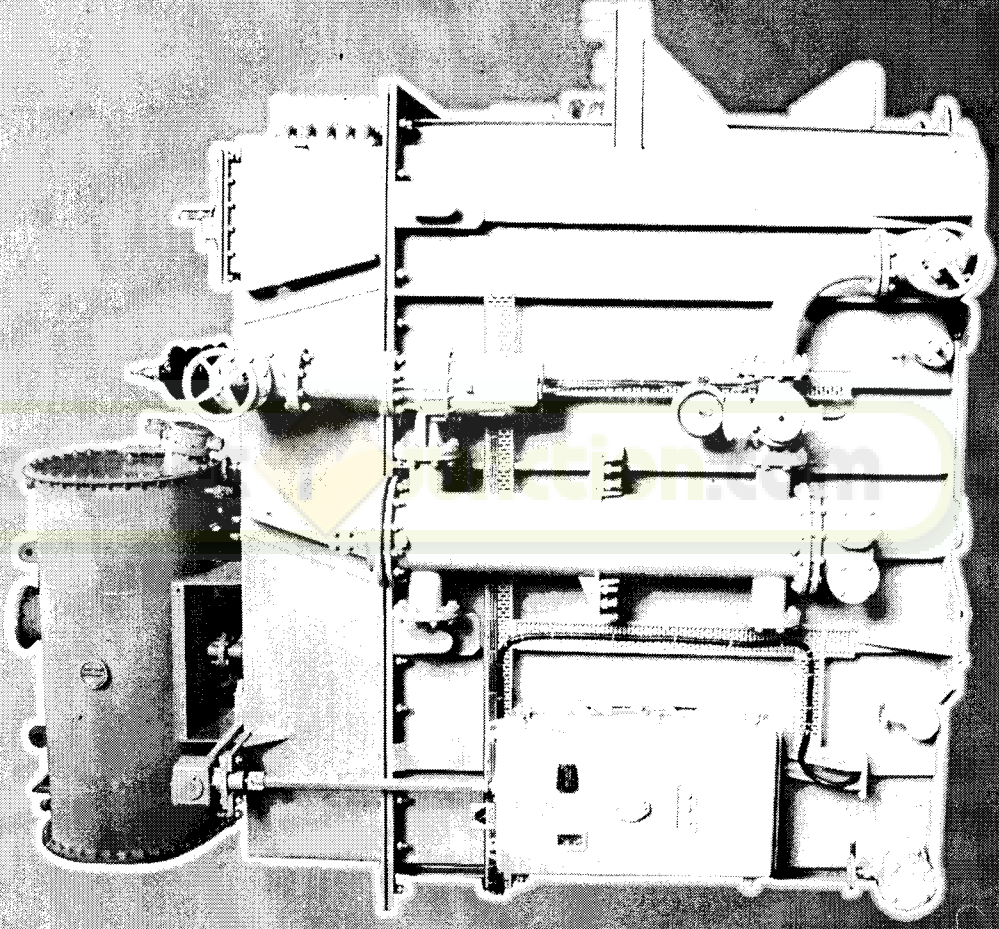


ALFA TRANSFORMERS LIMITED



24th Annual Report

2005-2006

BOARD OF DIRECTORS :

Mr. Dillip Kumr Das	Chairman & Managing Director
Mr. Deepak Kumar Das	Director (Finance)
Mr. S. K. Nanda	Director
Dr. N. C. Pal	Director
Mr. Sambit Mohanty	Director
Mr. Debasis Das	Director
Mr. Sushil Kumar Nayak	Director
Mr. Santosh Kumar Patnaik	Director
Mr. Sandeep Daga	Director (Appointed on 24.07.2006)
Mr. Subhash Baliga	Director (Appointed on 24.07.2006)
Mr. L. V. N Muralidhar	Director (Appointed on 24.07.2006)
Mr. Subhasish Das	Director (Appointed on 24.07.2006)

COMPANY SECRETARY Ms. Susmita Dash

AUDITORS A. K. Sabat & Co.,
A/348, Sahid Nagar,
Bhubaneswar - 751 007

BANKERS State Bank of India,
Commercial Branch,
IDCOL House (Ground Floor)
Unit - II, Ashok Nagar,
Bhubaneswar - 751 001
Dist. : Khurda (Orissa)

**REGISTERED OFFICE
AND FACTORY** Plot No. : 3337
Mancheswar Industrial Estate,
Bhubaneswar - 751 010

**REGISTRAR & SHARE
TRANSFER AGENT** MSC Limited,
77 / 2A, Hazra Road, 5th Floor,
Calcutta - 700 029





ALFA TRANSFORMERS LIMITED

***24th Annual General Meeting
on Tuesday, 12th September 2006,
at Hotel "The New Marrion"
6, Janpath, Bhubaneswar - 1***

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ALFA TRANSFORMERS LIMITED

NOTICE

NOTICE is hereby given that the 24th Annual General Meeting of the company will be held at Hotel "The New Marrion", 6 Janpath, Bhubaneswar-751001 on Tuesday the 12th day of September at 11.30 A. M. to transact the following business :-

ORDINARY BUSINESS :

1. To receive, consider, approve and adopt the Audited Balance Sheet as at 31st March 2006, the profit and Loss account for the year ended on that date and the reports of the auditors and directors thereon.
2. To appoint a Director in the place of Mr.Santosh Kumar Patnaik, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in the place of Mr.Sushil Kumar Nayak, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint Auditors who shall hold office from conclusion of the Annual General Meeting till the conclusion of the Next Annual General Meeting and fix their remuneration.

SPECIAL BUSINESS :

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

"RESOLVED THAT Mr.Sandeep Daga, who was appointed as an Additional Director of the company by the Board of Directors and who holds the office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") is eligible for appointment and company has received notices in writing pursuant to the provisions of section 257 of the Act from some members of the company proposing his candidature for the office of Director of the Company and who has consented, if appointed, to act as a Director, be and is hereby appointed a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT Mr.Subhash Baliga, who was appointed as an Additional Director of the company by the Board of Directors and who holds the office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the

Companies Act, 1956 ("the Act") is eligible for appointment and company has received notices in writing pursuant to the provisions of section 257 of the Act from some members of the company proposing his candidature for the office of Director of the Company and who has consented, if appointed, to act as a Director, be and is hereby appointed a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT Mr.L.V.N Muralidhar, who was appointed as an Additional Director of the company by the Board of Directors and who holds the office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") is eligible for appointment and company has received notices in writing pursuant to the provisions of section 257 of the Act from some members of the company proposing his candidature for the office of Director of the Company and who has consented, if appointed, to act as a Director, be and is hereby appointed a Director of the company, liable to retire by rotation."

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

"RESOLVED THAT Mr. Subhasish Das, who was appointed as an Additional Director of the company by the Board of Directors and who holds the office upto the date of this Annual General Meeting pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") is eligible for appointment and company has received notices in writing pursuant to the provisions of section 257 of the Act from some members of the company proposing his candidature for the office of Director of the Company and who has consented, if appointed, to act as a Director, be and is hereby appointed a Director of the company, liable to retire by rotation."

**BY ORDER OF THE BOARD
FOR ALFA TRANSFORMERS LIMITED**

Sd/-

PLACE : BHUBANESWAR

SUSMITA DASH

DATE : 24TH JULY, 2006

COMPANY SECRETARY

24th Annual Report 2005-2006**NOTES FOR MEMBER'S ATTENTION :**

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 A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. An Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 in respect of the business under item No.5 to 8 of the Notice as set out above, is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 4th September, 2006 to Friday, 8th September, (both days inclusive) in terms of provisions of section 154 of the Companies Act, 1956.
4. A member desirous of getting any information on the accounts or operations of the company is required to forward his/her queries to the company atleast seven days prior to the meeting so that the required information can be made available at the meeting.
5. Members/Proxies are requested to bring their copies of Annual Report to the meeting and the attendance slip duly filled in for attending the meeting.
6. Trading in the equity shares of the company is compulsorily in dematerialized form for all investors. The ISIN (International Securities Identification Number) allotted to the company's equity share is INE 209C01015.
7. The members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.
8. Members are requested to send all communications relating to shares to the company's Share Transfer Agent. (Physical and Electronic) to MCS Limited, 77/ 2A, Harza Road, 5th Floor, Kolkata-700029.
9. The names and address of the stock exchanges where at the company's Share are listed, are given below :
 - **Bombay Stock Exchange Limited**
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400001.
 - **The Bhubaneswar Stock Exchange Limited**
(Applied for Delisting)
6th Floor, IDCO Tower,
Janapatha, Bhubaneswar-751022.
 - **The Calcutta Stock Exchange Association Limited,**
(Applied for Delisting)
7, Lyons Range, Calcutta- 700001.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO. 5**

Mr.Sandeep Daga was appointed as Additional Director by the Board of Directors of the Company ("the Board ") at its meeting held on 24th July, 2006. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Mr.Sandeep Daga holds the office upto the date of 24th Annual General Meeting of the Company. Notices have received from members of the Company in pursuance of Section 257 of the Act, along with deposit of Rs.500/- proposing Mr.Sandeep Daga as a candidate for the office of Director of the company. Mr.Sandeep Daga has given his consent, if appointed, to act as Director of the Company.

Your Directors recommend that the resolution be passed.

Except Mr.Sandeep Daga none of the directors is interested or concerned in the proposed resolution.

ITEM NO. 6

Mr.Subhash Baliga was appointed as Additional Director by the Board of Directors of the Company ("the Board ") at its meeting held on 24th July, 2006. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Mr.Subhash Baliga holds the office upto the date of 24th Annual General Meeting of the Company. Notices have received from members of the Company in pursuance of Section 257 of the Act, along with deposit of Rs.500/- proposing Mr.Subhash Baliga as a candidate for the office of Director of the company. Mr.Subhash Baliga has given his consent, if appointed, to act as Director of the Company.

Your Directors recommend that the resolution be passed.

Except Mr.Subhash Baliga none of the directors is interested or concerned in the proposed resolution.

ITEM NO. 7

Mr.L.V.N Muralidhar was appointed as Additional Director by the Board of Directors of the Company ("the Board ") at its meeting held on 24th July, 2006. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Mr.L.V.N Muralidhar holds the office upto the date of 24th Annual General Meeting of the Company. Notices have received from members of the Company in pursuance of Section 257 of the Act, along with deposit of Rs.500/- proposing Mr.L.V.N Muralidhar as a candidate for the office of Director of the company. Mr.L.V.N Muralidhar has given his consent, if appointed, to act as Director of the Company.

Your Directors recommend that the resolution be passed.

Except Mr.L.V.N Muralidhar none of the directors is interested or concerned in the proposed resolution.

ITEM NO. 8

Mr. Subhasish Das was appointed as Additional Director by the Board of Directors of the Company ("the Board ") at


ALFA TRANSFORMERS LIMITED

its meeting held on 24th July, 2006. Pursuant to the provisions of Section 260 of the Companies Act, 1956 ("the Act") Mr. Subhasish Das holds the office upto the date of 24th Annual General Meeting of the Company. Notices have received from members of the Company in pursuance of Section 257 of the Act, along with deposit of Rs.500/- proposing Mr. Subhasish Das as a candidate for the office of Director of the company. Mr. Subhasish Das has given his consent, if appointed, to act as Director of the Company. Your Directors recommend that the resolution be passed. Except Mr. Subhasish Das, Mr. Debasis Das and Mr. Dillip Kumar Das none of the directors is interested or concerned in the proposed resolution.

**ADDITIONAL INFORMATION ON DIRECTORS
RECOMMENDED FOR APPOINTMENT/RE-
APPOINTMENT AT THE ENSUING ANNUAL
GENERAL MEETING**

(Pursuant to Clause 49 of the Listing Agreement)

Item No.2 of Notice of AGM

Brief Profile Mr. Santosh Kumar Patnaik:

Mr. Santosh Kumar Patnaik, aged 58 years, holds a Graduate Degree in Mechanical Engineering from Sambalpur University. He served with Larsen & Tubro Limited, Orient Paper Mills Limited and Fertilizer Corporation of India for 10 years. He resigned therefrom to start jointly a small-scale unit named as Oriental Insulated Conductors Private Limited. He has rich experience in the fields of Engineering, Technology, Project Consultancy, Administration and Management etc.

He is a Director of Oricon Industries Private Limited, Suman Conductors Private Limited and Managing Director of Oriental Insulated Conductors Private Limited. He is not member of any committee of your company.

Item No.3 of Notice of AGM

Brief Profile Mr. Sushil Kumar Nayak

Mr. Sushil Kumar Nayak, aged 45 years has done P.G.D.M from Xavier Institute of Management, Bhubaneswar and I.C.W.A (I) from I.C.W.I, Calcutta. He is having 17 years of working experience in different organization in managerial capacities. He also worked as Principal in Rajdhani College of Engineering & Management, Bhubaneswar for 3 years. Presently he is working as Manager for Ortel Communication Limited, Bhubaneswar.

He is not a Director in any other company. He is the Chairman of Share Transfer and Investor Grievance Committee of your company.

Item No.5 of Notice of AGM

Brief Profile Mr. Sandeep Daga

Mr. Sandeep Daga, aged 38 years is a Graduate in

Electronics Engineering from Amravati University & also done MMS-Finance from Narsee Monjee Institute of Management Studies, Mumbai. He started his career with the Corporate Planning Department of Essar Limited as Assistant Manager. In the year 1994 he had joined as the principal founder of Positron Corporate Advisory Services. He was also the Head of ICICI Econet in the year 1999. Since December 2000 he is a Director in Frontline Ventures Services Private Limited. Presently he is working as a Director in Strategic Ventures fund (Mauritius) Limited and Frontline Strategy Limited.

Item No. 6 of Notice of AGM

Brief Profile Mr. Subhash Baliga

Mr. Subhash Baliga, aged 40 years is a Master of Financial Management From Narsee Monjee Institute of Financial Management, Mumbai and P.G Diploma in taxation from Mumbai, University. He started his career in year 1989 as Senior Officer (Accounts & Finance) with Tata Steel Limited and then worked with IFCI Venture Capital funds Limited as Manager (Project Finance). In the year 1998 he was joined Essel Group of Companies as Deputy General Manager –Finance & Strategic Business and also worked as Deputy General Manager (Finance & Investors Relations) in Supreme Telecommunications Limited from 2001 to 2003. Since December 2003 he is working as Senior Associate of Frontline Ventures Services Private Limited..

Item No.7 of Notice of AGM

Brief Profile Mr. L V N Muralidhar

Mr. L V N Muralidhar, aged 43 years is an Associate Member of Institute of Company Secretaries of India, New Delhi. He is also a Law Graduate from Osmania University, Hyderabad and is a Certified Associate of Indian Institute of Bankers, Mumbai. He started his career in year 1986 with Canara Bank and was shifted to Can bank investment Management Services Limited, (a 100% subsidiary of Canara Bank) in 1991. He served in different capacities in Can Bank Investment Management Services Limited till 2001. Presently he is a Director of Lastaki Management Consultants (P) Limited and is at Hyderabad.

Item No. 8 of Notice of AGM

Brief Profile Mr. Subhasish Das

Mr. Subhasish Das, aged 29 is a graduate in Commerce from Utkal University. He is a young, dynamic, energetic and positive esteemed person. He is associated with one of promoter's group company namely Galaxy Medicare Limited since 1999. He was inducted in its Board in the year 2004. Presently he is responsible of entire marketing network of Galaxy Medicare Limited with his team.

He is also a Director of Industrial Designs & Services Private Limited.

DIRECTORS' REPORT

To

The Members,

Your Directors take pleasure in presenting the 24th Annual Report on the operations of your Company and the Audited Accounts for the financial year ended 31st March 2006, together with the Auditors' Report thereon.

FINANCIAL RESULTS

Your Company's results for the year in comparison with previous year is given below in a summarized format :

(Rs. in lakhs)

Particulars	2005-06	2004-05	Increase / (Decrease) in %
Sales & Other Income	1184.19	1135.01	4.33
Accretion / (Depletion) of Stocks	203.95	(64.93)	
Total Income	1388.14	1070.08	29.72
Less : Expenditure	1194.95	948.58	25.97
Profit before Interest, Depreciation, Bad & Doubtful debts, Liquidated Damages and Doubtful advances	193.19	121.50	59.01
Less : Bad and Doubtful Debts	64.07	29.98	—
Doubtful Advances	17.74	13.34	—
Profit before interest and depreciation	111.38	78.18	42.47
Less : Interest	30.31	27.37	10.74
Depreciation	15.79	16.18	(2.41)
Profit before tax	65.28	34.63	88.51
Provisions for Tax :			
Current Tax	(4.97)	(2.72)	
Fringe Benefit tax	(1.89)	—	
Deferred Tax (Net)	6.43	(11.53)	
Profit after tax	64.84	20.38	218.20
Add : Income Tax Earlier Years written back	—	0.26	
Net Profit	64.85	20.64	214.20

Note: Previous year's figures are regrouped wherever necessary.

FINANCIAL PERFORMANCE :

Your Company posted a year of impressive results testifying to the robustness of the corporate strategy of creating growth. The performance is even more satisfying when viewed in the light of the challenging business environment. The financial highlight for 2005-2006 speaks for themselves. Gross turnover for the year 2005 –2006 grew by 4.33%. Profit before tax increased to 88.51% in comparison to earlier year. The profit after tax stand increased to 218.20% of at Rs 64.85 lakhs and it would have been Rs.146.66 lakhs before deduction of bad debts, liquidated damages and doubtful advances.

FUTURE PROSPECTS :

In the present scenario of power sector booming the company has chalked out a strategy to strengthen its

market base in future by augmenting it's manufacturing capacity for higher capacity of transformers up to 20 MVA, 132 KV Class. It will also focusing on setting up a single phase small distribution transformers to participate in upgradation of Distribution systems being implemented by Government of India by L.T loss distribution systems and another area of focus will be taking up the management consultancy services to manufacture transformers in abroad.

The transformer business is posed for strong growth in the coming year. To succeed, your company will focus on attaining global cost competitiveness, superior operating efficiencies and enhancing its competitiveness further by way of expansion. The Government of India made a Policy

**ALFA TRANSFORMERS LIMITED**

decisions to augment power sector capacity in generation, transmission and distribution and about 15,000 MM of power capacity will become operational by March, 2007 which will give a boost for supply of transformers leading better performance of your company.

The cost reduction drive has also been initiated and suitable system has been formulated to create cost consciousness, which will give remunerative results in ensuing time. There is a continuous effort by the company for enhancement of its product quality and customer services. The continuous development of new products, concepts and process, resulting in increases in efficiency is to strive to improve the present performance and to achieve a better future.

CHANGE IN SHARE CAPITAL & PREFERENTIAL ALLOTMENT OF SHARES :

The Authorized Share capital of the Company was increased from Rs.5.00 crores to Rs.6.00 crores in the Extra-ordinary General Meeting (EGM) held on 10th April, 2006. The Company has issued 8,30,000 Equity Shares on preferential basis and 6,30,000 warrants on preferential basis convertible into Equal Number of Equity Shares between 6 Months and within 18 months from the date of allotment with the growing requirement of funds for (a) meeting the capital expenditure on expansion and modernization of existing factory at Plot No.3337, Mancheswar Industrial Estate, Bhubaneswar - 751010. (b) Working capital requirement for the day to day affairs of the company (c) to acquire new land and building for business expansion, in the EGM held on 29th April, 2006.

DEPOSITS :

The Company has not accepted any deposits so far.

DIRECTORS :

Pursuant to provisions of Section 256 of the Companies Act, 1956, Mr.Santosh Kumar Patnaik and Mr.Sushil Kumar Nayak retire by rotation at the ensuing Annual General meeting and, being eligible, offer themselves for reappointment.

During the year Mr.Sandeep Daga, Mr.Subhash Baliga, Mr.L.V.N Muralidhar and Mr.Subhasish Das were appointed as Additional Directors in the Board of Director's meeting held on 24th July, 2006 whose term will come to end at the ensuing Annual General Meeting unless appointed as Director by the shareholders. In this regard, the company has received a notice under section 257 of the Companies act, 19456 from the shareholders along with the requisite deposit signifying their intention to propose Mr.Sandeep Daga, Mr.Subhash Baliga, Mr.L.V.N Muralidhar and Mr.Subhasish Das for the office of Directors.

Your Directors recommend their reappointment.

AUDITORS' OBSERVATION :

During the financial year 2005-2006 there is no audit qualification in the Company's financial statements. The company will continue to adopt best practices to ensure the regime of unqualified financial Statements.

AUDITORS :

M/s A. K. Sabat & Co, Chartered Accountants, Bhubaneswar retire at the ensuing Annual General Meeting and have given their consent for re-appointment. The Company has received a certificate from them to the effect that appointment if made, would be within the, prescribed limits under Section 224(1B) of the Companies Act, 1956.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- ii) the Directors have 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 your Company as at 31st March, 2006 and of the profit of your Company for the year ended on that date;
- iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of this Act, 1956 for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- iv) the Directors had prepared the annual accounts on a going concern basis;

DIVIDEND :

In view of absence of adequate profits, your Board regrets its inability to recommend any dividend.

TECHNOLOGY ABSORPTION, ENERGY CONSERVATION, FOREIGN EXCHANGE EARNING AND OUTGO

Details regarding Technology absorption, Energy Conservations, foreign exchange earnings and outgo are given separately in Annexure "A" to the report.

PERSONNEL :

None of the employees of the Company has been in receipt of remuneration exceeding the amounts envisaged by section 217(2A) of the Companies, Act, 1956.

DISCLOSURE AS PER LISTING AGREEMENT :**Cash Flow :**

The cash flow statement in accordance with accounting standard and cash flow statement (AS-3) issued by ICAI is appended to this Annual Report.

Related Party Transactions :

As a matter of policy, your company carries out transactions with related parties on an arm-length basis. Statement of these transactions is given in the Notes to Account (Note-O) attached in compliance of Account Standard No. AS-18.

Listing :

The Company's shares are listed on the Stock Exchange Bombay Limited. The Annual listing fees to the Mumbai Stock Exchange for the year 2006-07 have been paid.

Voluntary Delisting from Bhubaneswar and Calcutta Stock Exchanges :

Permission is still awaited from Bhubaneswar and the Calcutta Stock Exchange with respect to the delisting application made by Company.

CORPORATE GOVERNANCE :

The Company has complied with all mandatory provisions of Corporate Governance as prescribed under clause 49 of the Listing Agreement. A report on Corporate Governance is annexed in "Annexure B" to the report, along with the certificate on its compliance from the Auditors forms part of this report.

QUALITY SYSTEM :

The company has been ISO 9001 accredited by NQAQSR, New Delhi from September, 1997. The company successfully established the quality systems. The quality management systems is applicable to " Design, Manufacture and sale of Distribution & Power Transformers ranging from small pole Mounted Distribution Transformers ranging from Small Pole Mounted Distribution Transformers of 10KVA, 12KV Class to Power Transformers of 10MVA, 36KV class".

INDUSTRIAL RELATIONS :

Your Company has had harmonious industrial relations throughout the year under review at all levels of the organization, and would endeavor to maintain this cordial relationship.

ACKNOWLEDGEMENTS :

Your Directors wish to express their grateful appreciation for the assistance and co-operation received from State Bank of India.

Cordial relations prevailed during the year with the employees at all levels. Your Directors wish to place on record their deep sense of appreciation to employees at all levels for their hard work, dedication and commitment. The enthusiasm and unstinting efforts of the employees have enabled the Company to maintain in the industry in spite of increased competition.

Your Directors also wish to express their gratitude to investors for the continued faith reposed by them in the Company.

FOR AND ON BEHALF OF THE BOARD

Sd/-
DILLIP KUMAR DAS
CHAIRMAN

PLACE : BHUBANESWAR
DATE : 24TH JULY, 2006

ANNEXURE " A" TO THE DIRECTORS' REPORT

Disclosure of particulars with respect to Conversation of Energy, Technology Absorption, Foreign exchange Earnings and Outgo as required under Companies (Disclosure of particulars in the Report of directors) Rules, 1988 and forming part of the Report of the Board of Directors for the period ended 31st March, 2006:

A. Conservation of Energy: Nothing to Report

B. Technology Absorption: Nothing to Report

C. Foreign Exchange Earnings and Outgo :

(Rs in Lakhs)

Year	2005-2006	2004-05
Expenditure	296.09	182.09
Earning	381.08	378.08

FOR AND ON BEHALF OF THE BOARD

Sd/-
DILLIP KUMAR DAS
CHAIRMAN

PLACE : BHUBANESWAR
DATE : 24TH JULY, 2006



ALFA TRANSFORMERS LIMITED

ANNEXURE "B" TO THE DIRECTORS' REPORT

REPORT ON CORPORATE GOVERNANCE

1) COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE :

Corporate Governance is about promoting corporate fairness, transparency, accountability and integrity of the management. It also aims to align as nearly as possible the interest of individuals, corporations and society and thereby enhancing the stake holder's value. Best results are achieved when the companies begin to treat the Corporate Governance systems not as a mere structure but as a way of corporate life.

2) BOARD OF DIRECTORS :

A fundamental requirement of Board membership is independence, knowledge and experience based upon the absence of relationships and interest that could compromise, or could be perceived as compromising the ability of a Director to exercise judgment in the best interests of the Company.

2.1 Composition :

The Board has an optimum combination of Executive and Non-Executive Directors and is in conformity with Clause 49 of the listing agreement entered into with the stock exchanges, in which the Company's Shares are listed. The composition of the Board as on March 31st, 2006 of consists of eight directors, consisting of three Executive and 5 non-Executive Directors. The Chairman being executive Director atleast half of the Board should comprise of independent Directors as per the Listing Agreement. Our Board consists of four independent Directors and four Directors are promoters and their relatives. The Board is classified broadly as follows:

Sl. No.	Name of the Director	Status	Category	Shareholding in the Company
1.	Mr. Dillip Kumar Das	Chairman & Managing Director	Promoter and Executive Director	7,18,950
2.	Mr. Deepak Kumar Das	Director (Finance)	Promoter and Executive Director	55,000
3.	Mr. S. K.Nanda	Director	Non-Executive and Independent Director	—
4.	Dr. N.C. Pal	Director	Non-Executive and Independent Director	—
5.	Mr. Sambit Mohanty	Director	Non-Executive and Independent Director	—
6.	Mr. Debasis Das	Whole -Time Director	Relative of Promoter and Executive Director	1,13,903
7.	Mr.Sushil Kumar Nayak	Director	Non-Executive and Independent Director	—
8.	Mr.Santosh Kumar Patnaik	Director	Non-Executive	200

Board's Definition of Independent Director :

Independent Director's shall mean Non-executive director of the company who:

- apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its senior management or its holding company, its subsidiaries and associated companies;
- is not related to Promoters, Chairman, Managing director, whole time Director, Secretary, CEO or CFO and of any person in the management at one level below the board;
- has not been an executive of the Company in the immediately preceding three financial years;
- is not a partner or an executive of the statutory audit firm or the internal audit firm that is associated with the company and has not been a partner or an executive of any such firm for the last three years. This will also apply to legal firm (s) and consulting firm(s) that have a material association with the entity;
- is not a supplier, service provider or customers of the company. This should include lessor-lessee type relationships also; and
- is not a substantial shareholders of the company i.e. owning two percent or more of the block of voting shares.