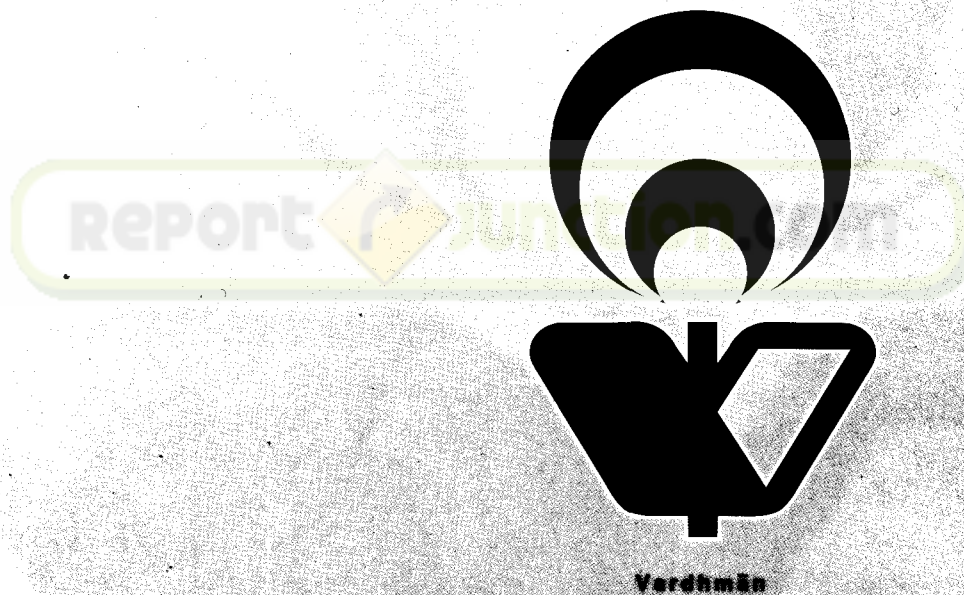


**42nd
Annual Report
2005-06**



VARDHMAN HOLDINGS LIMITED

Vardhman Holdings Limited

(Formerly known as Vardhman Spinning and General Mills Limited)

**BOARD OF DIRECTORS**

1. MR. SHRI PAUL OSWAL
– *Chairman*
2. MR. SURINDER SINGH BAGAI
3. MR. JAGDISH RAI SINGAL
4. MR. CHAMAN LAL JAIN
5. DR. RAM SWARUP GUPTA
6. MR. BAL KRISHAN CHOUDHARY
7. MR. SACHIT JAIN
8. MRS. SHAKUN OSWAL
9. MRS. SUCHITA JAIN

COMPANY SECRETARY

MRS. SHAKTI JINDAL

REGISTERED OFFICE

Chandigarh Road, Ludhiana-141 010

Phones : (0161) 2228943-48

Fax : (0161) 2601048, 2602710, 2222616

Website: www.vardhman.comE-mail : secretarial.lud@vardhman.com**AUDITORS**M/S S.C. VASUDEVA & CO.,
Chartered Accountants, New Delhi**REGISTRAR AND TRANSFER AGENT**

M/S ALANKIT ASSIGNMENTS LIMITED

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(Formerly known as Vardhman Spinning and General Mills Limited)



NOTICE

NOTICE is hereby given that the FORTY-SECOND ANNUAL GENERAL MEETING of the members of the Company will be held on Saturday, the 26th day of August, 2006 at 10.30 a.m. at the Registered Office of the Company situated at 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, Profit and Loss Account for the year ended on that date, together with the Reports of Auditors and Directors thereon.
2. To declare Dividend.
3. a) To appoint a Director in place of Mr. Chaman Lal Jain, who retires by rotation in accordance with Article 104 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. Bal Krishan Choudhary, who retires by rotation in accordance with Article 104 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
4. To appoint Auditors for the year 2006-07 and to fix their remuneration.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

"RESOLVED THAT Mr. Jagdish Rai Singal, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and Article 94 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution :-

"RESOLVED THAT Dr. Ram Swarup Gupta, who was appointed as an Additional Director under Section 260 of the Companies Act, 1956 and Article 94 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company liable to retire by rotation".

By Order of the Board

Place : Ludhiana
Dated : 22nd July, 2006

(SHAKTI JINDAL)
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. THE BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Items Nos. 5 and 6 is annexed hereto and forms part of the Notice. 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 Item Nos. 3(a), 3(b), 5 and 6 of the Notice is also being annexed hereto separately and forms part of the Notice.
3. **The Register of Members and Share Transfer Books of the Company shall remain closed from 1st August, 2006 to 26th August, 2006 (Both days inclusive).**
4. The dividend declared, if any, will be paid to those members whose names appear in the Register of Members of the Company as on the last date of Book Closure i.e. 26th August, 2006. However, in respect of the shares held in electronic form, dividend will be paid on the basis of beneficial ownership as at the end of the 31st July, 2006, as per details furnished by Depositories for this purpose.
5. Members holding shares in physical mode are requested to notify the change in their addresses, if any, at the earliest to the Registrar and Transfer Agent. However, members holding shares in electronic mode may notify the change in their addresses, if any, to their respective Depository Participants.
6. 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.
7. 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 p.m.
8. Members are requested to bring their copy of Annual Report alongwith them to the Annual General Meeting.
9. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Registrar and Transfer Agent.



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ANNEXURE TO THE NOTICE**EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956****ITEM NOS. 5 AND 6 OF THE SPECIAL BUSINESS:**

The Board of Directors of the Company vide their resolutions dated 17th October, 2005 and 19th December, 2005 respectively appointed Mr. Jagdish Rai Singal and Dr. Ram Swarup Gupta as Additional Directors on the Board of the Company pursuant to Article 94 of the Articles of Association of the Company.

In terms of Section 260 of the Companies Act, 1956 read with Article 94 of the Articles of Association of the Company, Mr. Jagdish Rai Singal and Dr. Ram Swarup Gupta will hold Office of Additional Directors upto the date of Annual General Meeting. The Company has received notices from some of the members under Section 257 of the Companies Act, 1956, proposing the candidature of Mr. Jagdish Rai Singal and Dr. Ram Swarup Gupta as Directors of the Company. Your approval is, accordingly, solicited for their appointment as Directors liable to retire by rotation.

MEMORANDUM OF INTEREST:

Except Mr. Jagdish Rai Singal and Dr. Ram Swarup Gupta, being the appointees themselves, none of the Directors of the Company is concerned or interested in these resolutions.

By Order of the Board

Place : Ludhiana
Dated : 22nd July, 2006

(SHAKTI JINDAL)
Company Secretary

INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENT REGARDING THE DIRECTORS SEEKING APPOINTMENT/RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING

Name of the Director	Mr. Chaman Lal Jain	Mr. Bal Krishan Choudhary	Mr. Jagdish Rai Singal	Dr. Ram Swarup Gupta
Date of Birth	23.11.1939	27.06.1951	03.01.1946	17.08.1941
Date of Appointment	28.08.1978	28.01.2000	17.10.2005	19.12.2005
Qualification	M.Sc. (Chemistry)	M.Com. M.B.A. (Gold Medallist)	B.A.	M.Com., Ph.D.
Expertise in specific functional area	More than 32 years of rich business experience in Chemical Industry.	More than 30 years' experience in Steel and Textile Businesses.	Rich business experience of more than 38 years with expertise in international trade.	Having an experience of over 38 years in teaching and research in business finance and administration.
Directorships in other companies	Nil	1. Vardhman Acrylics Limited 2. Bharuch Eco-Aqua Infrastructure Limited	1. Eastman Industries Limited 2. Eastman Cast and Forge Limited 3. Midland International Limited 4. Green Shadows Developments Private Limited 5. Colorful Developers Private Limited 6. Metalman Industrial Company (P) Limited	1. Aakanksha Leasing and Services Private Limited
Chairmanships/ Committee memberships of other companies	Nil	a) Memberships of Audit Committee - Bharuch Eco-Aqua Infrastructure Limited b) Memberships of Investors' Grievance Committee - Vardhman Acrylics Limited	Nil	Nil
Number of Shares held	5	20	16	Nil

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(Formerly known as Vardhman Spinning and General Mills Limited)



DIRECTORS' REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their 42nd Annual Report on the affairs of the Company 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 : -

(Amount in Rs.)		
PARTICULARS	2005-06	2004-05
Income from Operations	54,887,866	48,339,417
Other Income	64,380,861	6,536,027
Profit before Depreciation, Interest and Tax (PBDIT)	116,166,996	52,037,618
Interest and Financial Expenses	5,644	-
Profit before Depreciation and Tax (PBDT)	116,161,352	52,037,618
Depreciation	196,610	497,190
Profit before Tax (PBT)	115,964,742	51,540,428
Provision for Tax		
- Current	6,000,000	2,300,000
- Deferred Tax	(180,353)	-
- Fringe Benefit Tax	13,000	-
Profit after Tax (PAT)	110,132,095	49,240,428
Appropriations:		
Proposed Dividend on Equity Shares	6,383,072	6,383,072
Corporate Tax on Proposed Dividend	895,226	895,226
Transfer to General Reserve	120,000,000	31,795,816
Balance carried to Balance Sheet	25,835,229	42,981,432
	153,113,527	82,055,546
Earnings per Share (Rs.)	34.50	15.42
Dividend per Share (Rs.)	2.00	2.00

2. MANAGEMENT DISCUSSION AND ANALYSIS REPORT :

a) CHANGE IN THE NATURE OF BUSINESS :

Pursuant to the Scheme of Arrangement and Demerger between Vardhman Spinning and General Mills Limited (Transferor Company) and Mahavir Spinning Mills Limited (Transferee Company) as sanctioned by the Hon'ble Punjab and Haryana High Court vide its Order dated 4th March, 2005, the textile business of the Company was demerged to Mahavir Spinning Mills Limited with effect from 1st April, 2004. Pursuant to the said demerger, the Company is left with assets other than that related to textile business, which mainly comprise of investments in the shares of the Group companies. The name of the Company was, therefore, changed from 'Vardhman Spinning and General Mills Limited' to 'Vardhman Holdings Limited' with effect from 27th March, 2006. The Objects Clause of the Memorandum of Association was also amended so as to delete the objects pertaining to textile business and to adopt the objects relating to financial and investment activities.

During the year, in accordance with the Scheme of Arrangement and Demerger, the shareholders of the Transferor Company were issued/allotted 8 shares of the Transferee Company and 2 shares of the Transferor Company for every 10 shares held in the Transferor Company on the Record Date fixed for the purpose.

Accordingly, the Company issued 31,91,536 equity shares of Rs. 10/- each in lieu of the retained shares in the Company.

b) FINANCIAL ANALYSIS :

During the year, the income from operations was Rs.54,887,866 as against Rs.48,339,417 in the previous year, showing an increase of 13.55 per cent. The Company earned other income of Rs.64,380,861 during the year as against Rs.6,536,027 last year.

The Company earned profit before depreciation, interest and tax of Rs.116,166,996 as against Rs.52,037,618 in the previous year. After providing for interest and financial expenses of Rs.5,644 (Previous Year Nil), depreciation of Rs.196,610 (Previous Year Rs.497,190), current tax of Rs. 6,000,000 (Previous Year Rs.2,300,000), deferred tax of Rs.(180,353) (Previous Year Nil) and fringe benefit tax of Rs. 13,000 (Previous Year Nil), the profit after tax was Rs.110,132,095 as against Rs.49,240,428 last year, registering an increase of 123.66 per cent.

The balance available for appropriation after adding balance in surplus account is Rs.153,113,527. Out of this, a sum of Rs.6,383,072 and Rs.895,226 respectively have been appropriated towards proposed dividend and corporate dividend tax thereon, Rs.120,000,000 is proposed to be transferred to general reserve and the balance of Rs.25,835,229 is proposed to be carried as surplus to the balance sheet.

c) RESOURCE UTILISATION :

FIXED ASSETS :

The gross fixed assets as at 31st March, 2006 were Rs.56,235,478 as compared to Rs.17,111,843 in the previous year. During the year, there were additions of fixed assets of about Rs.50,268,750 (Previous Year Nil). The Company also sold its fixed assets valuing Rs.11,145,115 (Previous Year Nil).

CURRENT ASSETS :

The net current assets as at 31st March, 2006 were Rs.100,275,027 as against Rs.44,194,527 in the previous year.

d) FINANCIAL CONDITIONS AND LIQUIDITY :

Management believes that the Company's liquidity and capital resources are sufficient to meet its expected working capital needs and other anticipated cash requirements. The position of liquidity and capital resources of the Company is given below: -

(Amount in Rs.)

	2005-06	2004-05
Cash and cash equivalents :		
Beginning of the Year	—	—
End of the Year	102,658,588	—
Net cash provided/ (used) by :		
Operating Activities	96,926,882	(51,864,362)
Investing Activities	12,920,550	51,862,921
Financing Activities	(7,188,844)	1,441

e) INTERNAL CONTROL SYSTEM :

The Company has well defined internal control system. The Company takes abundant care to design, review and monitor



Vardhman

Vardhman Holdings Limited

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the working of internal control system. Internal audit in the organisation is an independent appraisal activity and all significant issues are brought to the attention of the Audit Committee of the Board.

f) MANAGEMENT PERCEPTION OF RISKS AND CONCERNS :

The Company is prone to all the financial risks and capital market fluctuations.

g) HUMAN RESOURCES/INDUSTRIAL RELATIONS :

The Company is not carrying on any manufacturing activity and no workers were employed during the year.

3. PUBLIC DEPOSITS :

The Company has not accepted and does not intend to accept any deposits from the public. As at 31st March, 2006, there are no outstanding/unclaimed deposits from the public.

4. DIVIDEND :

The Board of Directors of your Company is pleased to recommend a dividend of 20% on the paid-up Equity Share Capital of the Company.

5. DIRECTORS :

Mr. Chaman Lal Jain and Mr. Bal Krishan Choudhary, Directors of the Company, retire by rotation at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

The Industrial Development Bank of India withdrew the nomination of Mr. Chandrasekharapuram Venkateswaran Ramani as a Director on the Board of the Company with effect from 16th May, 2005. Mr. Shri Paul Oswal resigned from the Office of Managing Director with effect from 1st June, 2005. He, however, continues to be the Chairman and Director not liable to retire by rotation. Mr. Surinder Kumar Bansal, Mr. Subhash Khanchand Bijlani and Mr. Rajendra also resigned from the Directorship of your Company with effect from 17th June, 2005. Air Marshall Kuldip Singh Bhatia also resigned from the Directorship of the Company with effect from 10th October, 2005. The Board places on record its appreciation for the services rendered by the said Directors during their tenure as Directors of the Company.

Mr. Jagdish Rai Singal and Dr. Ram Swarup Gupta were appointed as Additional Directors during the year. The Company has received notices from some members proposing their candidature for appointment as Directors liable to retire by rotation.

6. CORPORATE GOVERNANCE :

The Company has in place a system of Corporate Governance. A 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.

7. AUDITORS :

M/s. S.C. Vasudeva & Company, Chartered Accountants, New Delhi, Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

8. AUDITORS' REPORT :

The Auditors' Report on the Accounts of the Company for the year under review is self-explanatory and requires no comments.

9. STATEMENT OF PARTICULARS OF EMPLOYEES :

A Statement of Particulars of Employees pursuant to the provisions of Section 217(2A) of the Companies Act, 1956 is enclosed and forms part of this report.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO :

Particulars with respect to conservation of energy and other areas as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are not applicable.

11. GROUP :

The Company, inter-alia, alongwith the following entities, constitute a 'Group' as defined under the Monopolies and Restrictive Trade Practices Act, 1969 :

- Mahavir Spinning Mills Limited
- Vardhman Threads Limited
- Adinath Investment and Trading Company
- Devakar Investment and Trading Company Private Limited

12. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- In the preparation of the annual accounts, the applicable accounting standards have been followed;
- 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 profits of the Company for the year ended on 31st March, 2006;
- 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
- The annual accounts have been prepared on a going concern basis.

13. ACKNOWLEDGEMENT :

Your Directors are pleased to place on record their sincere gratitude to the Government and Business Constituents for their valuable co-operation and support to the Company.

For and on behalf of the Board

Place : Ludhiana
Dated : 19th May, 2006

(SHRI PAUL OSWAL)
Chairman

Vardhman Holdings Limited

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STATEMENT OF PARTICULARS OF EMPLOYEES

INFORMATION PURSUANT TO SECTION 217(2A) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2006.

S. No.	Name of Employee	Designation/Nature of duties	Remuneration (In Rs.)	Qualification	Age (Years)	Experience (Years)	Date of Employment	Particulars of last Employment
(A) PERSONS EMPLOYED THROUGHOUT THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION WHICH, IN THE AGGREGATE, WAS NOT LESS THAN Rs. 24,00,000/- PER ANNUM.								
- NIL -								
(B) PERSONS EMPLOYED FOR A PART OF THE FINANCIAL YEAR, WHO WERE IN RECEIPT OF REMUNERATION FOR ANY PART OF THE YEAR, AT A RATE WHICH, IN THE AGGREGATE, WAS NOT LESS THAN Rs. 2,00,000/- PER MONTH.								
1.	Shri Paul Oswal	Chairman and Managing Director	718,564	M.Com.	64	39	01.11.2003 upto 31.05.2006	Chairman and Managing Director, Vardhman Polytex Limited, (11.08.2001 to 15.05.2004)

NOTES :

1. Remuneration includes Salary, House Rent Allowance, Commission, Contribution to Provident Fund, Superannuation Fund, Leave Travel Concession, Medical Assistance and other allowances paid in cash and taxable value of non-cash perquisites.
2. Appointment of Mr. Shri Paul Oswal was contractual in nature. He resigned from the Office of Managing Director with effect from 1st June, 2005. He, however, continues to be the Chairman and Director not liable to retire by rotation.
3. Mr. Shri Paul Oswal is related to Mrs. Shakun Oswal, Mr. Sachit Jain and Mrs. Suchita Jain, Directors of the Company.



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CORPORATE GOVERNANCE REPORT

This Report on Corporate Governance forms part of the Annual Report. This section besides being in compliance of the provisions of Listing Agreement gives an insight into the process of functioning of the Company. The Company is committed to transparency and business ethics in discharge of its corporate responsibilities.

1. BOARD OF DIRECTORS :**(a) Board Meetings :**

During the financial year 2005-06, four Board Meetings were held on the following dates :-

- 17th June, 2005
- 23rd July, 2005
- 17th October, 2005
- 30th January, 2006

(b) Composition :

The Board of Directors comprises of nine Directors, with Mr. Shri Paul Oswal as the Chairman of the Board of Directors. Out of the total strength of nine Directors, three Directors are independent and this meets the stipulated requirement.

The composition, attendance and Directorships/Committee Memberships of the Directors of the Company during the financial year 2005-06 is given as follows :-

Name of Director	Designation and Category	Number of Board Meetings attended	Attendance at last AGM	Directorships in other public companies	Other Committee Memberships	Board Chairmanships in other companies	Committee Chairmanships in other companies
Mr. Shri Paul Oswal	Non-Executive Chairman, Not Independent	4	Yes	11	1	5	1
Mrs. Shakun Oswal	Non-Executive Director, Not Independent	2	Yes	4	—	—	—
Mr. Sachit Jain	Non-Executive Director, Not Independent	2	No	9	2	1	1
Mrs. Suchita Jain	Non-Executive Director, Not Independent	Nil	No	5	1	—	—
Mr. Chaman Lal Jain	Non-Executive Director, Not Independent	4	Yes	—	—	—	—
Mr. Bal Krishan Choudhary	Non-Executive Director, Not Independent	1	No	2	2	—	—
Mr. Surinder Singh Bagai	Non-Executive, Independent Director	Nil	No	3	—	—	—
Mr. Jagdish Rai Singal	Non-Executive, Independent Director	Nil	—	3	—	—	—
Dr. Ram Swarup Gupta	Non-Executive, Independent Director	1	—	—	—	—	—
Mr. Chandrasekharapuram Venkateswaran Ramani	IDBI Nominee, Non-Executive, Independent Director	—	—	2	—	—	—
Mr. Surinder Kumar Bansal	Non-Executive, Independent Director	1	—	—	—	—	—
Mr. Subash Khanchand Bijlani	Non-Executive, Independent Director	Nil	—	—	—	—	—
Mr. Rajendra	Non-Executive, Independent Director	1	—	—	—	—	—
Mr. Kuldip Singh Bhatia	Non-Executive, Independent Director	2	No	—	—	—	—

- Notes : i) Mr. Shri Paul Oswal resigned from the Office of the Managing Director with effect from 1st June, 2005. He, however, continues to be the Chairman and Director, not liable to retire by rotation.
- ii) Mrs. Shakun Oswal was appointed as a Director of the Company with effect from 23rd July, 2005.
- iii) Mr. Jagdish Rai Singal was appointed as a Director of the Company with effect from 17th October, 2005.
- iv) Dr. Ram Swarup Gupta was appointed as a Director of the Company with effect from 19th December, 2005.
- v) Nomination of Mr. Chandrasekharapuram Venkateswaran Ramani was withdrawn by Industrial Development Bank of India with effect from 16th May, 2005.
- vi) Mr. Surinder Kumar Bansal, Mr. Subash Khanchand Bijlani and Mr. Rajendra resigned from the Directorship of the Company with effect from 17th June, 2005.
- vii) Mr. Kuldip Singh Bhatia resigned from the Directorship of the Company with effect from 10th October, 2005.
- viii) Mr. Chaman Lal Jain and Mr. Bal Krishan Choudhary, earlier independent directors, became not independent during the year.

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**2. AUDIT COMMITTEE :**

The Audit Committee comprises of three Directors viz. Mr. Jagdish Rai Singal, Mr. Surinder Singh Bagai and Dr. Ram Swarup Gupta. Mr. Jagdish Rai Singal is the Chairman of the Audit Committee. All members of the Audit Committee are financially literate and one of the members, Dr. Ram Swarup Gupta, has accounting /financial management expertise. The terms of reference of the Audit Committee are as contained in Corporate Governance Clause of the Listing Agreement.

The Audit Committee met four times during the financial year 2005-06 on the following dates :-

- 17th June, 2005
- 27th August, 2005
- 17th October, 2005
- 30th January, 2006

The attendance of present and past members of the Audit Committee during the financial year 2005-06 is given below :-

Committee Members	Category	Number of Audit Committee Meetings Attended	Remarks
Mr. Subash Khanchand Bijlani	Non-Executive, Independent Director	Nil	Ceased to be a member of the Committee with effect from 17 th June, 2005.
Mr. Bal Krishan Choudhary	Non-Executive, Not Independent Director	3	Ceased to be a member of the Committee with effect from 17 th October, 2005.
Mr. Chaman Lal Jain	Non-Executive, Not Independent Director	3	Ceased to be a member of the Committee with effect from 19 th December, 2005.
Mr. Kuldip Singh Bhatia	Non-Executive, Independent Director	Nil	Appointed as a member of the Committee with effect from 17 th June, 2005 and ceased to be a member with effect from 17 th October, 2005
Mr. Jagdish Rai Singal	Non-Executive, Independent Director	1	Appointed as a member of the Committee with effect from 17 th October, 2005.
Mr. Surinder Singh Bagai	Non-Executive, Independent Director	Nil	Appointed as a member of the Committee with effect from 17 th October, 2005
Dr. Ram Swarup Gupta	Non-Executive, Independent Director	1	Appointed as a member of the Committee with effect from 19 th December, 2005

3. DIRECTORS' REMUNERATION AND SHAREHOLDING :**(i) Remuneration :****(a) Executive Directors :**

Mr. Shri Paul Oswal was appointed as the Managing Director for a period of five years with effect from 1st November, 2003 to 31st October, 2008. He, however, resigned from the Office of Managing Director with effect from 1st June, 2005. During this period, he was paid remuneration as approved by the members in their General Meeting.

Details of remuneration paid to the Managing Director during the financial year 2005-06 is given below:

(Amount in Rs.)

Name	Designation and Tenure	Salary	Commission	Provident Fund Contribution	Perquisites/ Allowances	Gross Remuneration
Mr. Shri Paul Oswal	Managing Director upto 31st May, 2005	290,000	216,054	34,800	177,710	718,564

All the components of remuneration given above are fixed except commission, which is calculated at the rate of two percent of net profits.