



Winsome Yarns Limited



BOARD OF DIRECTORS

Shri Satish Bagrodia	<i>Chairman</i>
Shri Chandra Mohan	<i>Director</i>
Shri Brij Khanna	<i>Director</i>
Shri S.K. Duggal	<i>Director</i>
Shri Dinesh Sharma	<i>Director (IFCI Nominee)</i>
Shri Ashish Bagrodia	<i>Director</i>
Shri S.K. Singla	<i>Director (PSIDC Nominee)</i>
Shri Manish Bagrodia	<i>Managing Director</i>

COMPANY SECRETARY

Shri K.V. Singhal

AUDITORS

M/s. Lodha & Co.
Chartered Accountants,
12, Bhagat Singh Marg,
New Delhi

BANKERS

Canara Bank
State Bank of Patiala

REGISTERED OFFICE

SCO 191-192, Sector 34-A,
Chandigarh-160 022

SHARE TRANSFER AGENT

Intime Spectrum Registry Ltd.
A-31, 3rd Floor, Near PVR Cinemas
Naraina Industrial Area,
Phase-I, New Delhi-110 028

CONTENTS

Notice	1
Directors' Report	4
Corporate Governance Report	8
Auditors' Report	15
Balance Sheet	18
Profit & Loss Account	19
Schedules	20
Notes on Accounts	25
Balance Sheet Abstract	31
Cash Flow Statement	32

WINSOME YARNS LIMITED**NOTICE**

NOTICE is hereby given that the 16th Annual General Meeting of the Members of Winsome Yarns Limited, will be held on Thursday, the 28th September, 2006 at 10.00 a.m. at Tagore Theatre, Sector 18-C, Chandigarh to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March 2006, and the Balance Sheet as at that date together with the Reports of the Directors and Auditors thereon.
2. To declare a dividend on equity shares for the financial year ended 31st March, 2006.
3. To appoint a Director in place of Shri Brij Khanna, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri S.K. Singla, who retires by rotation and being eligible, offers himself for re-appointment.
5. To consider and, if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"RESOLVED THAT M/s Lodha & Co., Chartered Accountants, be and are hereby appointed as Statutory Auditors of the company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the company, at a remuneration to be decided by the Board of Directors."

SPECIAL BUSINESS:

6. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution.

"RESOLVED THAT pursuant to the provision of Section 149 (2A) (b) and other applicable provisions, if any, of the Companies Act, 1956 the approval be and is hereby accorded to the commencement by the Company of business specified in Clause 8 of "Other Objects" of the Memorandum of Association of the Company as per details:

Clause 8 : To carry on business of electric gas and water supply in all its branches and in particulars to construct, lay down, establish, fix and carry out all necessary power stations, cables, wires, lines, pipes, accumulators, lamps and works and to generate, develop and accumulate electrical and gas power at places for which licence may be obtained and to transit, distribute and supply such power throughout the area to supply named therein and without prejudice to the generally of the above to transmit, distribute and supply such power to and for the purpose of feeding to plants of the company and generally to generate, develop and accumulate power at any such places and to transmit, distribute and supply such power for all lawful purposes."

7. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution.

"RESOLVED THAT the consent of the company be and is hereby accorded to the Board of Directors of the company under the provisions of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act 1956, to mortgage and/or create charge on all immovable and movable properties of the company wheresoever situated, both present and future and the whole or substantially the whole of the undertaking or undertakings of the company by way of first charge in favour of Financial Institutions and/or Banks for securing term loans granted/ to be granted by them ranking pari-passu with the existing first mortgages/charges created by the Company in favour of Financial Institutions and Banks for securing term loans and by way of second charge in favour of Banks for securing working capital facilities including non fund based limits availed by the Company ranking pari-passu with the existing second charge created by the Company in favour of Banks for securing working capital facilities including non fund based limits together with interest, costs, charges expenses and other moneys payable by the Company to the Financial Institutions/Banks and/or conferring power to enter upon and take possession of the assets of the company in certain events to or in favour of the Financial Institutions/Banks.

RESOLVED FURTHER THAT the mortgage/charge created/to be created and/or all agreements/documents executed/ to be executed and all acts done in terms of the above resolutions by and with the authority of the Board of Directors are hereby confirmed and ratified.

RESOLVED FURTHER THAT Board of Directors be and are hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to the resolution and to settle any questions or disputes that may arise in relation thereto."

8. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution.

"RESOLVED that, pursuant to Section 293(1)(d) of the Companies Act 1956 and other applicable provisions, if any, of the Companies Act, 1956, the Company accords its consent to the Board of Directors to borrow any sum or sums of money from time to time notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) may exceed the aggregate of the paid up capital of the Company and any free reserves, that is to say, reserves not set apart for any specific purposes, provided however, the total amount upto which the money may be borrowed by the Board of Directors and outstandings at any time shall not exceed Rs. 500.00 Crores (Rupees Five Hundred Crores only)."

WINSOME YARNS LIMITED

9. To consider and if thought fit, to pass with or without modification, the following resolution as Special Resolution :
- "RESOLVED THAT in accordance with the provisions of Section 81 and other applicable provisions of Companies Act, 1956 and in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such consents and such approvals as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee constituted by the Board for the time being exercising the powers conferred on the Board by this resolution) or as may be prescribed or made, in granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot in one or more tranches, in the course of domestic / international offerings to domestic/foreign institutions, non resident Indians, companies, other bodies corporate, mutual funds, banks, insurance companies, pension fund, private equity funds, individuals or such other persons whether shareholders of the company or not, as the Board may in its absolute discretion decide through a public issue and/or private placement basis or otherwise, debentures whether partly / fully convertible and/or securities linked to ordinary shares and/or rupees / foreign currency convertible bonds and/or ordinary shares through depository receipts and/or bonds with share warrants attached (hereinafter collectively referred to as "Securities"), secured or unsecured for cash, at such price or prices and on such terms of issue or other conditions as the Board may in its absolute discretion consider deem fit, so however that the total amount to be raised through the aforesaid Securities including premium, if any, shall not exceed Rs. 100 crores, or its equivalent in one or more currencies.
- RESOLVED THAT in case of any equity linked securities issue, the Board be and is hereby authorized to offer, issue and allot such number of Ordinary Shares as may be required to be issued and allotted upon conversion of any Securities referred to above or as may be necessary in accordance with the terms of the offer, all such ordinary shares shall rank pari passu, inter se, with the then existing Ordinary Shares of the Company in all respects.
- RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorised to determine the form, terms and timing of the issue, including the class of investors to whom the securities to be allotted, number of securities to be allotted in each tranche issue price, face value, premium amount on issue/ conversion of securities/exercise of warrants, redemption of securities, rate of interest, redemption period, listings on one or more stock exchanges in India and/or abroad as the Board may in its absolute discretion deem fit and to make and accept any modifications in the proposal as may be required by the statutory/other authorities involved in such issues in India and/or abroad and to settle any questions or difficulties that may arise in regard to the issues.
- RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to a Committee constituted by the Board with power to the said Committee to sub-delegate its powers to any of its members."

By order of the Board

Dated : 02.06.2006
Place : Chandigarh

SATISH BAGRODIA
Chairman

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company.
2. The proxy form duly executed and stamped should be deposited with the company at its Registered Office not less than forty-eight hours before the meeting.
3. The Register of Members and Share Transfer Book of the Company will remain closed from 24.09.2006 to 28.09.2006 (both days inclusive).
4. The dividend, as recommended by the Board of Directors, if approved at the Annual General Meeting, will be paid to those persons;
 - (a) whose names appear as Beneficial Owners as at the end of business hours on 23.09.2006 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form, and
 - (b) whose names appear as members in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar & Share Transfer Agents on or before 23.09.2006.
5. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Numbers for easy identification for attendance at the meeting.
6. Item No. 3 Shri Brij Khanna aged 74 years, B.A., L.L.B. is the leading Income Tax practitioner, having overall experience of about 48 years. He is holding 1000 shares of the company.

Presently, he is also the Director on the Board of Engineering Innovations Limited and Stanlay Engineering (P) Limited. He is also the Chairman of Audit Committee as well as Shareholder/ Investor Grievance Committees in Winsome Yarns Limited.

7. Item No. 4- Shri S.K. Singla aged 44 years, B. (Tech.) is working as Asstt. General Manager (Textile) in Punjab State Industrial Development Corporation Ltd. (PSIDC), having overall working experience of about 20 years. He is the acting as nominee director of PSIDC. PSIDC is holding 13,60,000 equity shares of the Company. Presently, he is also acting as nominee Director on the Board of Rana Polycot Ltd, Cheema Spintex Ltd, Ganga Acrowools Ltd, Fertichem Cotspin Ltd, Winsome Yarns Ltd, Satia Synthetics Ltd, Dev Spinners Ltd, Dwarkadhish Spinners Ltd, Global Knitfab Ltd, Aster Drugs & Pharma Ltd, Vatika Spinning Mills Ltd, J.R. Processors Ltd, Super Polyfabrics Ltd and Royal Industries Ltd. He is not holding membership of any Committee of the Board in any Company.
8. M/s Intime Spectrum Registry Limited, A-31, 3rd Floor, Near PVR Cinemas, Naraina Industrial Area, Phase-I, New Delhi-110028 (Tele. 011-51410592-94) is acting as common agency for dematerialisation and physical transfer of shares of the company. The members should send their physical shares and letter for change of address and issue of duplicate shares directly to the aforesaid share transfer agent.

ANNEXURE TO THE NOTICE

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956.

Item No. 6

Punjab Energy Development Agency (PEDA) has allotted 12 (Twelve) small Hydel Power Projects to the Company on Sidhwan canal in the state of Punjab. As per Detailed Project Report submitted to State Govt., the Capacity of the Project has been estimated at 3900 KW with a Capital Cost of about Rs. 3975 lacs. The Company proposes to undertake this new business of generation & distribution of electricity. The electricity so generated will be captively consumed by the Company for its manufacturing facilities at Derabassi, Punjab. A nominal wheeling charges will be paid to Punjab State Electricity Board for this. With this Company will be able to save substantial amount of expenses presently being incurred on purchase of electricity, which will ultimately enhance the Profitability and NetWorth of the Company.

Since this very activity is covered in Clause III (C) of Memorandum of Associations of the company, under the head "Other Objects", so the approval of shareholders is required in compliance with the provisions of Section 149(2A) (b) of Companies Act, 1956. Accordingly, the resolution in accompanying notice is proposed for your approval.

None of the Directors is interested in this resolution.

Item No. 7 & 8

Shareholders in its meeting held on 21.11.1997 had approved limit of Rs. 200 crores under section 293(1)(a) and section 293(1)(d).

The company has taken up Expansion Projects worth Rs. 328.73 crores, in which Term Loans are to the extent of Rs. 269.75 crores. Thus there is a need to increase the limit from Rs. 200 crores to Rs. 500 crores under section 293(1)(a) and section 293(1)(d), so that necessary security can be created in favour of Term Lending Bankers and for future requirements.

None of the Directors is interested in this resolution.

Item No. 9

The company has been examining various growth opportunities from time to time in line with its objective of becoming globally competitive in its business. As a part of its future growth strategy, the Company is expanding its yarn producing capacity by adding 60000 spindles, putting up small hydro power projects with total power potential of 3900 KW, installing 180 knitting machines to manufacture fully fashioned cotton sweaters. The Company is also evaluating various acquisition opportunities Overseas.

While current internal generation from the operations is strong, the above projects would require significant capital outlay in the next 4 to 5 years. These projects will necessitate external infusion of funds at different points of time in future. It is thought prudent at this stage for the Company to raise a part of this fund requirement for the said growth plan through the issue of Securities as defined in resolution no. 9 of the Notice in the domestic/international market in view of improved performance of the Company and the positive outlook for the textile industry.

It is therefore proposed to issue the said Securities for an amount not exceeding Rs. 100 crores in one or more tranches, as may be considered appropriate by the Board, to the various categories of investors etc. as set out in the Resolution No. 9 of the Notice.

To the extent that any part of the above mentioned fund raising plan includes issue of Securities linked to or convertible into Ordinary Shares of the company Members' approval is being sought under Section 81 of the Companies Act, 1956.

The proposed offer is in the interest of the company and your Directors commend the Resolution in item no. 9 of the Notice-for acceptance.

None of the Directors is interested in this resolution.

DIRECTORS' REPORT**WINSOME YARNS LIMITED**

Your Directors have pleasure in presenting the 16th Annual Report together with the audited statement of Accounts of the Company for the financial year ended 31st March, 2006.

Financial Highlights	Year ended 31.3.2006 (Rs.in lacs)	Year ended 31.3.2005 (Rs. in lacs)
Sales	12731.64	12147.37
Profit before Interest , Depreciation & Tax	1832.76	1539.65
Less: Interest	564.88	466.46
Profit before Depreciation	1267.88	1073.19
Less: Depreciation	728.22	670.25
Profit before Taxes	539.66	402.94
Provision for Taxation	86.00	17.00
Provision for fringe benefit tax	9.34	—
Provision for deferred tax liability/ (asset)	(220.23)	26.04
Profit after Taxes	664.55	359.90
Add : Surplus brought forward from previous year	3699.40	3485.83
	4363.95	3845.73
Appropriation:		
Dividend @ 5% (Previous year 5%)	128.33	128.33
Corporate Dividend Tax	18.00	18.00
Surplus carried to Balance Sheet	4217.62	3699.40
	4363.95	3845.73

Operations & Performance

During the year under review, your Company has achieved a turnover of Rs. 12731.64 lacs and a net profit before tax of Rs. 539.66 lacs against the previous year's sales of Rs. 12147.37 lacs and net profit of Rs. 402.94 lacs. The company has shown improved performance mainly due to better yarn rates, softening of cotton prices and improved efficiency.

For the current year 2006-07, no substantial increase is anticipated in cotton prices till the arrival of new cotton crop in October, 2006. Even for the new cotton crop, projections of the cotton crop quantity appear to be good and with good demand for yarn and opening up of world trade due to abolition of quotas since 1.1.2005, your directors expect a good performance of the company for the Financial Year 2006-07.

New Project/ Expansion Plans

Your directors are pleased to inform you that the company has undertaken expansion plan to add 60000 Spindles, installation of another 180 Knitting Machines and implementation of 3.90 MW Hydel Power Project in Punjab.

The cost of above projects has been estimated at Rs. 328.73 crores, which is proposed to be financed by term loans under TUFs - Rs. 269.75 crores and internal accruals - Rs. 58.98 crores. The projects will be implemented in 3 phases in 3 years. After implementation, Turnover and Profitability of your company will improve substantially.

IS/ISO 9002/14001

Your directors are pleased to inform you that your company continues to be holder of IS/ISO 9002/ 14001 certificates.

Dividend

Your Directors are pleased to recommend a dividend @ 5% on equity shares of the company for approval of shareholders at the forthcoming Annual General Meeting.

Directors

In accordance with the Company's Articles of Association Shri Brij Khanna and Shri S.K. Singla, Directors retire by rotation and being eligible, offer themselves for re-appointment.

Directors' Responsibility Statement

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, it is hereby confirmed :

WINSOME YARNS LIMITED

- i. that in the preparation of the annual accounts for the financial year ended 31st March, 2006, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. that the accounting policies are applied consistently and reasonable prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review;
- iii. that the directors have 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. that the directors have prepared the accounts for the financial year ended 31st March, 2006 on a going concern basis.

Voluntary Delisting

Shareholders of the company in their Annual General Meeting held on 27.09.2004, approved to get the shares of the company voluntary delisted from Ludhiana, Delhi and Calcutta Stock exchanges. Accordingly, the company applied for voluntary delisting of shares to the respective stock exchanges. Ludhiana and Delhi Stock Exchanges had delisted the shares of the company w.e.f 17.08.2005 and 14.10.2005 respectively. However, the intimation for delisting of shares from Calcutta Stock Exchange is still awaited.

Auditors

M/s Lodha & Co, Chartered Accountants, as auditors of the company hold office till the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. The Company has received a certificate from M/s Lodha & Co., Chartered Accountants, to the effect that their re-appointment as Auditors, if made, would be within the prescribed limits under section 224 (1-B) of the Companies Act, 1956.

Particulars of the Employees

The particulars of the employees as required by the provisions of section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is not given as No employee was in receipt of remuneration equal to or exceeding Rs. 24,00,000/- per annum, if employed for full year or Rs. 2,00,000/- per month, if employed for the part of the year.

Conservation of Energy, Technology Absorption and Foreign Exchange earning and outgo.

Information in accordance with the provisions of 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 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the annexure 'A' forming part of this report.

Auditors' Report

Note No. 3 and 5 of Schedule 14 (B), Notes on accounts referred in the Auditors' Report are self explanatory.

Corporate Governance

During the year, the company has continued its commitment to the principles of good Corporate Governance. The company believes that best board practices and transparent disclosures are necessary for enhancing shareholders value.

A report on Corporate Governance, alongwith a Certificate of compliance from the Auditors of the Company is attached as annexure 'B' to this report.

Acknowledgement

Your Directors wish to thanks the company's esteemed Customers, Financial Institutions, Banks, Government authorities, Suppliers and above all the Shareholders for their continue support and cooperation.

Your Directors also wish to place on record their appreciation for the sincere services and hard work put in by the employees at all levels.

By order of the Board

Place : Chandigarh
Dated : 02.06.2006

Satish Bagrodia
Chairman

ANNEXURE 'A' TO DIRECTORS' REPORT**WINSOME YARNS LIMITED**

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

I. CONSERVATION OF ENERGY**a) Energy conservation measures taken :**

The Company has been giving high priority to conservation of energy by close monitoring of energy consuming equipments. All efforts are made for installing energy saving devices wherever required. The company has continued with the following projects during the year.

Sr.No.	Project Undertaken	Units saved	Annual Saving (Rs in lacs)
1	To reduce the Power Consumption in Worker Colony	200013	7.44
2	To reduce the Power Consumption of Residential Block	57717	2.15
3	To reduce Power Consumption in Plant Lighting	160809	5.98
4	To reduce Power Consumption in LUWA Plant	333960	12.42
5	To reduce Power Consumption in Compressed Air System	233772	8.70
6	To reduce Power Consumption in Yarn conditioning	89298	3.32
Total Saving		1075569	40.01

b) Additional investments and proposals,if any,being implemented for reduction of consumption of energy.

Additional Investments, where ever required, are being made.

c) Impact of the measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.

Though there is saving of about Rs. 40 lacs but overall energy cost has not reduced due to increase in diesel & furnace oil cost and increase in unit power cost of PSEB.

d) Total energy consumption and energy consumption per unit of production as per Form-A of the Annexure to the rules in respect of industries specified in the schedule thereto:

A) Power and Fuel consumption		Current Year	Previous Year
1. Electricity			
a) Purchased Unit (KW)		13380460	12444220
Total amount (Rs in lacs)		574.08	483.06
Rate/Unit (Rs)		4.29	3.88
b) Own Generation through			
Diesel Generator Unit(KW)		19579242	19735708
Units/Ltr.of Diesel Oil		4.02	4.06
Cost/Unit(Rs/KW)		4.18	3.68
2. Coal(Specify quality and where used)		NIL	NIL
3. LSHS & Furnace Oil Qty.(MT)		4169.55	4235.78
Total amount (Rs.in lacs)		658.67	439.71
Average rate(Rs.per M.T.)		15797	11162
4. Gas (Qty. in MT)		NIL	NIL
Total amount (Rs.in lacs)		NIL	NIL
Average rate(Rs.per Kg)		NIL	NIL
B) Consumption per Unit of Production			
Electricity (KW)		3.27	3.43
LSHS & Furnace Oil (Lts)		NIL	NIL
Gas (Kgs)		NIL	NIL

II. TECHNOLOGY ABSORPTION

Efforts made in technology absorption as per Form-B of the Annexure to the Rules.

1) Research & Development (R&D)

- a) Specific area in which R&D carried by the Company :
Latest new technology has been adopted.
- b) Benefits derived as a result of the above R&D
Producing International quality products.
- c) Future plan of Action :
— This is an ongoing process and continuous improvements are being carried out in the Plant & Machinery maintenance and the quality of finished products.
- d) Expenditure on R&D (Rs. in lacs)

Capital

NIL

Recurring

Rs.16.98 Lacs

Total R&D expenditure as a percentage of total turnover =

0.13%

2) Technology absorption, adoption and innovation.

- a) Efforts, in brief, made towards technology absorption and innovation :
— Equipments of latest technology have been installed without any foreign technical knowledge.
- b) Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution etc.
— There has been benefit in respect of quality and Productivity of the product.
- c) In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year). — Nil

III. FOREIGN EXCHANGE EARNING AND OUTGO

- a) Activities relating to exports, initiatives taken to increase exports, development for new export market for products and services and export plans.

Exports (FOB Value) of the Company have increased from Rs. 5481.04 lacs in 2004-05 to Rs. 7137.51 lacs in 2005.06). New export markets have been developed and exports are likely to increase further.

- b) Total foreign exchange used and earned.

	<u>Current Year</u>	<u>Previous Year</u>
		(Rs. in lacs)
Earning	7146.93	5486.19
Outgo:	409.09	2962.87

For and on behalf of the Board

Place : Chandigarh
Dated : 02.06.2006

Satish Bagrodia
Chairman

CORPORATE GOVERNANCE**1. Company's philosophy on code of Governance.**

The underlying principles of corporate governance are the value, ethics and commitment to follow best business practices. Our corporate governance philosophy stems from our belief that the business strategy and plans should be consistent with the welfare of all stakeholders. The company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it, thereby paving the way for its long term success.

2. Board of Directors

The Board of Directors is comprised of eight directors, out of which three are Promoter Directors (one Non Executive Chairman, one Managing Director and one Non-Executive Director) and five are Non-Executive independent directors, out of which one is representing PSIDC (as Joint Sector representative) and one is representing IFCI (as term lender institution). None of the directors on the board is a member on more than 10 committees and chairman of more than 5 committees (as specified in clause 49 of the Listing Agreement with Stock Exchanges), across all the company in which they are directors. The necessary disclosures regarding committee memberships have been made by the directors.

During the year 2005-06, 5 (five) Board meetings were held. The meetings were held on 30th May, 2005, 28th June, 2005, 25th July, 2005, 28th October, 2005 and 19th January, 2006 and the maximum time gap between any two meetings was not more than four months.

The names and categories of directors on the board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships/ Committee memberships held by them in other companies are given below:

No. of Directorship and Committee Membership/ Chairmanship

Name of the Director	Category	Attendance Particulars		No. of Directorship	No. of Membership/ Chairmanship in Committees		
		Board Meeting	Last AGM		Membership	Chairmanship	Total
Shri Satish Bagrodia	Chairman	3	Yes	3	—	—	—
Shri Chandra Mohan	INED	5	Yes	9	3	—	3
Shri S.K. Duggal	INED	5	Yes	13	6	4	10
Shri Brij Khanna	INED	5	Yes	2	—	2	2
Shri Dinesh Sharma	INED	4	No	1	2	—	2
Shri S.K. Singla	INED	5	Yes	13	—	—	—
Shri Ashish Bagrodia	NED	4	Yes	3	1	—	1
Shri Manish Bagrodia	MD	4	Yes	4	1	—	1

INED : Independent Non Executive Director

NED : Non Executive Director

MD : Managing Director

Details of shareholding of Directors in the company as on 31.03.2006

Name of Director	No. of shares held
Shri Satish Bagrodia	42900
Shri Manish Bagrodia	70922
Shri Ashish Bagrodia	600
Shri Chandra Mohan	—
Shri Brij Khanna	1000
Shri S K Duggal	2000
Shri Dinesh Sharma	—
Shri S K Singla	—