



22nd ANNUAL REPORT 2005-2006



Dynamic
Diversifications



ANSAL HOUSING & CONSTRUCTION LTD.

An ISO 9001:2000 Company

www.reportjunction.com

**BOARD OF DIRECTORS**

Shri Deepak Ansal
Chairman & Managing Director
Shri Sham Lal Chopra
Shri Ashok Khanna
Shri Pradeep Anand
Shri S.L. Kapur
Directors

**V.P. & COMPANY SECRETARY
AUDITORS**

Shri Mohinder Bajaj
M/s Khanna & Annadhanam
Chartered Accountants
New Delhi.

BANKERS

Canara Bank
UTI Bank Limited
UCO Bank
Punjab National Bank

REGISTERED OFFICE

15 UGF, Indra Prakash
21, Barakhamba Road,
New Delhi – 110 001

BRANCH OFFICES

Priyadarshini Apartments,
28, Sarojini Naidu Marg,
Civil Lines,
Allahabad – 211 001
G-8 Block-48, Punit Vrindavan,
Sanjay Place,
Agra – 282 002
6, First Floor, Gyan Complex,
M.P. Nagar, Zone - II
Bhopal – 462 013
Ansals Chiranjiv Vihar,
PO Kavi Nagar, Nr. Shastri Nagar,
Ghaziabad – 201 001
Anand Dham, Rishikesh Road,
Moti Chur, Via Raiwala
Haridwar – 249 205
Plot No. A/A-11, Scheme No. 54
Vijay Nagar,
Indore
122/235, Sarojini Nagar,
Kanpur – 208 012
GF & LGF, SCO-11
Sector - 8, Urban Estate
Karnal
A-1/12, Vishwas Khand,
Gomti Nagar,
Lucknow – 226 001
TF-3, First Mall,
Mall Road,
Ludhiana – 141 001
Ansals Suryodaya Vihar,
Shastri Nagar,
Meerut – 250 001
Whispering Meadows Project,
Building A-1, Flat No. B-302
Opp. Model Town, Near Veena Nagar,
Bai Rajeshwar Road,
Mulund (W),
Mumbai – 400 080
SCO 91, 92 & 93,
Sector – 5, City Centre,
Panchkula – 134 109

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Email : ahcl@ansals.com Web Site : www.ansals.com

NOTICE

Notice is hereby given that the 22nd Annual General Meeting of the Company will be held on Friday, the 29th day of September, 2006 at 3.00 P.M. at Sri Sathya Sai International Centre and School, Pragati Vihar, Lodhi Road, New Delhi – 110 003 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2006 and Profit & Loss Account for the financial year ended on that date together with the Directors' Report and Statutory Auditors' Report thereon.
2. To declare dividend on Equity Shares for the financial year ended 31st March, 2006.
3. To appoint a Director in place of Shri S.L. Chopra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri Pradeep Anand, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Statutory Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorise Board of Directors to fix their remuneration. M/s Khanna & Annadhanam retiring Auditors are eligible for re-appointment.

SPECIAL BUSINESS:

6. **To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an ORDINARY RESOLUTION.**
"RESOLVED THAT Shri S.L. Kapur, who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 15th May, 2006 and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation".
7. **To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an ORDINARY RESOLUTION.**
"RESOLVED THAT Shri Kushagr Ansal, who was appointed as an Additional Director of the Company by the Board of Directors at their meeting held on 26th August, 2006 and who holds office upto the date of this Annual General Meeting of the Company under Section 260 of the Companies Act, 1956 and in respect of whom the Company has received a notice in writing under Section 257 of the Companies Act, 1956 proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company, liable to retire by rotation".
8. **To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an ORDINARY RESOLUTION.**
"RESOLVED THAT pursuant to section 198, 269, 309 and Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and any other applicable provisions of the law prevailing for the time being, the Company hereby accords its approval for the appointment of Shri Kushagr Ansal as Wholetime Director for a period of 5 years w.e.f 1st October 2006 on the remuneration and the terms and conditions as approved by the Remuneration Committee and as mentioned in the Explanatory Statement annexed to this Notice.
RESOLVED FURTHER THAT pursuant to section 198 and all other applicable provisions of the Companies Act, 1956, the remuneration as set out in the enclosed Explanatory Statement be paid as minimum remuneration to Shri Kushagr Ansal notwithstanding that in any financial year of the Company during his tenure as Wholetime Director, the Company has made no profits or profits are inadequate.
RESOLVED FURTHER THAT the Board of Directors/Remuneration Committee of the Company be and is hereby authorised to alter or vary the terms of appointment of Shri Kushagr Ansal including remuneration, as it may at its discretion, deem fit from time to time so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto.
9. **To consider and, if thought fit, to pass with or without modification(s) the following Resolution as an ORDINARY RESOLUTION.**
RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 1956 or any amendment or re-enactment thereof, requisite approvals of regulatory authorities, if any and as approved by the Remuneration Committee, consent be and is hereby accorded to the modification in the terms of remuneration payable to Shri Deepak Ansal, Managing Director of the company with effect from 1st October, 2006 for the residual period of his appointment upto 31st March, 2008 as set out in the explanatory statement annexed to the Notice convening this meeting".
RESOLVED FURTHER THAT pursuant to sections 198, 269, 309, 310, 311, Schedule - XIII and all other applicable provisions of the Companies Act, 1956, the remuneration as set out in the enclosed Explanatory Statement be paid as minimum remuneration to Shri Deepak Ansal notwithstanding that in any financial year of the Company during his tenure as Managing Director, the Company has made no profits or profits are inadequate.
RESOLVED FURTHER THAT the Board of Directors/Remuneration Committee of the Company be and is hereby authorised to alter or vary the terms of remuneration of Shri Deepak Ansal, as it may at its discretion, deem fit from time to time so as not to exceed the limits specified in Schedule XIII to the Companies Act, 1956 (including any statutory modification or re-enactment thereof for the time being in force) or any amendments made thereto.
10. **To consider and, if thought fit, to pass with or without modification(s) the following Resolution as a SPECIAL RESOLUTION.**
"RESOLVED THAT pursuant to Section 81(1A) of the Companies Act, 1956 and all other applicable provisions, if any of the Companies Act, 1956 (including any statutory modification or re-enactment thereof), the provisions of Memorandum and Articles of Association of the Company and the provisions of any other applicable law(s) including Foreign Exchange Management Act, 1999, Issue of Foreign Currency Convertible Bond and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, Guidelines for Qualified Institutions Placement – Amendment to SEBI (Disclosure and Investor Protection) Guidelines, 2000 and notifications, circulars issued therein, Securities and Exchange Board of India Guidelines, Listing Agreement with Stock Exchanges and subject to the approval of Government of India, Reserve Bank of India, Securities and Exchange Board of India, Foreign Investment Promotion Board or any other Regulatory Authority/Institutions, as may be necessary and subject also to the consent, permissions and sanctions (herein after referred to as "requisite Approvals") of such other appropriate authorities, institutions or bodies, whether in India and/or abroad, as may be necessary, the consent, authority and approval of the Company be and is hereby accorded to offer, issue and allot on Rights basis and/or Public Issue basis and/or Private Placement basis and/or by way of Preferential allotment and/or any other basis, Equity Shares/Preference Shares/Debentures/Bonds/Warrants/Securities, fully or partly convertible into Equity or Preference Shares or Securities linked to Equity or

Preference shares with the right of conversion or to receive securities at the option of the Company and/or the holders thereof, or otherwise, ADRs/GDRs/FCCBs, in Indian Currency and/or Foreign Currency in India and/or abroad, (herein-after collectively referred to as "the securities") to the share holders/beneficial owners of the shares of the company, public, any other person/s including Foreign Institutional Investors (FII), Qualified Institutional Buyers (QIB), Non-Resident Indians (NRI) or any other Non-Resident, Promoters, Promoter Group, Persons Acting in Concert, their relatives, associates, associate Companies, their share holders, Trusts, Societies, Mutual Funds, Financial Institutions, Banks, Companies, Corporate Bodies, Firms and employees of the Company or Subsidiary/ies or Associates/Associate Companies (herein-after collectively referred to as "the investors") whether or not Investors are members of the Company, to all or any of them, as the Board/Committee of Directors may in its absolute discretion think fit, in consultation with the Lead Managers, Underwriters, Advisors or other intermediaries, provided that the aggregate value of all the securities issued and allotted or to be issued and allotted on conversion and/or on exercise of option by the Company and/or investors shall not exceed US \$ 50 million (Fifty Million US Dollars).

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of shares as may be required to be issued and allotted upon conversion of any securities or as may be necessary in accordance with the terms of the offerings, all such shares being pari-passu with then existing shares of the Company in all respects.

RESOLVED FURTHER THAT without prejudice to the generality of the above, the aforesaid issue of Securities may have all or any terms or combination of terms including as to conditions in relation to payment of interest, additional interest, premium on redemption, prepayment and any other debt service payments whatsoever, and all such matters as are provided in Securities offerings of this nature including terms for issue of such Securities or variation of the conversion price of the Security during the tenure of the Securities and the Company through its Board of Directors/Committee of Directors is also entitled to enter into and execute all such arrangements as the case may be with any Lead Managers, Managers, Underwriters, Bankers, Financial Institutions, solicitors, advisors, guarantors, depositories, custodians and other intermediaries in such offering of the Securities and to remunerate all such agencies including the payment of commissions, brokerage, fees for their services or the like and also to seek the listing of such Securities on one or more Stock Exchanges including international Stock Exchanges, wherever permissible.

RESOLVED FURTHER THAT the Company through its Board of Directors/Committee of Directors may enter into any arrangement with any agency or body authorized by the Company for the issue of Securities in registered or bearer form with such features and attributes as are prevalent in the Capital market for instruments of this nature and to provide for the tradability or free transferability thereof as per the domestic and/or international practice and regulations, and under the form and practices prevalent in the securities market.

RESOLVED FURTHER THAT the Board/Committee thereof be and is hereby authorized to offer, issue or allot at such time/s in such tranche or tranches, at such price/s, at a discount or premium and in such manner and form including in physical/demat such number of shares as may be required to be issued and allotted upon conversion of any Securities and/or on exercise of option by the Company and/or investors or as may be necessary in accordance with the terms of the above offerings and/or issues, subject to the provisions of applicable law/s, as it may in its absolute discretion deem fit.

RESOLVED FURTHER THAT such of these securities to be issued as are not subscribed may be disposed of by the Board to such persons and in such manner and on such terms as the Board in its absolute discretion thinks fit in the best interest of the Company and as is permissible at law.

RESOLVED FURTHER THAT in the event of the Company making a bonus issue of shares or rights issue of shares/debentures prior to allotment of equity/preference shares on exercise of rights attached to the Securities/conversion of Securities, the holders of such Securities shall be entitled to all bonus shares or rights shares/debentures, in such proportion/s as may be decided by the Board or Committee thereof, at any time after the date of issue of the Securities with rights attached to convertible Securities, subject to such terms and conditions as the Board or Committee thereof may deem fit and proper and also subject to the provisions of applicable law/s.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board or Committee thereof be and is hereby authorized to agree to and to make and accept all such conditions, modifications and alterations stipulated by any relevant authorities while according approvals or consents to the issue, as may be required/considered necessary, proper or expedient, and to take all such actions/steps as may be necessary, desirable or expedient, including to take further consent/authority/approval of members through postal ballot/s, if required/necessary, under any law/s or otherwise, and to resolve and settle all questions and difficulties that may arise in the proposed issues and allotments of the Securities, and to do all acts, deeds, matters and things which are incidental and consequential, as the Board or Committee thereof may at its absolute discretion deem necessary or desirable for such purposes, including, if necessary, creation of such mortgages and/or charges in respect of Securities on the whole or any part of the undertaking/s or uncalled capital of the Company, if any, under Section 293(1)(a) and other applicable provisions of the Companies Act, 1956, and to execute such other documents or writings as the Board or committee thereof may consider necessary or proper or incidental to give effect to this Resolution".

RESOLVED FURTHER THAT, for the purpose of giving effect to issue and allotment of Securities or instruments as mentioned above, the Board or any Committee thereof be and is hereby authorized on behalf of the Company to do all such acts, deeds and things as it may at its discretion deemed necessary or desirable for such purpose, to settle any questions, difficulties that may arise in regard to such issue or allotment.

RESOLVED FURTHER THAT the Board be and is here authorized to delegate all or any of the powers herein conferred to the Chairman-cum-Managing Director or Company Secretary or any other Officer or Officers of the Company to give effect to the aforesaid resolution".

Regd. Office:
15 UGF, Indra Prakash,
21 Barakhamba Road,
New Delhi - 110 001

Place: New Delhi
Dated: 26.08.2006

By Order of the Board

(Mohinder Bajaj)
V.P. & Company Secretary

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/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE THE SCHEDULED TIME OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ENCLOSED;
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of item No. 6, 7, 8, 9 & 10 is annexed hereto.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 22nd September, 2006 to 29th September, 2006 (both days inclusive).
4. The Dividend on Equity Shares as recommended by the Board of Directors for the year ended 31st March 2006, when declared at the Annual General Meeting will be paid to the members whose name appear:-
 - i) As beneficial Owners as per list to be furnished by the Depositories in respect of the shares held in demat form and
 - ii) As Members on the Register of Members of the Company as on September 29, 2006 after giving effect to all valid share transfers in physical form which would be received by the Company upto end of Business hours on September 21, 2006.
5. Pursuant to the provision of Section 205A(5) of the Companies Act, 1956, dividend for the Financial Year ended 31st March, 1998, the Company has already transferred the unclaimed dividend for the financial year ended 31st March, 1998 to the Investor Education and Protection Fund (IEPF) on 09.11.2005.
6. Shareholders are requested to note that no claims shall lie against the Company or the said Fund in respect of any amounts which were unclaimed and unpaid for a period of seven years from the dates that they first became due for payment and no payment shall be made in respect of any such claims.
7. Members who hold shares in dematerialised form may kindly note that their bank Account details, as furnished by their Depositories to the company, will be printed on their Dividend Warrants as per the applicable regulations of the Depositories and the Company will not entertain any direct request from such Members for deletion of or change in such Bank Account details. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic form. **Members who wish to change such Bank Account details are therefore requested to advise their Depository Participants about such change with complete details of Bank Account.**
8. In accordance with the provisions of Article 104 of the Articles of Association of the Company, Shri S.L. Chopra and Shri Pradeep Anand will retire by rotation at this Annual General Meeting and, being eligible, offer themselves for re-election.
9. Information under clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/reappointment at the Annual General Meeting is separately annexed hereto as Annexure - 1.
10. Members having multiple accounts in identical names or joint accounts in same order are requested to intimate the Company the ledger folio of such accounts to enable the Company to consolidate all such shareholdings into one account and send the relevant Share Certificates.
11. Pursuant to the directions of the Securities Exchange Board of India (SEBI), trading in the shares of your Company is in compulsory de-materialised form for all investors. Members who have not yet got their shares de-materialised, are requested to opt for the same in their own interest and send their certificates through Depository Participant(s) with whom they have de-materialised account directly to the Registrar & Transfer Agent as appointed by the Company namely M/s In-time Spectrum Registry Ltd., A-31, 3rd Floor, Naraina Industrial Area, Phase - I, Near PVR, Naraina New Delhi - 110 028.
12. Members who hold shares in dematerialised form are requested to bring their Client ID and DP ID Nos. for easy identification of attendance at the meeting.
13. Members/Proxies should fill in the Attendance Slip for attending the meeting.
14. As per the Companies Act 1956 the facility for making nomination is now available to the shareholders in respect of the Equity Shares held by them. Nomination forms can be obtained from the Company's Registrars and Transfer Agents, Viz. M/s In-time Spectrum Registry Ltd., A-31, 3rd Floor, Near PVR Cinema, Naraina Industrial Area, Phase-I, New Delhi-110028.
15. Members desiring any information/clarification on the Annual Accounts are requested to write to the Company at its Registered Office at least 7 days before the date of Annual General Meeting so that the same may be compiled well in advance.
16. **Photocopies of Attendance Slip will not be entertained for issuing Gate Pass for attending Annual General Meeting. However, in case of non-receipt of Notice of Annual General meeting, members are requested to write to the Company at its registered office for issuing the duplicate of the same.**

MEMBERS ARE REQUESTED TO BRING THEIR COPY OF ANNUAL REPORT AT THE MEETING

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.**ITEM NO. 6**

Shri S.L. Kapur was appointed as Additional Director of the Company by the Board of Directors in their meeting held on 15th May, 2006, pursuant to Section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. Your Company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the appointment of Shri S.L. Kapur as Director of your Company. Requisite consent has been filed by Shri S.L. Kapur, pursuant to the provisions of Section 264(1) of the Act, to act as such Director, if appointed.

Shri S.L. Kapur, was earlier on the Board of your Company and had resigned from the Board on 1st August, 2003 on account of his pre-occupation.

The details as well as brief resume of Shri S.L. Kapur is given in the Annexure - 1 attached to this Notice. Keeping in view the experience and expertise of Shri S.L. Kapur, his appointment as Director of the Company is recommended.

None of the Directors of the Company except Shri S.L. Kapur is interested in the Resolution.

The Board recommends this Resolution for your approval.

ITEM NO. 7 & 8

Shri Kushagr Ansal was appointed as Additional Director of the Company by the Board of Directors in their meeting held on 26th August, 2006 pursuant to Section 260 of the Companies Act, 1956 and he holds office upto the date of the ensuing Annual General Meeting. Your Company has received a notice under section 257 of the Companies Act, 1956 from a member proposing the appointment of Shri Kushagr Ansal as Director of your Company. Requisite consent has been filed by Mr. Kushagr Ansal, pursuant to the provisions of Section 264(1) of the Act, to act as such Director, if appointed.

In view of the experience and expertise of Shri Kushagr Ansal, the Board of Directors of your Company in the same meeting held on 26th August, 2006 decided to utilize his services in his capacity as a Wholetime Director on the remuneration as approved by the Remuneration Committee, within the provisions of section 198, 269, 309 and schedule - XIII of the Companies Act, 1956 and subject to the approval of shareholders and other necessary approvals, if any.

Your Directors therefore, recommend for your approval the appointment of Shri Kushagr Ansal as Director of the Company and utilize his services in the capacity of Wholetime Director on a remuneration as mentioned herein below:

Basic Salary

Basic Salary of Rs. 150000/- per month in the grade of Rs. 150000-50000-250000-75000-550000.

Commission

1% of the net profits of the Company for each of the Financial Year as computed under the provisions of section 349 & 350 of the Companies Act 1956.

Perquisites

In addition to the above, he shall be entitled to the following perquisites.

CATEGORY 'A'

1. Housing: Residential Furnished Accommodation (Company Leased) or in lieu thereof House Rent Allowance at the rate of 50% of the salary.
2. Leave Travel Concession: For self and family once in a year incurred in accordance with the rules specified by the Company.
3. Medical Reimbursement: Expenses incurred for self and family subject to one month's salary over a period of five years.

CATEGORY 'B'

The following perquisites shall also be allowed and they will not be included in the ceiling on perquisites.

1. Company's contribution to provident fund @ 12% of the basic salary or at such other rate as per the laws applicable in this behalf from time to time.
2. Company's contribution towards Superannuation Fund as per the rules of the Company's Superannuation Scheme as may be applicable from time to time.
3. Gratuity as per rules of the Company as applicable to the Senior Executive of the Company for each completed year of service.
4. Encashment of leave at the end of the tenure.

CATEGORY 'C'

Provision of Car with Driver and free Telephone / Communication facilities at residence for business purposes.

The details as well as brief resume of Shri Kushagr Ansal is given in the Annexure - 1 attached to this Notice.

None of the Directors of the Company except Shri Deepak Ansal and Shri Kushagr Ansal are concerned or interested in the Resolution.

The Board recommends this Resolution for your approval.

The above may be treated as an abstract of the terms of contract of appointment of Shri Kushagr Ansal as Wholetime Director of the Company pursuant to the Section 302 of the Companies Act, 1956.

ITEM NO. 9

Shri Deepak Ansal was appointed as the Managing Director of the company for a period of three years with effect from 1st April, 2005 by the Board of Directors on 24th August, 2004 and his appointment and remuneration were also approved by the Members vide Special Resolution passed at the Annual General Meeting of the Company held on 30th September, 2004. The authority had been granted to the Board to vary and/or modify his remuneration within the limits laid down in sections 198, 269, 309 and Schedule - XIII and other applicable provisions of the Companies Act, 1956 after approval from the Remuneration Committee.

Pursuant to the said authorisation and based on the excellent performance of the company for the Financial Year 2005-2006 under the leadership of Shri Deepak Ansal, Managing Director, the Board of Directors of your Company in its meeting held on 26th August, 2006 has increased/modified the remuneration of Shri Deepak Ansal as per approval of the Remuneration Committee in its meeting held on 26th August, 2006. The details of the increased Remuneration are set out herein below:

1. BASIC SALARY

Rs. 3,00,000/- (Rupees Three Lacs only) in the pay scale of Rs.300000-100000-400000-150000-700000.

2. COMMISSION ON NET PROFITS

Upto 2% of the net profits of the Company for each Financial Year as computed under the provisions of section 349 and 350 of the Companies Act, 1956.

3. PERQUISITES

In addition to the above, he shall be entitled to the following perquisites:

CATEGORY 'A'

1. Housing: Residential Furnished Accommodation (Company Leased) or in lieu thereof House Rent Allowance at the rate of 50% of the salary.
2. Gas, Electricity, Water and Furnishings: The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962. This shall, however, be subject to a ceiling of 10% (ten percent of the Salary).
3. Medical Reimbursement: Expenses incurred for self and his family members subject to a ceiling of one month's salary in a year or three months' salary over a period of three years.
4. Leave Travel Concession: For self and his family members once in a year incurred in accordance with the Rules specified by the Company.
5. Club Fee: Fee of clubs subject to a maximum of five clubs.
6. Personal Accident Insurance: Premium not to exceed Rs. 20,000/- per annum on any policy, if any, taken by the Company or reimbursement to him in this behalf.

CATEGORY 'B'

The following perquisites shall also be allowed and they will not be included in the computation of the ceiling on perquisites.

1. Company's contribution to Provident Fund @12% of the basic salary or at such other rate as per the laws applicable in this behalf from time to time.
2. Company's contribution towards Superannuation Fund as per the rules of the Company's Superannuation Scheme as may be applicable from time to time, provided, however that the Company's contribution to the Superannuation Fund together with the contribution to the Provident Fund shall not exceed 27% of the salary or any other higher amount that may be permissible under the law.
3. Gratuity in accordance with the Rules of the Company as applicable to the Senior Executives of the Company for each completed year of service.
4. Encashment of leave at the end of the tenure.

CATEGORY 'C'

Provision of Car with Driver and free Telephone/Communication facilities at Residence for business purposes.

The aforesaid revision in the remuneration of Shri Deepak Ansal, Chairman & Managing Director may be regarded as an abstract of the terms of revision in the remuneration & Memorandum of Interest under section 302 of the Companies Act, 1956.

Shri Deepak Ansal, Chairman & Managing director and Shri Kushagr Ansal may be deemed to be interested in this Resolution insofar as modification of remuneration of Shri Deepak Ansal is concerned. None of the other Directors of your Company are interested in the Resolution. The present term of Shri Deepak Ansal as Managing Director is upto 31st March, 2008.

The Board recommends this Resolution for your approval.

ITEM NO. 10

In order to explore profitable avenues in Real Estate Development the Company requires long term financial resources. Your Board of Directors proposed to create, offer, issue and allot in one or more tranches and in one or more private or preferential offerings, Foreign Currency Convertible Bonds, American Depository Receipts, Global Depository Receipts, Debentures or Warrants and/or any other instrument whether convertible or otherwise and/or such other securities (hereinafter collectively referred to as "Securities"), all or any of these upto an aggregate value of upto US \$ 50 Million or its equivalent in any other foreign currency to persons for the purposes as may be permitted under the relevant guidelines in force, whether or not an existing shareholder of the Company, and on such terms and conditions as may be decided by the Board from time to time as it may deem appropriate in the interest of the Company. The detailed terms and conditions of the Issue as and when made will be determined by the Board of Directors in consultation with the Merchant Bankers, Lead Managers, Advisors, Underwriters and other experts in accordance with the terms of approval of the Government of India, Reserve Bank of India, Financial Institutions who have lent monies for the Company's projects and such other authorities as may be required.

The proposed national and/or international issue of Securities and/or other instruments as above may be made in one or more tranches, which may result in an increase of the issued and subscribed equity and/or preference share capital of the Company and the total amount raised through all or any of these aforesaid securities not to exceed US \$ 50 Million or its equivalent, of incremental funds for the company to meet the Company's capital expenditure and working capital requirements.

Resolution set out in item no. 10 is an enabling resolution conferring authority on the board to do all acts and deeds which may be required to issue/offer securities of appropriate nature at opportune time including the size, structure, price and timing of the issue (s) / offer (s) at the appropriate time(s). The issue price of the securities to be issued in the proposed offerings will be determined by the Board of Directors at the time of the offer depending on the then prevailing market conditions. The Securities will be listed on such India/International Stock Exchanges as the Board may be advised. Section 81 of the Companies Act, 1956, provides, inter-alia that where it is proposed to increase the Subscribed Share Capital of the Company by allotment of further shares, such further shares shall be offered to the persons who at the date of the offer are holders of the Equity Shares of the Company, in proportion to the Capital paid-up on those shares as of that date unless the Shareholder decide otherwise. The Listing Agreements executed by the Company with the various Stock Exchanges also provide that the Company shall issue or offer in the first instance all Securities to the existing Equity Shareholders of the Company unless the Shareholders decide otherwise. The Special Resolution seeks the consent of the shareholders authorizing the Board of Directors to issue in one or more tranches the securities referred to therein in the national/international market to Foreign Financial Institutions, Foreign Investors/Collaborators, Non-resident Indians, corporate bodies, mutual funds banks, insurance companies, pension funds or otherwise shareholders of the Company or not through a public issue and/or on a private placement basis and/or preferential allotment basis.

The special Resolution gives (a) adequate flexibility and discretion to the Board to finalise the terms of the issue, in consultation with the Lead Managers, Underwriters, Legal Advisors and experts or such other authority or authorities as need to be consulted including in relation to the pricing of the issue as per the guidelines in force in this regard at the time of Issue (b) powers to issue and market any securities issued pursuant to the national and/or international offer including the power to issue such Securities in such tranche or tranches with/without voting rights.

The Directors of your Company may be deemed to be concerned or interested to the extent of the securities/instruments that may be allotted to them or their relatives or to the Companies in which they or their relatives are Directors.

None of the other Directors is concerned or interested in the Resolution.

Your Directors recommend the Resolution for your approval as Special Resolution.

Regd. Office:
15 UGF, Indra Prakash,
21 Barakhamba Road,
New Delhi - 110 001

By Order of the Board

Place: New Delhi
Dated: 26.08.2006

(Mohinder Bajaj)
V.P. & Company Secretary

Annexure - 1

Details of Directors seeking Appointment/reappointment at the Annual General Meeting as per clause 49(vi) of the Listing Agreement.

Particulars	Mr. S.L. Kapur	Mr. Kushagr Ansal	Mr. S.L. Chopra	Mr. Pradeep Anand
Date of Birth	07.03.1937	03.04.1979	21.09.1921	15.01.1955
Date of Appointment	15.05.2006	26.08.2006	30.09.2005	27.09.2000
Qualification	M.A. (Maths), LL.B	B.Com (H), MBA (Finance) from Bentley College, USA	B.A., CA, LLB, F.C.S (London), Business Management (DU)	Programme for Management Development, from Harvard Business School, Boston.
Experience	25 years in the Government of Punjab on various assignments including Chief Secretary, Home Secretary, Financial Commissioner (Taxation) and retired from the post of a Member of the Board for Industrial and Financial Reconstruction (BIFR).	Wide experience in Sales / Marketing / Management	Having extensive experience of Banking and Finance and retired as Chairman and Managing Director from Punjab National Bank.	Having rich and vast experience in variety of Industries
Expertise in specific functional area	Commerce and Industry	Sales / Marketing / Management and exceptional skills in Finance	Banking and Finance	Exceptional entrepreneurial/Business Management skills.
Directorships held in other Public Companies	<ul style="list-style-type: none"> • Dhir & Dhir Asset Reconstruction Securitisation Company Ltd. • Yes Bank Ltd. • Anika International Ltd. • Sara Textiles Ltd. • Uniproducts (India) Ltd. • Grant Thornton (India) Pvt. Ltd. • Ishara Foundation for Finance & Rural Development 		Universal Cromptronics Pvt. Ltd.	<ul style="list-style-type: none"> • Asahi Battery Co. Pvt. Ltd. • Asahi Meters Ltd. • Rila Holdings Ltd. • Shree Laxmi Holdings Ltd. • Anand Zenner Co. Pvt. Ltd. • Asahi Video Pvt. Ltd. • Alam Impex Enterprises Pvt. Ltd. • CLA Investment & Trading Co. Pvt. Ltd. • Jyoti Construction Co. (New Delhi) Pvt. Ltd. • Koshish Investment & Finance Pvt. Ltd. • Tripta Impex Enterprises Pvt. Ltd.
Memberships/Chairmanships of Committees of other public Companies (includes only Audit and Shareholders / Investors Grievance Committee)	Nil	Nil	Nil	Nil
Number of shares held on in the Company	Nil	749630	360	Nil

DIRECTORS' REPORT

Dear Shareholder,

The Directors of your Company have pleasure in presenting their 22nd Annual Report on the affairs of the Company together with the Audited Statements of Accounts of the Company for the Financial Year ended 31st March, 2006 and Statutory Auditors' Report thereon.

FINANCIAL PERFORMANCE

The Working Results of the Company are briefly given below:

	Current Year (Rs. in Lacs)	Previous Year (Rs. in Lacs)
Sales & Other Income	13045.92	8625.37
Gross Profit (Before Interest and Depreciation) etc.	3915.54	1806.83
Less :		
- Interest & Finance Charges	980.87	927.04
- Depreciation	76.13	81.00
Net Profit before Tax	2858.54	798.78
Less : Provision for Tax	798.98	189.65
Net Profit After Tax	2059.56	609.13
Add : - Surplus Profit Brought forward from Previous Year.	2308.51	1846.94
	4368.07	2456.07
Balance available for appropriation which has been Appropriated as under:		
Appropriations:		
Proposed Dividend @ 15% (Previous Year @ 10%)	216.44	129.40
Dividend Tax thereon	30.36	18.14
Transfer to General Reserve	200.00	—
Surplus Profit Carried to Balance Sheet	3921.27	2308.53

DIVIDEND

In view of the profitable performance, your Directors are pleased to recommend a dividend of Rs. 1.50 per Equity Share (@ 15%) on the paid up equity share capital of the Company for the financial year ended 31st March 2006. A motion for confirmation of the dividend for the year under review will be placed before the shareholders at the ensuing Annual General Meeting.

The total payout of the proposed dividend is Rs. 246.80 lacs, which includes Corporate Dividend Tax of Rs.30.36 lacs.

GENERAL RESERVES

The Company proposes to transfer a sum of Rs.200 lacs to the General Reserve out of the amount available for appropriation. An amount of Rs.3921.26 lacs is proposed to be retained in Profit and Loss Account.

REVIEW OF OPERATING RESULTS AND BUSINESS

The all time high performance was achieved by the Company during the financial year 2005-2006 with 51% increase in Turnover from Rs. 8625.37 lacs previous year to Rs. 13045.92 lacs during the current year, backed by strong profitable growth in the Real Estate and other key sectors of the Economy. There is perceptible increase in pre tax profit by 258% to Rs. 2858.54 lacs while on the other side post tax profits at Rs. 2059.56 lacs registered a growth 238% over the corresponding period in the previous year, which in itself exhibits resplendent growth of the Company in its core domain viz. Real Estate and its allied sectors.

The Real Estate market in India is booming. Driven by a rapidly expanding economy and a growing middle class, property prices across the sector have witnessed an unprecedented rise over a period of time.

Your Company has all along been making continuous efforts to strive for more profitable business opportunities to improve overall profitability of the company and take benefit of the current boom in Real Estate Sector. In view of the boom in Real Estate Sector, the Company has come up with the new residential projects including Ansals Avantika Extension at Ghaziabad and Ansals Courtyard at Shastripuram, Agra U.P. The Company is now all set to launch new residential townships at Karnal, Kurukshetra and Rewari all in Haryana. Indore, Ajmer, Bangalore and Jammu (J&K).

During the year under review the Company further offered possession to allottees of plots, houses and offices in its various schemes, covering Ansal Bachhatta Enclave at Ludhiana, Ansal Plaza at Vaishali, Ghaziabad; Panchvati Enclave, Meerut, U.P.; Pradhan Enclave, Bhopal, M.P. and Whispering Meadows at Muland, Mumbai.

The Ansal Plaza – Mall not only caters the shoppers but also houses entertainment mode like Multiplex, Food Court, Fine Dine Space, Mini Amusement Park for kids and many more, all this without compromising with the internal qualities at Mall. The attraction include three screen multiplex – Adlabs and the brands like Allen-Solly, Van-Husain, Louis Phillippe, Reebok, Bata, Giordane, Cotton by Century, Cantabil, Provogue, Cat Moss, Lee-cooper, Snowwhite Square, Hide-Sign, Raymonds, Prime Honda, Sagar Ratna, Bercos, HDFC, Citibank and many more.

The residential projects – Ansals Avantika Extension at Ghaziabad, Ansals Courtyard at Agra have received good response.

The response and progress of Mumbai project has been very encouraging. The Ansal Height, Worli at Mumbai is near to the finishing stage. Flats in B-Wing would be offered for possession in this financial year itself. The conceptual plan for Holiday Homes in Shahpur has been made and would be executed in this financial year.

The Company's Sri Lanka Project "Perth Paradise" through its Subsidiary Company M/s Housing and Construction Lanka Pvt. Ltd. is doing well.

The Company's investment in the Capital Cars Pvt. Ltd. has been yielding return with declaration of fourth dividend @ 10% by the Company for the financial year ended 31st March, 2006. The growth prospects of your investments in this Company are excellent and the automobile business faring exceedingly well. The Company is planning to expand its activities by setting up another Showroom and workshop facilities. Your Company has sold 10% equity held in Capital Car Pvt. Ltd. @ Rs. 31/- per equity share during the financial year ended 31st March, 2006 out of its total holding of 50% equity of the above Company.

The hospitality division of the Company has been performing very well with a turnover of Rs. 4.60 crores with sizeable profit of Rs. 0.93 crores recorded for the financial year 2005-2006. The division plans to add new Restaurant in the succeeding year.

The Company has attained an all round growth, with higher production and sales volume. With the economy expected to do well, the Company is optimistic about its future prospects and confident of achieving the planned performance for the ensuing financial year.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. Industry Structure, Developments, Opportunities and threats.

Ever since the opening-up of Infrastructure sector and large scale Residential Complexes viz. Integrated Townships across the Country by the Govt. of India to the global players, host of new global property developers have entered India during the past one year for building Townships directly or through joint ventures focussed on property development. According to the international consultants as well as the National experts on the Real Estate Industry, India offers big opportunity as Real Estate yields are on upside. The country would require around 16 million additional houses by 2007.

The Company has already positioned itself at quite a number of locations at emerging Tier-II & Tier-III Township spread over important district centres in various States and has collected at these stations sizeable land blocks for development. The Real Estate Sector offers promising future for all its stakeholders and the Company's new projects are expected to increase its Turnover and Profitability manifolds year after year. The Company will continue to strive for more and more remunerative projects

2. Segment-wise

Revenue of the Company is generated from two segments namely Development of Real Estate and the other is Restaurant (Hospitality).

The hospitality division of the Company has been performing well with turnover of Rs. 4.60 crores with sizeable profits of Rs. 0.93 crores recorded for the financial year 2005-2006. The performance is expected to be higher in the current financial year. The Capital Cars Pvt. Ltd.-Joint Venture Company for sale/services of Honda Cars would contribute turnover of Rs. 101 crores and Net Profit of Rs. 0.98 crores to the Consolidated Accounts of the Company for the fiscal year 2005-2006.

3. Outlook

The Real Estate Sector in India has assumed growing importance with the liberalisation of the economy. The consequent increase in business opportunities and migration of the labour force has, in turn, increased the demand for commercial and housing space. Development in the Real Estate Sector are influenced by the developments in the retail, hospitality and entertainment industries, economic services, and information technology (IT)-enabled services (call centres) etc. and vice-versa.

Having made a strong footprint in Delhi & NCR, the Company, a premier player in the Real Estate Development and Construction Sector is now looking forward to make its mark in Tier II & Tier III cities. In the coming year the Company will be progressively expanding by launching Residential Townships branded as—"Ansal Town" across seven cities starting with Agra, Indore and Jammu. The other cities include Rewari, Karnal, Meerut and Ghaziabad. The Company will be marketing a range of built up houses, independent plots and apartments for the premium end of the market.

The Company has come up with Ansal Town in Agra, a mini township of 130 acres approx. in July 2006, with total dwelling units of 1250 approx and valued at Rs. 200 Crores. It will soon be followed by the launch of Ansal Town in Indore in September 2006. Town in Indore, which is a 60 acre project with approximately 1200 dwelling units, valued at Rs. 250 Crores. In addition to this Ansal Town in Jammu will be a 125 acre residential township valued at Rs. 200 crores and will be launched by September 2006.

4. Risks and Concerns

The Indian Real Estate Market is still in its infancy, largely unorganised and dominated by a large number of small players, with very few corporates or large players having national presence.

We do not apprehend any inherent risk in the Real Estate Industry in the long run except for certain primary concern that has afflicted the progress of Real Estate industry:-

- Restrictive legislation and any adverse changes, if any, in the Governmental Policies relating to it.
- Limited investment from organised sector has also hindered the growth of this sector.
- The Construction industry is already subject to a number of taxes and is considered as one of the overburdened tax segment.

As seen in the recent past the Government Policies have been supportive except for a few continuing irritants like high incidence of stamp duty and the non-availability of low cost long-term funds, tenancy laws etc. for the Real Estate/Construction Sector.

However, the said risks can be averted if the Government directs its policies in Real Estate Sector towards regulatory framework instead of being restrictive in nature. This is imperative in the current scenario where to control uneven growth of un-organized new players in the sector has become need of the hour.

5. Internal Control systems and their adequacy

The Company has in place adequate internal control systems and procedures commensurate with the size and nature of business. These procedures are designed to ensure that: