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ANNUAL REPORT 2006 - 2007

CHAIRMAN SHRI ANAND KUMAR AGARWAL

DIRECTORS SHRI VIJAY KUMAR JAIN
DR. PADAM CHAND AGARWAL
SHRI ASHOK SURANA

SECRETARY SHRI A. K. THIRANI

AUDITORS M/s. V. N. PUROHIT & COMPANY
Chartered Accountants

M/s. AGARWAL KEJRIWAL & CO.
Chartered Accountants

BANKERS UCO BANK
UNITED BANK OF INDIA
INDIAN OVERSEAS BANK
HDFC BANK LTD.
CANARA BANK
STATE BANK OF INDIA

REGISTERED OFFICE KEDAR ROAD
GUWAHATI - 781 001



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NOTICE

NOTICE is hereby given that the 34th Annual General Meeting of the Members of **ABC India Limited** will be held on Tuesday, the 31st day of July, 2007 at Ritu Raj Hotel, Kedar Road, Guwahati, Assam at 1:00 PM to transact the following business :

Ordinary Business:

1. To receive, consider and adopt the Directors' Report, Auditors' Report and Profit & Loss Account of the Company for the year ended 31st March 2007 together with the Balance Sheet as at that date.
2. To appoint a Director in place of Dr. Padam Chand Agarwal who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the Company.

For this purpose to consider and, if thought fit, to pass with or without modification, the following Resolution as Ordinary Resolution:

RESOLVED that Messers. Agarwal Kejriwal & Company, Chartered Accountants, be and are hereby reappointed as the Auditors of the Company to hold office from the conclusion of the 34th Annual General Meeting to the conclusion of the 35th Annual General Meeting.

FURTHER RESOLVED that subject to approval of the Audit Committee, the Board of Directors be and are hereby authorised to fix the remuneration of the Auditors".

Special Business:

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

RESOLVED that subject to the provisions of section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 (the Act), the Memorandum & Articles of Association of the Company, Listing Agreements entered into by the Company with the Stock Exchanges where the Company's shares are listed, and in accordance with the provisions of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (SEBI DIP Guidelines) as may be applicable on preferential issue of Equity Shares and other applicable regulations/guidelines of SEBI, if any, and subject to such consents and approvals of SEBI, Stock Exchanges, Central Listing Authority, Government of India or such other bodies or authorities as may be required by the law and as may be necessary and subject to such conditions and modifications as may be imposed upon and accepted by the Board while granting such consents and approvals for that purpose, the Board of Directors of the Company be and is hereby authorised to take effective steps to offer on preferential basis 4,00,000 (Four lakhs) Equity Shares of the Company of Rs. 10/- (Ten) each fully paid up at a price of Rs. 50/- (Fifty) each including premium of Rs. 40/- (Forty) each determined in accordance with the SEBI Guidelines as follows:

Name & address	No. of Equity Shares
1. Mr. Jagdish Prasad Agarwala	1,40,000
2. Mrs. Urmila Devi Poddar	1,40,000
3. Mr. Sandeep Kumar Poddar	60,000
4. Mr. Siddharth Kumar Poddar	60,000

RESOLVED FURTHER that the Certificate of the Auditors dated 29th day of June, 2007 in accordance with SEBI (Disclosure and Investor Protection) Guidelines, 2000 for pricing of the Equity Shares to be allotted, calculated in accordance with the SEBI Guidelines on the 'Relevant Date' being the 29th day of June, 2007 in relation to the aforesaid offer of equity shares, confirming pricing of such equity shares at Rs. 50/- (Fifty) each is adopted.

RESOLVED FURTHER that the offer of such 4,00,000 (Four lakhs) equity shares on preferential basis shall be on the following terms and conditions:

- i. That the Equity Shares shall be subject to lock in for a period of one year from the date of their allotment.
- ii. That the allotment of Equity Shares shall be completed within a period of 15 days from the date of approval by shareholders at General Meeting, provided that where the allotment is pending on account of pendency of any approval from any regulatory authority or the Central Government, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals.
- iii. The details of all monies utilised out of the preferential issue proceeds shall be disclosed under an appropriate head in the Balance Sheet and/or Directors Report of the Company, indicating the purposes for which such monies have been utilised and that the details of the unutilised monies shall also be disclosed under a separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

RESOLVED FURTHER that the Equity Shares so issued shall upon allotment have the same rights of voting as the existing equity shares and be treated for all other purposes *pari passu* with the existing equity shares of the Company and that the equity shares so allotted during the financial year shall be entitled to the dividend, if any, declared including other corporate benefits, if any, for the financial year in which the allotment has been made and subsequent years.

RESOLVED FURTHER that for the purpose of giving effect to the above resolution, the Board be and is hereby authorised to agree and accept all such condition(s), modification(s) and alteration(s) as may be stipulated by any relevant authorities while according approval or consent to the issue as may be considered necessary, proper or expedient and give effect to such modification(s) and to resolve and settle all questions, difficulties or doubts that may arise in regard to such issue and allotment and to do all acts, deeds and things in connection therewith and incidental thereto without being required to seek any further consent or approval of the members of the Company to the intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER that the Company shall ensure that the Company do apply for listing of the new equity shares as may be issued and allotted with the Bombay Stock Exchange Limited and The Calcutta Stock Exchange Association Limited.

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

"RESOLVED THAT subject to the provisions of Section 31 and other applicable provisions if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended and/or altered by inserting immediately after Article 5 a new Article numbered 5A with heading and marginal notes as follows:

"Employees Stock Option Scheme

5A. The Company shall have power to introduce and implement voluntary schemes of stock options or stock purchase for employees including those of its Holding and Subsidiary Companies subject to the provisions of Section 81 (1A) of the Act and in accordance with guidelines or regulations issued or made by the Securities & Exchange Control Board of India or any other Authority in this regard."

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

RESOLVED that subject to the provisions of Section 81(1A) and all other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 ("the Guidelines") or any statutory modification(s) or re-enactment of the Act or the Guidelines, the provisions of any other applicable laws and regulations, the Articles of Association of the Company and Listing Agreements entered into by the Company with the Stock Exchanges where the securities of the Company are listed and subject to any applicable approval(s), permission(s) and sanction(s) of any authorities and subject to any condition(s) and modification(s) as may be prescribed or imposed by such authorities while granting such approval(s), permission(s) and sanction(s) and which may be agreed to and accepted by the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include 'Committee' of the Board), consent of the Company be and is hereby accorded to the Board to grant, offer and issue, in one or more tranches, to such employees of the Company whether working in India or out of India and Directors of the Company whether Whole-Time Directors or otherwise (hereinafter referred to collectively as the "Employees"), as may be decided by the Board, Options exercisable by the Employees under a Scheme titled "ABC India Employees Stock Option Scheme - 2007" (hereinafter referred to as "the Scheme") to subscribe to such number of equity shares and/or equity linked instruments which could give rise to the issue of equity shares (hereinafter referred to collectively as "the Securities") of the Company not exceeding in aggregate 2.50% of the then issued, subscribed and paid-up equity shares of the Company as on March 31st, 2007, at such price and on such terms and conditions as may be determined by the Board in accordance with the Guidelines or any other applicable provisions as may be prevailing at that time.

RESOLVED FURTHER THAT the Board be and is hereby authorized to formulate, evolve, decide upon and bring into effect the Scheme on such terms and conditions as contained in the Explanatory Statement to this item in the Notice and to make any modification(s), change(s), variation(s), alteration(s) or revision(s) in the terms and conditions of the Scheme from time to time including but not limited to, amendment(s) with respect to vesting period and schedule, exercise price, exercise period, eligibility criteria or to suspend, withdraw, terminate or revise the Scheme.

RESOLVED FURTHER THAT any new equity shares to be issued and allotted as aforesaid shall rank *pari-passu* inter se with the then existing equity shares of the Company in all respects only after the exercise of options.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the Securities allotted under the Scheme on the Stock Exchanges where the securities of the Company are listed as per the provisions of the Listing Agreements with the Stock Exchanges concerned, the Guidelines and other applicable laws and regulations.

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient or proper and to settle any questions, difficulties or doubts that may arise in this regard at any stage including at the time of listing of the Securities without requiring the Board to secure any further consent or approval of the Members of the Company to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution."

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

"RESOLVED that subject to the approval of the Central Government and in pursuance of the provisions of Section 314 of the Companies Act, 1956, consent be and is hereby accorded to Mr. Ashish Agarwal, a relative of Shri Anand Kumar Agarwal, Chairman of the Company to hold an office or place of profit as a Chief Executive Officer of the Company with effect from 1st April, 2007 for a period of 3 years ending 31.3.2010 on the following terms:

a) Basic Salary : Rs. 60,000/- per month with annual increments of Rs.6,000/- per month.

b) Perquisites :

1. Housing provision by the Company on the following terms & conditions:

a) The Company shall deduct 15% of the salary for providing unfurnished accommodation.

b) The expenditure by the Company on hiring furnished accommodation will be subject to 35% of Basic Salary, over and above 15% payable by him.

c) If at any time he chooses to make his own arrangements for accommodation and the Company does not have to hire any accommodation for him, he shall be entitled to House Rent Allowance @ 35% of his Basic salary.

2. Reimbursement of Medical expenses incurred for self and family subject to a ceiling of one month salary per year or three months salary in a period of three years.

3. Reimbursement of Uniform & Washing expenses not exceeding one month Basic Salary per year as per Rules of the Company.

4. Leave with full pay and allowances and the right to accumulate and encash in accordance with the Rules of the Company.
5. Leave Travel Concession not exceeding one month Basic Salary per annum for self and family once in a year incurred in accordance with the Rules of the Company.
6. Journal Allowance upto Rs.3,000/- per annum.
7. Fees of Clubs subject to a maximum of two Clubs, admission and life membership fees not being allowed.
8. Reimbursement of Individual Mediciam Policy upto Rs.3,000/- per year.
9. Personal Accident Insurance Premium not exceeding Rs. 4,000/- per annum.
10. Premium upto Rs.5000/- per annum for overseas health & related insurance.
11. Contributions by the Company to Provident Fund on monthly Basic Salary.
12. Payment of Gratuity on his retirement or in the event of his earlier death to his estate, for each completed year of service with the Company, of an amount equal to half of his monthly salary immediately prior to retirement or death, subject to the provisions of the Gratuity Act and as per rules of the company and any other notifications issued by the Central Government to this effect.
13. The Company shall provide car with driver and telephone at his residence for use on Company's business the expenses on which shall not exceed Rs.2,00,000/- per annum.

Kolkata
the 29th June, 2007

By order of the Board
A. K. Thirani

Company Secretary

NOTES :

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY EIGHT HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- b. An explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 relating to special business to be transacted at the meeting is appended hereto.
- c. Re-appointment of Directors:
At the ensuing Annual General Meeting, Dr. Padam Chand Agarwal, retire by rotation and being eligible offer themselves for reappointment. The information or details pertaining to the Directors to be provided in terms of Clause 49 of the Listing Agreement with the Stock Exchanges are furnished in the Statement on Corporate Governance.
- d. The Company has already transferred all unclaimed dividends declared upto the financial year ended 1994-95 to the General Revenue Account of the Central Government as required by the Companies Unpaid Dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978. Shareholders who have so far not claimed or collected their dividends upto the aforesaid financial year are requested to claim their dividend from the Registrar of Companies, Shillong, Meghalaya, in the prescribed form which will be furnished on receipt of request by the Registrar and Transfer Agents, M/s. MCS Limited, 77/2A Hazra Road, Kolkata 700029.
- e. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956, dividend for the financial year 1995-96 and thereafter, which remain unclaimed for a period of 7 years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to Section 205C of the Companies Act, 1956. The Company has already transferred the unclaimed dividend for the year ended 1998-99 to the IEPF. Information in respect of such unclaimed dividend when due for transfer to the said fund is given below:

Financial year ended on	Date of Declaration of dividend	Last date for claiming unpaid dividend	Due date for transfer to IEP fund
31st March 2000	07.10.2000	06.10.2007	06.11.2007

Shareholders who have not so far encashed the dividend warrant(s) are requested to seek issue of duplicate warrant(s) by writing to the Company's Registrar and Transfer Agents, M/s. MCS Limited immediately. Shareholders are requested to note that no claims shall be against the Company or the said fund in respect of any amount which were unclaimed and unpaid for a period of seven years from the dates that they first become due for payment and no payment shall be made in respect of any such claims.

- f. Corporate Members intending to send their authorised representatives are requested to send a duly certified copy of the Board Resolution authorising their representatives to attend and vote at the Annual General Meeting.
- g. Consequent upon the introduction of Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents M/s. MCS Limited, 77/2A Hazra Road, Kolkata - 700 029.
- h. The Register of Member and Transfer Books in respect of the Equity Shares of the Company will be closed from Tuesday, the 17th day of July, 2007 to Tuesday, the 31st day of July, 2007, both days Inclusive.
- i. Equity shares of the company are available for dematerialization both with the National Security Depository Limited and Central Depository Services India Ltd.

- j. The Company has appointed M/s. MCS Ltd., 77/2A Hazra Road, Kolkata 700 029 as its Registrar and Transfer Agent. Members holding shares in physical form are requested to notify/send any changes in their address to its Registrar and Transfer Agent to facilitate better service.

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

Item No. 4

The Board of Directors of the Company give below disclosures that are required to be given in the explanatory statement to the special resolution to be passed under section 81(1A) of the Companies Act, 1956 and in terms of the SEBI (Disclosure and Investor Protection) Guidelines.

1. Object and manner of utilization of the proceeds of the issue:

The purpose of the issue is to allot equity shares to achieve business plans of the Company and to meet the requirement of finance including but not limited to additional working capital. Accordingly, the utilization of the proceeds of the issue shall be towards additional working capital.

2. Relevant date and pricing of the issue:

The issue price of the Equity Shares shall be Rs. 50/- (Rupees Fifty each)

The price of the Equity Shares of Rs. 10/- each together with premium of Rs. 40/- each has been fixed at Rs. 50/- each per share to be issued on the relevant date 29th June, 2007 calculated in the manner specified for pricing of shares to be allotted as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000.

As per the SEBI (Disclosure and Investor Protection) Guidelines, 2000 the price for equity shares of Rs. 10/- each has been determined at Rs. 41.19 per share on the relevant date 29th June, 2007, based on the quotation available at the Bombay Stock Exchange Limited. The issue price of Rs. 50/- per share is higher than that calculated on relevant date as per the SEBI (Disclosure and Investor Protection) Guidelines, 2000. A certificate to that effect has been obtained from the Auditors of the Company on 29th June, 2007 which is also available for inspection at the Registered Office of the Company.

3. Intention of the promoters or their associates and relatives to subscribe to the issue:

None of the promoters or their associates and relatives intend to subscribe to the issue.

4. Shareholding pattern before and after the offer:

The shareholding pattern of the Company before and after the preferential allotment would be as follows:

Category	Pre issue equity holding	% of the total pre issued capital	Post issue equity holding	% of the total post issued capital
1A. Promoters and Persons acting in concert (Not participating in offer)	2274825	45.48	2274825	42.11
1B. Promoters and Persons acting in concert (Participating in offer)	Nil	Nil	Nil	Nil
1C Foreign Promoters	Nil	Nil	Nil	Nil
2. Banks Mutual Funds, Financial Institutions, Central/State Government Institutions.	16675	0.33	16675	0.31
3. NRIs/OBCs	39598	0.79	39598	0.73
4. Bodies Corporates (Others)	634526	12.68	634526	11.75
5. Indian General Public	2036738	40.72	2036738	37.70
6. Other acquirers on Preferential allotment to selective persons				
1. Mr. Jagdish Prasad Agarwala	Nil	Nil	140000	2.59
2. Mrs. Urmila Devi Poddar	Nil	Nil	140000	2.59
3. Mr. Sandeep Kumar Poddar	Nil	Nil	60000	1.11
4. Mr. Siddhartha Kumar Poddar	Nil	Nil	60000	1.11

Note : The above post issue pattern is based on the assumption of full subscription of the allotment of equity shares issued on preferential basis

5. Proposed time within which the allotment shall be completed:

The allotment of equity shares shall be completed within a period of 15 days from the date of passing of these resolutions by the shareholders provided that, where the allotment is pending on account of pendency of any approval from any regulatory authority or any Central Government, the allotment shall be completed by the Company within a period of 15 days from the date of such approvals. If the allotment and dispatch of share certificates is not completed within a period of 15 days from the date of these resolution, a fresh consent of the shareholders shall be obtained.

6. Identity of the proposed allottees and percentage of post issued capital that may be held:

As stated earlier, it is proposed to allot 4,00,000 equity shares to selective persons. The percentage that may be held by such allottees in post issued capital shall be as set out in 4 above. None of the proposed allottees are related to the promoters or persons in control of the Company.

7. Approvals:

The Company is taking necessary steps to obtain the required approvals from the Stock Exchanges, SEBI or any other regulatory agency as may be applicable, for the proposed preferential issue of equity shares.

8. SEBI Takeover code:

In terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 the investors are not required to and do not intend to make an open offer and comply with formalities related to an open offer for this preferential allotment.

9. Holding of shares in the Demat Account, non disposal of shares by the proposed allottees, and lock in period of shares:

The proposed allottees are not holding any pre issued shareholding, and they have not sold or disposed off any equity share of the Company during the six months period prior to the relevant date. Further, the equity shares allotted shall be under lock in period of 1 year from the date of allotment.

10. Auditors' Certificate:

Auditors' Certificate confirming that the proposed issue of Equity Shares are in accordance with the SEBI (Disclosure and Investors Protection) Guidelines, 2000 will be available for inspection upto the date of the Annual General Meeting at the Registered Office of the Company on any working day and also at the place of meeting on the meeting day.

11. Approval under the Companies Act, 1956:

As the preferential issue of equity shares will entail further shares to be offered to persons other than existing shareholders of the Company, consent of the shareholders by way of special resolution is being sought pursuant to the provisions of section 81 (1A) and all other applicable provisions of the Companies Act, 1956, SEBI (Disclosure & Investor Protection) Guidelines and the provisions of the Listing Agreement with the Stock Exchanges for authorizing the Board to offer, issue and allot equity shares as stated in the resolution, which would result in a further issuance of securities of the Company to the selective persons on a preferential allotment basis.

The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in item No. 4 of this notice.

None of the directors of the company are concerned or interested in the resolution.

Item No. 5

The Company proposes to grant stock options to its employees. As the proposed resolution seeks to amend the Articles of Association of the Company to enable it for grant of options under the Employees Stock Option Schemes, consent of the members by way of special resolution is sought pursuant to the provisions of Section 31 and other applicable provisions of the Companies Act, 1956.

The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in item No. 5 of this notice.

None of the directors are concerned or interested in this resolution except Shri Anand Kumar Agarwal as a wholetime director himself and also as father of Mr. Ashish Agarwal, an employee of the Company.

Item No. 6

Your Company has always believed in rewarding its employees for their hard-work, dedication and support to the Company. Stock Options have long been recognised as an effective instrument to attract talent and align the interest of employees with those of the Company and its shareholders, providing an opportunity to employees to share the fruits of growth of the Company, and to create long-term wealth in the hands of employees. Stock Option Schemes also create a common sense of ownership between the Company and its employees, paving the way for a unified approach to the common objective of enhancing overall shareholder value. The main objective of such Schemes is to give employees who are performing well, a certain minimum opportunity to gain from the Company's performance, thereby acting as a retention tool and to attract best talent available in the market.

The Board of Directors of the Company (hereinafter referred to as "the Board" which term shall include 'Committee' of the Board) has considered to reward employees of the Company, through this mechanism.

The salient features of the Employees Stock Option Scheme – 2007 (hereinafter referred to as the "the Scheme") are as under –

(A) Total number of Options to be granted

The total number of shares in respect to which options could be granted is 125000 shares of Rs 10 each, aggregating to approximately 2.50 % of the existing issued equity share of 50,02,362 equity shares.

(B) Identification of classes of employees entitled to participate in the Scheme

All present and future employees with six months of employment with the Company on or before 30th June, 2008 shall be entitled to participate in the Scheme.

Under the prevailing Guidelines, an employee who is a promoter or belongs to the promoter group will not be eligible to participate in the Scheme. A Director, who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the Company, will also not be eligible to participate in the Scheme.

The Options granted under the Scheme shall not be renounced, transferred, pledged, hypothecated, mortgaged or otherwise alienated in any other manner.

(C) Requirements of vesting, period of vesting and maximum period of vesting

The Options granted under the Scheme shall vest in the following manner:

Vesting would be in the following manner for eligible employees who have completed 3 years of service in ABC India Limited on the date of grant, from the date of their respective appointment

- 60.00% of the options at the end of one year from the date of grant.
- 40.00% of the options at the end of two years from the date of grant.

Vesting would be in the following manner for all other eligible employees who have not completed 3 years of service in ABC India Limited on the date of grant,

- 60.00% of the options at the end of two year from the date of grant.
- 40.00% of the options at the end of three years from the date of grant.

(D) Exercise price or pricing formula

For options vesting on or before 1st October, 2008, the exercise price shall be Rs. 50 per share, and for other options vesting after 1st October, 2008, the exercise price shall be Rs.55 per share.

(E) Exercise period and the process of exercise

Exercise period will commence from the vesting date and will expire not later than two years from the date of vesting of option or earlier at the discretion of the Compensation Committee.

The Options will be exercisable after expiry of vesting period by the Employees by a written application in prescribed format to the designated officer of the Company, in such manner, and on execution of such documents, as may be prescribed by the Board. The Options shall lapse if not exercised any time within the exercise period.

(F) Appraisal process for determining the eligibility of employees to participate in the Scheme

The Company has a performance appraisal system whereby performance of the employees is assessed each year on the basis of various functional and managerial parameters.

The eligibility of Employees for Options shall be determined on the basis of the individual employee's performance based evaluation, carried out every year along with technical knowledge, period of service, designation and such other such parameters.

(G) Maximum number of Options to be issued per employee and in aggregate

The maximum number of options to be issued per employee shall not exceed 10,000 equity shares. The aggregate number of shares in respect of which options could be granted is 1,25,000 equity shares of Rs. 10/- each.

(H) Accounting methods/policies

The Company shall conform to the accounting policies specified in Clause 13.1 of the SEBI (Employee Stock Option Scheme) Guidelines, 1999 and such other guidelines as may be applicable, from time to time.

(I) Method of valuation of Options

The Company shall use the intrinsic value method for valuation of the Options. The difference between the employee compensation cost so computed and the employee compensation cost that shall have been recognised, had the fair value of the Options been recognised, shall be disclosed in the Directors' Report and the impact of such difference on profits and on EPS of the Company shall also be disclosed in the Directors' Report.

Clause 6(1) of the Guidelines requires that any employee stock option scheme must be approved by way of a Special Resolution. Further, as the Scheme will entail further shares to be offered to persons other than existing shareholders of the Company, consent of Members is required by way of a Special Resolution pursuant to the provisions of Section 81 (1A) of the Companies Act, 1956 (the Act).

The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in item No. 6.

None of the directors are concerned or interested in this resolution except Shri Anand Kumar Agarwal as a wholetime director himself and also as father of Mr. Ashish Agarwal, an employee of the Company.

Item No. 7

It is sought to enhance the remuneration payable to Mr. Ashish Agarwal who is son of Mr. Anand Kumar Agarwal, Chairman and to be appointed as Vice President. Mr. Ashish Agarwal is a well-qualified young executive of the Company and is rendering valuable services to the Company. This requires approval by shareholders in General Meeting by Special Resolution and approval of the Central Government.

The Board of Directors recommends the passing of this resolution as a Special Resolution as set out in item No. 7.

Shri Anand Kumar Agarwal, Chairman may be considered as interested in this resolution.

DIRECTORS' REPORT

The Directors hereby present the 34th Annual Report of the Company together with Audited Accounts for the year ended 31st March 2007:

FINANCIAL RESULTS

	As on 31.03.2007 (Rs. in lacs)	Previous Year (Rs. in lacs)
Turnover	11174	10944
Profit before Taxation and Depreciation	341	326
Depreciation	180	176
(Net of depreciation on revalued assets transferred from Capital Reserve)		
Profit before Taxation	161	150
Provision for Taxation	28	9
Profit after taxation	133	141
Add : Balance of Profit & Loss Account brought forward	164	44
	297	185
Less: Tax adjustment for earlier year	13	21
Profit available for appropriation	284	164
Appropriation:		
Balance carried forward to Balance Sheet	284	164

SERVICES AND EARNINGS

Company's total earnings including other income for the year amounted to Rs.11174 lacs as compared with the previous year total earnings of Rs.10944 lacs.

DIVIDEND

The Directors do not recommend payment of dividend for the year ending 31.03.2007.

OUTLOOK

During the year under review, the Company concentrated on providing value added solutions to its customers. Improvements were made in quality of its transportation business. Project Cargo Division improved its capabilities. Market demand for value added solutions in its transportation business including Project Cargo Division are improving. Petrol Pump segment improved its performance. The Company expects to improve its performance in both segments in coming year.

HUMAN RESOURCES

Training and Development of employees at all levels continued to be an area of prime focus. The Company proposes to grant stock options to employees to reward them for their hard work, dedication and support to the Company by providing them opportunity to share the fruits of growth of the Company. Stock Option Schemes also create a common sense of ownership between the Company and its employees paving the way for a unified approach to the common objective of enhancing overall shareholder value.

DIRECTORS

Shri Mahendra Kumar Goyal resigned due to personal reasons. The Company is grateful for and appreciates the valuable contribution made by him to the Company during his tenure as a Director as well as Chairman of various Committees of Directors. Dr. Padam Chand Agarwal retire by rotation and being eligible, offer himself for reappointment.

AUDITORS

M/s V.N. Purohit & Co., Chartered Accountants, Joint Statutory Auditor retires at the conclusion of the ensuing Annual General Meeting, and have expressed their unwillingness for reappointment.

M/s. Agarwal Kejriwal & Co., Chartered Accountants, Joint Statutory Auditor retires at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received a Certificate from the auditors to the effect that their reappointment, if made, will be in accordance with the provisions of Section 224(1B) of the Companies Act. 1956.

PARTICULARS OF EMPLOYEES :

None of the employees of the Company were in receipt of remuneration exceeding limits prescribed u/s. 217(2A) of the Companies Act, 1956.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors state:

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures ;
- that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent 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 that period ;
- 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 safe guarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- that the directors had prepared the annual accounts on a going concern basis.