the internal audit team. The Company has a well-designed budgetary control system. The actual performances are reviewed in comparison to the budgets on a continuous and ongoing basis by the Management at various levels. The internal control systems have been designed to ensure that the assets and resources of the Company are safeguarded against loss from unauthorized use or disposition. The Company places special emphasis on continuous review of its business processes, systems and MIS, so as to meet the needs of changing business conditions and environment.

f) MANAGEMENT PERCEPTION OF RISK & CONCERNS:

Globally, the price movement of crude oil, availability of propylene, capacity utilization and stocks of acrylonitrile producers shall impact the prices of acrylonitrile, the major raw material of the Company. The production levels of natural fibres and inter-fibre substitution shall also remain relevant in determining acrylic fibre prices. The change in climatic pattern, economic outlook world over especially in face of high crude oil prices also need to be considered as relevant factors. On domestic front, over capacity in the industry, inter-fibre substitution, climatic conditions, general economic outlook and growth specially, impact of higher prices of crude & petro-products and agriculture income in rural areas, shall also be some of the relevant factors to watch.

g) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES/ INDUSTRIAL RELATIONS:

The efforts to build and strengthen positive work environment and mutual trust between the organization and the personnel at all levels were continued in the year. The in-house training programmes, as also selected outside training programmes to upgrade the skills and knowledge of the personnel at various levels were further strengthened. The industrial relations remained harmonious and peaceful during the year.

During the year, the Company employed over 325 persons.

3. DIRECTORS:

Mr. Sanjit Paul Singh and Mr. Munish Chandra Gupta, Directors of your Company, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

During the year, Japan Exlan Company Limited, Japan withdrew the nomination of Mr. Toshiyuki Kobashi from the Board of Directors of the Company and nominated Mr. Hirotaka Shiota on the Board in his place. The Board places on record its appreciation for the services rendered



Vardhman Acrylics Limited

by Mr. Toshiyuki Kobashi during his tenure as a Director of the Company.

4. DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors confirm that -

- i) in the preparation of the annual accounts, the applicable Accounting Standards have been followed;
- ii) appropriate accounting policies have been selected and applied consistently, and have made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2006 and of the loss of the Company for the year ended on 31st March, 2006;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) the annual accounts have been prepared on a going concern basis.

5. CORPORATE GOVERNANCE:

The Company has in place a systems of Corporate Governance. A separate report on Corporate Governance forming part of the Annual Report of the Company is annexed hereto. A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under Corporate Governance Clause of the Listing Agreement is annexed to the report on Corporate Governance.

6. AUDITORS:

M/s. S.S. Kothari Mehta & Company, Chartered Accountants, New Delhi, retire at the conclusion of the forthcoming

Annual General Meeting and being eligible, offer themselves for re-appointment.

7. AUDITORS' REPORT:

The Auditors' Report on the Accounts is self-explanatory and requires no comments.

8. PERSONNEL:

None of the employees has received a salary of Rs. 24.00 lacs per annum or Rs. 2.00 lacs per month or more during the financial year 2005-2006.

9. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:

The optimal utilisation of energy remained a major focus area and a number of steps were taken in this direction. The information required under Section 217(1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, with respect to these matters is appended hereto and forms part of this report.

10. ACKNOWLEDGEMENT:

Your Directors are pleased to place on record their sincere gratitude to the Government Authorities, Financial Institutions & Bankers for their continued and valuable co-operation and support to the Company.

Your Directors express their deep appreciation for the devoted and sincere efforts put in by the members of the team at all levels of operations in the Company during the year. The Company feels confident of continued co-operation and efforts from them in future also.

For and on behalf of the Board

Place : Ludhiana
Dated : 19th May, 2006

(S.P. Oswal)
Chairman



Vardhman Acrylics Limited

ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006

I. CONSERVATION OF ENERGY:

Variable Frequency Drives were installed at several points as a measure to conserve energy, during the period under report.

FORM-A:

A) POWER AND FUEL CONSUMPTION:

PARTICULARS	UNIT	2005-2006	2004-2005
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1. Electricity:

a) Purchased:			
Units	(KWH in lacs)	Nil	Nil
Total amount	(Rs. in lacs)	Nil	Nil
Rate per unit	(Rs./KWH)	Nil	Nil

b) Own Generation:

i) Through Diesel Generator	(KWH in lacs)	2.41	9.10
Unit per Litre of Diesel Oil	(KWH)	4.39	3.67
Cost/Unit	(Rs./KWH)	6.36	7.07

ii) Through Turbines	(KWH in lacs)	271.91	274.70
Unit per Kg. of Coal/Lignite	(KWH/Kg.)	1.32	1.37
Total Cost	(Rs. in lacs)	477.72	410.23
Cost/Unit	(Rs./KWH)	1.76	1.49

2. Coal (used in Boiler for generation of Process Steam):

Quantity	(MT)	30814	31316
Total Cost	(Rs. in lacs)	716.57	641.64
Average Rate	(Rs. per MT)	2,325	2,049

3. Furnace oil (used in Boiler for generation of Steam):

Quantity	(K. Ltrs)	7	291
Total Cost	(Rs. in lacs)	0.73	32.67
Average Rate	(Rs. per Ltr)	11.04	11.24

B) CONSUMPTION PER UNIT OF PRODUCTION:

Acrylic Fibre/Acrylic Tow

Electricity	(KWH/KG)	1.52	1.54
Coal (used in Boiler for generation of Steam)	(MT/MT)	1.71	1.70
Furnace Oil (used in Boiler for generation of steam)	(K.Ltrs./MT)	0.0004	0.02

II. TECHNOLOGY ABSORPTION:

Efforts made in Technology Absorption are furnished in Form-B as under :-

FORM-B:

A. RESEARCH AND DEVELOPMENT (R&D):

- (i) **Specific areas in which R&D is carried out by the Company:**
R&D has been successfully carried out in new product developments, such as higher kilotex tow, achieving

consistency in quality of semi dull staple fibre and tow and promoting use of alternate finish oils for manufacturing special grades of acrylic fibre & acrylic tow. Process modifications and plant debottlenecking through inhouse R&D efforts have enabled the Company to achieve higher production levels, lower utility consumptions and consistent product quality levels.

(ii) Benefits derived as a result of the above R&D:

As mentioned above.

(iii) Future plan of action:

- Management is committed to strengthen R&D efforts for –
- Improvement in competitiveness through increase in productivity and cost savings.
 - Product quality up-gradation
 - Development of new products & new applications

(iv) Expenditure on R & D:

	(Rs. in lacs)	
	2005-2006	2004-2005
Non-Recurring	-	4.11
Percentage of turnover	-	0.02

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

(i) Efforts made towards technology absorption, adaptation and innovation:-

- Use of new finish oils for special grades of acrylic fibre & tow
- Higher kilotex tow

(ii) Benefits derived as a result of the above efforts :

- Customer satisfaction through continuous improvement in quality and widening of the product range
- Improvement in productivity

(iii) Particulars of technology imported during the last 5 years (reckoned from the beginning of the financial year):

- Technology imported NIL
- Year of import NA
- Has technology been fully absorbed? NA
- If not fully absorbed, areas where this has not taken place, reasons therefore, and future plans of action NA

III. FOREIGN EXCHANGE EARNINGS AND OUTGO:

	(Rs. in lacs)	
	2005-2006	2004-2005
Foreign Exchange earned (FOB) :	Nil	Nil
Foreign Exchange used : (on accrual basis)	7,206.83	7,840.97



CORPORATE GOVERNANCE REPORT

This Report on Corporate Governance forms part of the Annual Report. It assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders i.e. investors, customers & associates, while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the provisions of Listing Agreement gives an insight into the process of functioning of the Company.

1. COMPANY'S PHILOSOPHY:

- ❖ Faith in bright future of Indian textiles and hence continued expansion in areas "which we know best".
- ❖ Total customer focus in all operational areas.
- ❖ Products to be of best available quality for premium market segments through Total Quality Management (TQM) and zero defect implementation.
- ❖ Global orientation.
- ❖ Integrated diversification / product range expansion.
- ❖ World class manufacturing facilities with most modern R&D and process technology.
- ❖ Faith in individual potential and respect for human values.
- ❖ Encouraging innovation for constant improvement to achieve excellence in all functional areas.
- ❖ Accepting change as a way of life.
- ❖ Appreciating our role as a responsible corporate citizen.

2. BOARD OF DIRECTORS:

- (a) **Composition:** The Board of Directors comprises of a Non-Executive Chairman, a President & Executive Director, a Nominee Director and six Non-Executive Directors. Out of the total strength of nine directors, three directors are independent, thus it meets the stipulated requirement.
- (b) **Board Meetings:** During the financial year 2005-2006, the Board met four times on 03.06.2005, 21.07.2005, 15.10.2005 & 30.01.2006. Apart from this a meeting of the Board of Directors was deferred on 20.05.2005 due to absence of quorum.

The composition of the Board of Directors and their attendance at the Board Meetings during the year and at last Annual General Meeting of the Company as also the number of other Directorship/Chairmanship in public limited companies are as follows:-

Name of Director	Designation & Category	Number of Board Meetings attended	Attendance at last AGM	Directorships in other public ltd. companies	Committee Memberships in other public ltd. companies	Board Chairmanships in other public ltd. companies	Committee Chairmanships in other public ltd. companies
Mr. S.P. Oswal	Non-Executive Chairman, Not Independent	3	Yes	11	1	5	1
Mr. B.K. Choudhary	President & Executive Director, Not Independent	4	No	2	2	—	—
Mr. Sachit Jain	Non-Executive Director, Not Independent	2	No	9	2	1	1
Mr. D.L. Sharma	Non-Executive Director, Not Independent	3	Yes	5	2	—	—
Mr. S.G. Gulati (Nominee IDBI)	Non-Executive Director, Independent	3	No	—	—	—	—
Mr. S.P. Singh	Non-Executive Director, Independent	3	Yes	—	—	—	—
Mr. M.C. Gupta	Non-Executive Director, Independent	4	No	1	1	1	1
Mr. Yojiro Ito*	Non-Executive Director, Not Independent	—	No	—	—	—	—
Dr. Toshiyuki Kobashi**	Non-Executive Director, Not Independent	—	No	—	—	—	—
Mr. Harayasu Chihaya*	Non-Executive Director, Not Independent	—	No	4	1	—	—
Mr. Hirotaka Shiota**	Non-Executive Director, Not Independent	—	No	—	—	—	—

* Mr. Yojiro Ito ceased to be a director w.e.f. 03.06.2005. Mr. Harayasu Chihaya was appointed as an additional director of the Company on 03.06.2005 and was later appointed as a director liable to retire by rotation in the last AGM of the Company held on 27.08.2005.

** Mr. Toshiyuki Kobashi ceased to be a director w.e.f. 30.01.2006 and Mr. Hirotaka Shiota was appointed as an additional director of the Company on 30.01.2006.