

ANNA INFRASTRUCTURES LTD.
(Formerly known as Anna Finance Ltd.)

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14th ANNUAL REPORT
2005-2006

ANNA INFRASTRUCTURES LIMITED

(Formerly known as ANNA FINANCE LTD.)

Board of Directors

Directors	Ashok Mittal (Chairman)
	Ramesh Chand Agarwal
	Rakesh Mittal
	Anil Kumar Agarwal
	Dr. Shambhu Dayal Agarwal
	CA Madan Mohan Agarwal
	Ramesh Chand Gupta
	Shalabh Singh

Company Secretary Tulika Singhal

Auditors Mehra Sanjay & Co
Chartered Accountants
Agra

Bankers Syndicate Bank & Canara Bank

Registered Office 16-B/9, Dev Nagar, D.B. Gupta Road,
Karolbagh, New Delhi – 110005.
Tel. : 011-25784322.

Corporate Office E-14/6, Shanta Tower, 1st Floor,
Sanjay Place, Agra – 282002.
Tel. : 0562-2526650, 2527004.
E-mail : afl@sanchernet.in

Registrar & Share
Transfer Agent Beetal Financial & Computer Services Pvt. Ltd.
Beetal House, 99, Madangir,
New Delhi – 110062.
Tel. : 011-29961281-84.
E-mail : beetal@beetalfinancial.com

ANNA INFRASTRUCTURES LIMITED

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NOTICE

Notice is hereby given that the Fourteen Annual General Meeting of the Shareholders of Anna Finance Limited will be held at the Registered Office of the Company at 16-B/9, Dev Nagar, D.B. Gupta Road, Karolbagh, New Delhi-- on Wednesday, 30th August, 2006 at 10 A.M. to transact the following business.

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2006 and the Profit & Loss Account for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sri Rakesh Mittal who retires by rotation, and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Dr Sambhu Dayal Agarwal who retires by rotation, and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Sri Madan Mohan Agarwal who retires by rotation, and being eligible, offers himself for re-appointment.
5. To appoint Auditors of the Company and to fix their remuneration. M/s Mehra Sanjay & Co., Chartered Accountants, the retiring Auditor is eligible for re-appointment.

SPECIAL BUSINESS

To consider and if thought fit, to pass with or without modification the following resolution as ordinary resolution:

6. Re-appointment of Mr. Rakesh Mittal as a Whole-Time Director.

It is notified for the information of the members that subject to the provisions of Section 198, 269,309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and approval of the Shareholders of the Company in General Meeting, the Board of Directors of the Company at a meeting held on 1st April 2006 have appointed Mr. Rakesh Mittal, as Whole-Time Director of the Company w.e.f. 1st April, 2006 for a period of 5(five) years i.e. upto 31st March 2011.

An abstract of the terms of appointment of Mr. Rakesh Mittal are :

Terms of Appointment

The Whole-Time Director shall conduct the day to day management of the Company subject to the supervision and control of the Board of Directors.

I. Period of Appointment

Mr. Rakesh Mittal, has been appointed for a period of 5(five) years from April 1, 2006 till March 31, 2011.

II. Salary

Rs. 5000-1000-9000/- per month.

III. Perquisites

Perquisites are classified into three categories 'A', 'B' and 'C'.

Category 'A'**(a) Reimbursement of Medical Expenses**

Medical Expenses incurred by the Whole-Time Director for self and family subject to the ceiling of 1 month salary per year or 3 months salary in block of 3 years shall be reimbursed.

(b) Club Fees

Subscription to two clubs except admission and life membership fees.

(c) Personnel Accident Insurance

Personnel accident insurance subject to payment of premium not exceeding Rs 4000/- p.a. These shall be evaluated as per Income Tax Rules wherever applicable and at actual cost to the Company.

(d) Leave Travel

For the Whole-Time Director and his family, once in two year incurred in accordance with any rules specified by the Company.

Explanation

Family means the spouse, the dependent children and dependent parents of the Whole-Time Director.

Category 'B'

Contribution to Provident Fund, Superannuation Fund or Annuity Fund will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, Gratuity payable shall not exceed half a month's salary for each completed year of service.

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Category 'C'

Provision of Cars for use on Company's business and telephone at residence will not be considered as perquisites. Personnel long distance call on telephone and use of car for private purpose shall be billed by the company to the Whole Time Director.

All other expenses incurred by him, in connection with the business of the Company are reimbursed. RESOLVED FURTHER THAT in the event of any further relaxation by the Central Govt. in the guidelines or ceilings on managerial remuneration, the consent of the company be and is hereby accorded to the Board of Directors to increase the remuneration and / or perquisites to Shri Rakesh Mittal, Whole-Time Director in its absolute discretion, within such guidelines or ceilings and subject to obtaining the approval of the Central Govt. where applicable.

Notes

1. The Explanatory Statement, as required by section 173 of the Companies Act, 1956 in respect of the business under item no. 6 is annexed hereto.
2. A member entitled to attend and vote at a 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. A proxy form is sent herewith. Proxy Form duly completed must be received by the Company at the Registered /Corporate Office of the Company not less than 48 hours before the time of the meeting.
3. Members are requested to bring their copy of the Annual Report along with them at the Annual General Meeting. No Copy of the report will be distributed at the meeting.
4. Members are requested to notify immediately change in their address, if any, to the Company.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 29th August 2006 to 30th August 2006 (both days inclusive) in terms of Section 154 of the Companies Act, 1956.
6. Members can avail of the Nomination Facility by filling form No. 2B (in duplicate) with the Company.

By Order of the Board

Place : New Delhi
Date : 30th June 2006

Tulika Singhal
Company Secretary

EXPLANATORY STATEMENT

Explanatory Statement under Section 173(2) of the Companies Act, 1956, Annexed to notice dated 30.06.2006.

Item No. 6 of Special Business

The Board of Directors, at their meeting held on 1st April 2006 renewed the term of appointment of Shri Rakesh Mittal as Whole Time Director of the Company w.e.f. 01.04.2006 for further five years subject to the consent of the members at the next General Meeting of the Company.

Your Directors consider that his experience and audience will be of great value to the company and accordingly recommend this resolution for your approval.

None of the Directors except Rakesh Mittal is interested in this resolution.

By Order of the Board

Place : New Delhi
Date : 30th June 2006

Tulika Singhal
Company Secretary

Registered Office : 16-B/9, Dev Nagar, D.B. Gupta Road, Karolbagh, New Delhi – 110005.
Corporate Office : E-14/6, First Floor, Shanta Tower, Sanjay Place, Agra – 282 002.

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure in presenting the Twelfth Annual Report on the business operation of your company and the Audited Financial Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

The financial results of the company are given below:-

	As At 31.03.2006 (Rs.)	As At 31.03.2005 (Rs.)
Profit before Tax, Interest & Depreciation	29,83,669	17,43,441
Less : Depreciation	2,91,107	2,53,651
Less : Finance Charges	14,36,282	3,72,802
Profit before Tax	12,56,280	11,16,988
Provision for Tax	1,89,000	1,64,000
Profit after Tax	10,67,280	9,52,988
Add : Balance B/f from last year	1,52,05,379	1,45,51,687
Less: Adjustment relating to previous year	NIL	1,08,296
Profit available for appropriation	1,62,72,659	1,53,96,379
Appropriations:		
Special Reserve for Deposits	NIL	1,91,000
Balance carried to Balance Sheet	1,62,72,659	1,52,05,379
	1,62,72,659	1,53,96,379

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) Industry Structure & Developments

As I have informed in my earlier communications that due to continuous recessions in the Non Banking financial business, your company has diversified into Real Estate Business and during the FY 05-06 the Company's exposure in Real Estate has increased to more than 50% of company's net worth, hence the Company has surrendered its RBI Registration as NBFC and RBI has also accepted the same. Accordingly, the Name of the Company has also changed as **ANNA INFRASTRUCTURES LIMITED**.

(b) Opportunities & Challenges

There are excellent opportunities for growth in Real Estate Business in the country. Your Company is well positioned to take advantage of emerging growth opportunities in the Indian economy.

(c) Outlook

Anna Infrastructures Ltd. is likely to maintain its focus on Real Estate Business activity.

(d) Adequacy of Internal Control

The Company has adequate internal control and systems commensurate with the size and nature of the business. The Company adheres to all internal control policies and procedures as well as complies with regulatory guidelines. The Audit Committee of the Board of Directors reviews the efficacy of internal controls.

(e) Human Resource Development

Your Company continued to have cordial and harmonious relations with all its employees.

DIVIDEND

In order to strengthen the Reserves of the Company the Directors do not recommend any dividend.

DEPOSITS

Fixed Deposit outstanding as on 31st March, 2006 stood at Rs. NIL (Previous Year: Rs. NIL). There are Deposits amounting to Rs. NIL, which remained unclaimed and unpaid as on 31.03.2006 (Previous Year :Rs. NIL). The Company has complied with all the requirements of Reserve Bank of India Directions.

DIRECTORS

In accordance with the provision of the Companies Act, 1956 and Articles of Association of the company Shri Rakesh Mittal, Dr. Shambhu Dayal Agarwal and Sri Madan Mohan Agarwal, Directors of the Company retire by rotation and being eligible offer themselves for reappointment. The necessary resolutions for their reappointment are placed before you for approval.

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AUDITORS & THEIR REPORT

M/s Mehra Sanjay & Co, Chartered Accountants retire as Auditors of the Company at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Directors and the Audit Committee recommends their re-appointment. Auditors' Report is self explanatory and requires no comments by the Directors.

AUDIT COMMITTEE

The Audit Committee constituted by the Board in compliance with section 292a of the Companies Act, 1956 and under the listing agreement, comprised of Sri Madan Mohan Agarwal, Dr. Shambhu Dayal Agarwal and Sri Shalabh Singh all of whom are non-executive Directors. Sri Madan Mohan Agarwal, who is the chairman of the Audit Committee, is a Practicing Chartered Accountant with more than 20 years experience in Finance and Accounts matters. The Finance Executives and Statutory Auditors of the Company are permanent invitees to the Audit Committee Meetings. Ms Tulika Singhal, Company Secretary is the Secretary of the Audit Committee.

CORPORATE GOVERNANCE

Pursuant to clause 49 of the Listing Agreement with the Stock Exchange, a Management Discussion & Analysis, Corporate Governance Report and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

PARTICULARS OF THE EMPLOYEES

Provisions of section 217(2A) of the Companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 are not applicable as there was no employee in receipt of or entitled to receive emoluments exceeding the limits prescribed under said section.

THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

In terms of the requirement of clause (e) of sub section (1) of section 217 of the Companies Act, 1956 read with the companies (disclosure of particulars in the report of Board of Directors) Rules, 1988 the particulars are given as follows:

The Company is engaged in the business of Real Estate and Financing, hence provisions relating to Energy conservation and Technology absorption are not applicable. There is no foreign exchange earnings/outgo during the year.

DIRECTORS RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

As required u/s 217 (2AA) of the companies Act, 1956, we hereby confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- (ii) that 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 the company as at 31st March 2006 and the Profit & Loss for the year ended 31st March 2006;
- (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 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the annual accounts on a going concern basis.

ACKNOWLEDGEMENT

The Directors wish to place on record our valued clients, Bankers, Shareholders for continues their support. The Directors also wish to express their sincere appreciation to all the staff members for their contribution to the performance of the company.

By order of the Board

Place : New Delhi
Date : 30.06.2006

ASHOK MITTAL
chairman

ANNA INFRASTRUCTURES LIMITED

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CORPORATE GOVERNANCE REPORT

In Compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company is pleased to submit this report on the matters mentioned in the said clause and the practices followed by the Company in this regard.

1. Company's philosophy on Code of Governance

Corporate Governance refers to systems by which the Company is managed, directed and controlled, keeping in view the long term interests of shareholders. It refers to various regulations which enable the Company to attract financial and human capital and to generally perform efficiently. Corporate Governance therefore generates long term economic value for its shareholders.

Anna Infrastructures Ltd. believes that the implementation of Corporate Governance principles generates public confidence in the corporate system. With this belief, the Company has initiated significant measures for making disclosures in the Annual Report 2005-2006.

2. Board of Directors

- Composition

The Company has an Executive Chairman and the number of independent Directors are more than 50% of the total number of directors.

During the year, 2005-2006, the Board met 7 times on following dates, namely 1st April 2005, 24th May 2005, 28th June 2005, 29th July 2005, 17th August 2005, 28th October 2005 and 30th January 2006.

The names and categories of the 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 and committee memberships held by them in other companies are given below :

Name	Category	Attendance Particulars		No. of Other Directorship and Committee Member /Chairmanship		
		Board Meeting	AGM	Other Directorship	Committee Membership	Committee Chairmanship
Ashok Mittal	Chairman, Executive, Not Independent	7	Yes	1	1	NIL
Rakesh Mittal	Director, Executive, Not Independent	7	Yes	2	NIL	NIL
Anil Kumar Agarwal	Director, Executive, Not Independent	7	Yes	2	2	NIL
Ramesh Chand Agarwal	Director, Non Executive, Independent	5	Yes	None	1	1
Ramesh Chand Gupta	Director, Non Executive, Independent	4	Yes	None	1	NIL
Dr. Shambhu Dayal Agarwal	Director, Non Executive, Independent	5	Yes	None	1	1
Madan Mohan Agarwal	Director, Non Executive, Independent	4	Yes	None	NIL	1
Shalabh Singh	Director, Non Executive, Independent	4	Yes	1	1	NIL

3. Audit Committee

The Audit Committee consisted of three Directors viz. Mr Madan Mohan Agarwal as Chairman, Dr. Shambhu Dayal Agarwal and Mr Shalabh Singh as members.

The terms of reference specified by the Board for the Audit Committee are as follows :

- To review the Company's financial reporting process and its financial statements.
- To review the accounting and financial policies and practices.
- To review the efficiency of the internal control mechanism and monitor risk management.
- Policies adopted by the company and ensure compliance with regulatory guidelines.
- To review report furnished by the Statutory Auditors and ensure suitable follow-up thereon.

All the three Committee members have attended all the three Audit Committee meetings held during the year.

4. Remuneration Committee

- Terms of Reference

- To review, assess and recommend the appointment of Whole Time Directors
- To periodically review the remuneration package of Whole Time Directors and recommend suitable revision to the Board.

- Composition

The Remuneration Committee consisted of four Directors viz. Dr. Shambhu Dayal Agarwal as Chairman, Mr Ramesh Chand Agarwal, Mr Ramesh Chand Gupta and Mr. Anil Kumar Agarwal as members.

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- Remuneration Policy

The remuneration policy is directed towards rewarding performance based on review of achievements. The remuneration paid to the Directors of the Company during the financial year 2005-2006 is as under :

Name of the Director	Salary & Perquisites	Sitting Fees	Remuneration	Total
Ashok Mittal	72000	Nil	Nil	72000
Rakesh Mittal	60000	Nil	Nil	60000
Anil Kumar Agarwal	216000	Nil	Nil	216000
Ramesh Chand Agarwal	Nil	2500	Nil	2500
Ramesh Chand Gupta	Nil	2000	Nil	2000
Dr. Shambhu Dayal Agarwal	Nil	2500	Nil	2500
Madan Mohan Agarwal	Nil	2000	15000	17000
Shalabh Singh	Nil	2000	Nil	2000

5. Shareholders and Investors Grievance Committee

Shareholders and Investors Grievance Committee which comprises of Mr. Ramesh Chand Agarwal as Chairman, Mr. Ashok Mittal and Mr. Anil Kumar Agarwal as Member. The Committee approves the Share Transfers and issue of duplicate shares certificates if any. The Committee also takes note of dematerialisation requests received from shareholders and Beetal Financial and Computer Services Pvt. Ltd. who are the Registrars and Share Transfer Agent of the Company. Details of Share Transfers/transmissions approved by the committee are placed at the Board Meetings from time to time.

- Compliance Officer

Mr. Anil Kumar Agarwal, Whole Time Director of the Company is compliance officer.

During the year ended 31st March 2006, the company has not received any complaint from the shareholders. No complaints were pending as on 31.03.2006.

- Pending Share Transfer

During the year ended 31st March 2006 the Company processed 700 Shares for Physical Transfer of Shares. Pursuant to the compulsory trading of shares of the Company in electronic mode company received demat requests for 19800 Shares and the same were dematerialized. There were no share transfers pending for registration for more than 30 days as on the said date.

6. (i) General Body Meetings

The last three Annual General Meetings of the Company were held as under :-

AGM No.	Location	Date	Time
AGM 11 th	Registered Office of the Company at New Delhi	14-08-2003	10 A.M.
AGM 12 th	Registered Office of the Company at New Delhi	17-08-2004	10 A.M.
AGM 13 th	Registered Office of the Company at New Delhi	17-08-2005	10 A.M.

(ii) Extra Ordinary General Meeting

An EGM held during the FY 05-06 on dated 09-12-2005 at the corporate office of the company at E-14/6, Shanta Tower, First Floor, Sanjay Place, Agra at 10 A.M.

The Shareholders passed all the resolutions including the special resolutions set out in the respective notices.

(iii) Postal Ballot

Three special Resolutions relating to the change in the main object clause of the company as contained in a Notice to the Shareholders dated 28.06.2005 were passed under a postal ballot. The Postal Ballot exercise was carried out under the overall supervision of the Compliance officer Sri Anil Kumar Agarwal and the Scrutinizer for the postal ballot was Sri Kishan Chand Jain, Advocate.

7. Disclosures

- Disclosure on materially significant related party transactions i.e. Transactions of the Company of material nature, with its promoters or the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large :
There are no materially significant related party transactions made by the Company with its promoters, Directors or the management.
The details of related party transactions are given in note no 9, in Schedule 'O' of the schedules forming part of the Balance Sheet and Profit & Loss Account.
- Details of non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets during last three years.
---None---

8. Means of Communications

The Board of Directors of the Company approves and takes on record the unaudited financial results in the Performa prescribed by the Stock Exchange, Mumbai, within one month of close of the quarter/half year and announces forthwith results to The Mumbai Stock Exchanges where the shares of the Company are listed. Further, the quarterly results in the prescribed Performa are published within 48 Hours in The Financial Express & Jansatta. The annual Audited Results of the Company are likewise communicated in the prescribed Performa to all the Stock Exchanges where the shares of the Company are listed.