

APOLLO FINVEST (INDIA) LIMITED



ANNUAL REPORT

2005 - 2006

BOARD OF DIRECTORS:

SMT. ANJU R. INNANI

MANAGING DIRECTOR

SHRI UMANATH R. AGARWAL

EXECUTIVE DIRECTOR

SHRI NARAYAN T. RATHI

DIRECTOR

SHRI DINESH R. INNANI

DIRECTOR(upto 11th October 2005)

SHRI ANIL M. RAIKA

DIRECTOR**AUDITORS:****SHANKARLAL JAIN & ASSOCIATES****CHARTERED ACCOUNTANTS****BANKERS:**

STANDARD CHARTERED BANK

ORIENTAL BANK OF COMMERCE

SANGLI BANK LIMITED

REGISTERED OFFICE:

JEWEL ARCADE,

PLOT NO.123, 1ST FLOOR,

WATERFIELD ROAD,

BANDRA (WEST),

MUMBAI - 400 050.

REGISTRAR & SHARE TRANSFER AGENTS :

INTIME SPECTRUM REGISTRY LIMITED

C-13, PANNALAL SILK MILLS COMPOUND,

L. B. S. MARG, BHANDUP (WEST)

MUMBAI - 400 078.

TEL : 2596 3838, 2596 0320

FAX : 2594 6969

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NOTICE

NOTICE is hereby given that the 20th Annual General Meeting of the Members of **APOLLO FINVEST (INDIA) LIMITED** will be held on Friday, 29th September, 2006 at No.1, Party Hall, Sumer Nagar, S.V. Road, Borivali (West), Mumbai - 400 092 at 11:30 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 Profit and Loss Account for the year ended as on that date alongwith the Reports of Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Anil M. Raika, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.
3. To appoint M/s. Shankarlal Jain & Associates, Chartered Accountants, the retiring Auditors of the Company, as Auditors, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

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

"RESOLVED THAT as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such other approvals as may be necessary, Smt. Anju R. Innani be and is hereby reappointed as the Managing Director of the Company for a period of three years with effect from November 19, 2006, upon the terms and subject to the conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors and Smt. Anju R. Innani but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time:

1. **Salary:** Rs. 51,500/- per month with such annual increments as may be determined by the Board of Directors of the Company from time to time, but subject to maximum salary of Rs. 1,50,000/- per month.
2. **Perquisite:** In addition to salary, Smt. Anju R. Innani will be allowed perquisites as specified in categories A, B and C as given below:

Category 'A'

- a. **Medical Reimbursement:**
Reimbursement of all medical expenses incurred (including premium on Medical Insurance, Hospitalisation, Nursing Home, Nursing, Dental and Optical treatment expenses) for Smt. Anju R. Innani and her family subject to a ceiling of one-month salary in a year or three months in a block of three years.
- b. **Leave Travel Concession:**
For Smt. Anju R. Innani and her family once a year incurred in accordance with the rules specified by the Company.
- c. **Club Fees:**
Fees of not more than two clubs excluding Admission and Life Membership Fees.
- d. **Personal Accident Insurance:**
Annual premium shall not exceed Rs. 4,000/-.

Category 'B'

- a. **Contributions to Provident Fund, Superannuation Fund, Annuity Fund.** The said contributions will not be included in the computation of ceiling on perquisites to the extent these either single or put together are not taxable under the Income-Tax Act.
- b. **Gratuity:** In accordance with the Rules of the Company but not exceeding half a month's salary for every completed year of service of Smt. Anju R. Innani.
- c. **Encashment of leave at the end of the tenure.** The same will not be included in the computation of the ceiling on perquisites.

Category 'C'

Use of car & telephone at her residence for business purposes of the Company.

Personal long distance call on telephone and use of car for Private purposes shall be billed by the Company to Smt. Anju R. Innani.

3. The Managing Director shall not be liable to retire by rotation.
4. **Termination:** The above contract of employment can be terminated by either side by giving three months notice in writing."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Managing Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the Minimum Remuneration payable to the said Managing Director."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such actions and do all such things as may be necessary or desirable to give effect to this resolution."

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

"RESOLVED THAT as per the recommendation of the Remuneration Committee and pursuant to the provisions of Sections 198, 269, 309, 310 and 311 read with Schedule XIII to the Companies Act, 1956 and subject to such other approvals as may be necessary, Shri Umanath R. Agarwal be and is hereby re-appointed as the Whole Time Director designated as Executive Director of the Company for a period of three years with effect from October 21, 2006 upon the terms and subject to the conditions as set out hereunder, with further liberty to the Board of Directors of the Company to alter and vary the said terms and conditions, in such manner as may be agreed to between the Directors and Shri Umanath R. Agarwal but subject to the provisions contained in Schedule XIII to the Companies Act, 1956, as amended from time to time:

1. **Salary:** Rs. 78,500/- per month with such annual increments as may be determined by the Board of Directors of the Company from time to time, but subject to maximum salary of Rs. 2,00,000/- per month.
2. **Perquisite:** In addition to salary, Shri Umanath R. Agarwal will be allowed perquisites as specified in categories A, B and C as given below:

Category 'A'

- a. **Medical Reimbursement:**
Reimbursement of all medical expenses incurred (including premium on Medical Insurance, Hospitalisation, Nursing Home, Nursing, Dental and Optical treatment expenses) for Shri Umanath R. Agarwal and his family subject to a ceiling of one-month salary in a year or three months in a block of three years.
- b. **Leave Travel Concession:**
For Shri Umanath R. Agarwal and his family once a year incurred in accordance with the rules specified by the Company.
- c. **Club Fees:**
Fees of not more than two clubs excluding Admission and Life Membership Fees.
- d. **Personal Accident Insurance:**
Annual premium shall not exceed Rs. 4,000/-.

Category 'B'

- a. Contributions to Provident Fund, Superannuation Fund, Annuity Fund. Such contributions will not be included in the computation of ceiling on perquisites to the extent these either single or put together are not taxable under the Income-Tax Act.
- b. Gratuity: In accordance with the Rules of the Company but not exceeding half a month's salary for every completed year of service of Shri Umanath R. Agarwal.
- c. Encashment of leave at the end of the tenure. The same will not be included in the computation of the ceiling on perquisites.

Category 'C'

Use of car & telephone at his residence for business purpose of the Company.

Personal long distance call on telephone and use of car for Private purposes shall be billed by the Company to Shri Umanath R. Agarwal.

3. The Executive Director shall not be liable to retire by rotation.
4. Termination: The above contract of employment can be terminated by either side by giving three months notice in writing."

"RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to the Whole Time Director shall be governed by Section II of Part II of Schedule XIII to the Companies Act, 1956 or any statutory modification thereof and the same shall be treated as the Minimum Remuneration payable to the said Whole Time Director."

"RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to take such actions and do all such things as may be necessary or desirable to give effect to this resolution."

For and on behalf of the Board

Place: Mumbai
Dated: 27th June, 2006

ANJU R. INNANI
MANAGING DIRECTOR

REGISTERED OFFICE:
"Jewel Arcade", Plot No. 123,
1st Floor, Waterfield Road,
Bandra (West),
Mumbai- 400 050.

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER.
2. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 (forty-eight) hours before the time fixed for holding the meeting.
3. The Register of Members and Share Transfer Books will remain closed from Monday, 25th September, 2006 to Friday, 29th September, 2006 (both days inclusive).
4. Members are requested to notify change of address, if any, to the Company's Registrar & Share Transfer Agent, M/s. Intime Spectrum Registry Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai- 400 078 quoting their Folio numbers, or to their Depository Participant's (DP's) if their shareholding is in Demat Form.
5. Members desirous of obtaining any information as regards accounts and operations of the Company are requested to address their queries to the Registered Office of the Company in writing at least seven days in advance before the date of the Meeting, to enable the Company to keep the necessary information ready.
6. Members are requested to bring their copy of Annual Report to the Meeting.
7. Members are requested to bring the Attendance Slip sent herewith duly filled for attending the Meeting.
8. The Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item Nos. 4 and 5 is appended hereto.

BRIEF RESUME OF DIRECTOR SEEKING RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING:

Particulars	Anju R. Innani	Umanath R. Agarwal	Anil M. Raika
Age (Years)	44	51	35
Date of Appointment	19th Nov. 2001	21st Oct. 2001	29th July 2004
Qualifications	B.A.	B. Com F.C.A.	B. Com C.A.
Expertise in specific functional areas	Business Administration	Capital Market, Merchant Banking, Leasing, Financial & Investments	Investments Advisory
Directorship of other Companies	One	One	One
Chairman/Member of the Committees of the Board of the Companies on which he / she is a Director	Nil	Nil	Three
Shareholding of Non-Executive Directors in Apollo Finvest (India) Limited	N.A.	N.A.	Nil

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT 1956:**Item No. 4:**

The present term of office of Smt. Anju R. Innani as the Managing Director of the Company will expire on November 18, 2006. The Board of Directors in its Meeting held on June 27, 2006 has as per the recommendation of the Remuneration Committee, approved, subject to the approval of the members in the General Meeting, the re-appointment of Smt. Anju R. Innani as the Managing Director of the Company for a further period of 3 (three) years with effect from 19th November, 2006 i.e. for the period from 19th November 2006 to 18th November 2009.

The broad particulars of remuneration payable to and the terms of re-appointment of Smt. Anju R. Innani as the Managing Director of the Company are given in the resolution at Item no. 4.

The re-appointment of Smt. Anju R. Innani as the Managing Director of the Company would require the consent of the Shareholders of the Company pursuant to Sections 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and subject to the limits of Schedule XIII of the said act. The said resolution is therefore, recommended for your approval.

The explanatory statement and the resolution at Item No. 4 of the Notice is and may be treated as an abstract of the terms of re-appointment of Smt. Anju R. Innani as the Managing Director of the Company as required under Section 302 of the Companies Act, 1956.

As per the requirements of Schedule XIII to the Companies Act, 1956, the requisite information is given herein below in connection with the re-appointment of and payment of remuneration to Smt. Anju R. Innani as the Managing Director of the Company:

I) General Information

1. Nature of Industry: Non Banking Finance Company
2. Date of commencement of commercial production – Being an NBFC not applicable, The Company was incorporated on 29th July, 1985 and it commenced business activities after obtaining the certificate of commencement on 10th December 1985.
3. Financial Performance based on given Indicators:
(Based on Audited Statement of Accounts for the year ended 31st March 2006)

Particulars	Rs. in Lacs
Total Income	258.35
Operating Profit (Profit before Depreciation, Interest, Taxation)	152.51
Net Profit (Profit after Taxation)	112.54
Paid-up Share Capital	377.96
Reserves & Surplus	637.16
Basic and Diluted Earning per Share (Rs.)	2.98
Book Value per Share (Rs.) Face Value of Share – Rs. 10/-	26.86

4. Export Performance and Net Foreign Exchange Collaborations:
The Company's products are not exported. The Company has no Foreign Exchange Collaborations.
5. Foreign Investments or Collaborators: Not applicable.

II) Information about the Appointee –

1. Background Details:
Smt. Anju R. Innani, 44 years of age, has rich experience in administering the affairs of the Company. She has been associated with the company for 10 years and has been its Managing Director since last 10 years.

2. Past Remuneration:

Name of Director	Designation	Salary	Perquisites
Smt. Anju R. Innani	Managing Director	4.32	0.15

3. Job profile and her suitability:
Smt. Anju R. Innani, has been appointed as the Managing Director of the Company. She will be the incharge of its overall management subject to the direction, supervision and control of the Board of the Directors of the Company. Her sincere efforts and dedication has been a major source for the growth for the Company.

Taking into consideration her qualification and expertise, she is suited for the responsibilities assigned to her by the Board of Directors.

4. Remuneration proposed:
Since the same have been already explained in detail hereinabove, the same are not repeated.
5. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person:
Considering the size of the Company, the profile of Smt. Anju R. Innani, the responsibilities shouldered by her and the industry benchmarks, the remuneration proposed to be paid to her is commensurate with the remuneration packages paid to similar appointees in other companies.
6. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel:
Besides the remuneration proposed to Smt. Anju R. Innani, she does not have any pecuniary relationship with the Company and its managerial personnel.

III) Other Information:

1. Reasons for loss or inadequacy of profits:

The Company is a Non Banking Finance Company and makes investments in Shares, Mutual Fund Units and Portfolio Management Schemes. However, considering the volatility of the market, the net profit in future years may not be adequate. With a view to ensure payment of minimum remuneration to the Managing Director, the approval of the shareholders is sought.

2. Steps taken to improve the performance of the Company:

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources. The Company has invested its resources in various recognized Portfolio Management Schemes in order to procure the advantage of their strong Research Departments.

3. Expected Increase in Productivity:

This clause is not applicable as the Company is not a manufacturing Company.

4. Expected Increase in Profits in measurable terms:

Due to various steps taken by the Company and the buoyancy in the Capital Market, profit during the year increased from 11.57 lacs during year ended 31st March 2005 to 112.54 lacs during year ended 31st March 2006. The Indian economy is doing well and therefore it is expected that Capital Market shall remain buoyant and profitability should increase further. However, due to volatility in the Capital Market, it is difficult to ascertain the increase in the profits in measurable terms.

Smt. Anju R. Innani is concerned or interested in the Resolution concerning her appointment. Save as aforesaid, no other Director of your Company is concerned or interested in the Resolution. The copy of the Letter of Appointment of Smt. Anju R. Innani as the Managing Director of the Company is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all days except Saturday, Sunday and public holidays upto the date of Annual General Meeting.

Item No. 5:

The present term of office of Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company will expire on October 20, 2006. The Board of Directors in its Meeting held on June 27, 2006 has as per the recommendation of the Remuneration Committee approved, subject to the approval of the members in the General Meeting, the re-appointment of Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company for a further period of 3 (Three) years with effect from October 21, 2006 i.e. for the period from 21st October 2006 to 20th October 2009.

The broad particulars of remuneration payable to and the terms of re-appointment of Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company are given in the resolution at Item no.5

The re-appointment of Shri Umanath R. Agarwal would require the consent of the Shareholders of the Company pursuant to Sections 269, 309, 310, 311 and other applicable provisions of the Companies Act, 1956 and subject to the limits of Schedule XIII of the said act. The said resolution is therefore, recommended for your approval.

The explanatory statement and the resolution at Item No. 5 of the Notice is and may be treated as an abstract of the terms of re-appointment of Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company as required under Section 302 of the Companies Act, 1956.

As per the requirements of Schedule XIII to the Companies Act, 1956, the requisite information is given herein below in connection with the re-appointment of and payment of remuneration to Shri Umanath R. Agarwal as the Whole-Time Director designated as Executive Director of the Company.

I) General Information :

1. Nature of Industry: Non Banking Finance Company

2. Date of commencement of commercial production – Being an NBFC not applicable, The Company was incorporated on 29th July, 1985 and it commenced business activities after obtaining the certificate of commencement on 10th December 1985.

3. Financial Performance based on given Indicators:

(Based on Audited Statement of Accounts for the year ended 31st March 2006)

Particulars	Rs. in Lacs
Total Income	258.35
Operating Profit (Profit before Depreciation, Interest, Taxation)	152.51
Net Profit (Profit after Taxation)	112.54
Paid-up Share Capital	377.96
Reserves & Surplus	637.16
Basic and Diluted Earning per Share (Rs.)	2.98
Book Value per Share (Rs.) Face Value of Share – Rs. 10/-	26.86

4. Export Performance and Net Foreign Exchange Collaborations:

The Company's products are not exported. The Company has no Foreign Exchange Collaborations.

5. Foreign Investments or Collaborators: Not applicable.

II) Information about the Appointee -

1. Background Details:

Shri Umanath R. Agarwal, 51 years of age, is a commerce graduate and a Chartered Accountant. He is associated with the company for 10 years and has been its Executive Director since last 10 years.

2. Past Remuneration:

Name of Director	Designation	Salary	Perquisites
Shri. Umanath R. Agarwal	Executive Director	6.72	0.15

3. Job profile and his suitability:

Shri Umanath R. Agarwal, has been appointed as the Executive Director of the Company. He will carry out such duties as may be entrusted to him by the Managing Director but subject to the supervision and control of Board of Directors from time to time. He has 30 years experience in the fields of Capital Market, Merchant Banking, Leasing, Financial and Investment Activities. His sincere efforts and dedication have been a major source for the growth of the Company.

Taking into consideration his qualifications and expertise in the relevant fields, he is suited for the responsibilities assigned to him by the Board of Directors.

4. Remuneration proposed:

Since the same has already been explained in detail hereinabove, the same are not repeated.

5. Comparative Remuneration profile with respect to industry, size of the Company, profile of the position and person:

Considering the size of Company, the profile of Shri. Umanath R. Agarwal, the responsibilities shouldered by him and the industry benchmarks, the remuneration proposed to be paid to him is commensurate with the remuneration packages paid to similar appointees in other Companies.

6. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel: Besides the remuneration proposed to Shri Umanath R. Agarwal, he does not have any pecuniary relationship with the Company and its managerial personnel.

III) Other Information:

1. Reasons for loss or inadequacy of profits:

Company is a Non Banking Finance Company and makes investments in Shares, Mutual Fund Units and Portfolio Management Schemes. However, considering the volatility of the market, the net profit in future years may not be adequate. With a view to ensure payment of minimum remuneration to the Executive Director, the approval of the shareholders is sought.

2. Steps taken to improve the performance of the Company:

The Company's operating and business control procedures have been framed in order that they ensure efficient use of resources. The Company has invested its resources in various recognized Portfolio Management Schemes in order to procure the advantage of their strong Research Departments.

3. Expected Increase in Productivity:

This clause is not applicable as the Company is not a manufacturing Company.

4. Expected Increase in Profits in measurable terms:

Due to various steps taken by the Company and the buoyancy in the Capital Market profit during the year increased from 11.57 lacs during year ended 31st March 2005 to 112.54 lacs during year ended 31st March 2006. Indian economy is doing well and therefore it is expected that Capital Market shall remain buoyant and profitability should increase further. However, due to volatility in the Capital Market, it is difficult to ascertain the increase in the profits in measurable terms.

Shri Umanath R. Agarwal is concerned or interested in the Resolution concerning his appointment. Save as aforesaid, no other Director of your Company is concerned or interested in the Resolution. The copy of the Letter of Appointment of Shri Umanath Agarwal as the Whole-Time Director of the Company designated as Executive Director is available for inspection by the members of the Company at the Registered Office of the Company between 11.00 A.M. and 1.00 P.M. on all days except Saturday, Sunday and public holidays upto the date of Annual General Meeting.

For and on behalf of the Board

Place: Mumbai

Date: 27th June, 2006

ANJU R. INNANI
MANAGING DIRECTOR

DIRECTORS' REPORT

TO

THE MEMBERS

Your Directors have pleasure in presenting their Twentieth Annual Report on the operations of the Company, together with the Audited Accounts for the year ended March 31, 2006.

FINANCIAL RESULTS:

(Rs. in Lacs)

Particulars	Year Ended 31-03-2006	Year Ended 31-03-2005
Total income	258.35	156.27
Profit before Depreciation & Tax	152.51	50.56
Less: Depreciation	<u>36.32</u>	<u>38.04</u>
Profit before Tax	116.19	12.52
Less: Provision for Tax	3.00	0.95
Less: Provision for Fringe Benefits Tax	0.65	0.00
Balance carried to Balance Sheet	112.54	11.57

REVIEW OF OPERATIONS:

The total income for the year under review amounted to Rs. 258.35 Lacs compared to Rs. 156.27 Lacs in the previous year, which was mainly on account of Profit on Sale of Investments, Dividend, Sale of Shares, Interest etc. After deducting total expenditure including depreciation of Rs. 36.32 Lacs, the Company has earned Net Profit of Rs. 112.54 Lacs which has been carried to the Balance Sheet.

DIVIDEND:

With a view to conserve the financial resources for the future operations, your Directors thought it prudent not to declare dividend for the year ended 31st March, 2006.

PRUDENTIAL NORMS OF RBI:

The Company has followed the Prudential Norms of the Reserve Bank of India as are applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors to the best of their knowledge and belief confirm that:

- In the preparation of the annual accounts the applicable accounting standards have been followed except AS-15 regarding the liability for Gratuity & Leave Encashment are not provided on the basis of actuarial valuation.
- The Directors have selected such accounting policies and applied them consistently and made judgements 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 March 31, 2006 and of the Profit of the Company for the year ended on that date.
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the attached Statement of Accounts for the year ended March 31, 2006 on a going concern basis.

CORPORATE GOVERNANCE:

A separate section on Corporate Governance and a Certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under clause 49 of the Listing Agreement with the Stock Exchanges, form a part of the Annual Report.

MANAGEMENT DISCUSSION & ANALYSIS REPORT:

A report on the Management Discussion & Analysis is annexed herewith.

DIRECTORS:

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Anil M. Raika, Director of the Company, retires by rotation at the ensuing Annual General Meeting. He is eligible for re-appointment.

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The necessary resolution for the re-appointment of the aforesaid Director has been included in the notice convening the ensuing Annual General Meeting.

The term of office of Smt. Anju R. Innani as the Managing Director and Shri Umanath R. Agarwal as the Whole - Time Director designated as Executive Director expires on November 19, 2006 and October 20, 2006 respectively. The Board of Directors have, as per the recommendation of the Remuneration Committee, re-appointed Smt. Anju R. Innani and Shri Umanath R. Agarwal for a period of three years starting from November 19, 2006 and October 20, 2006 respectively, subject to the approval of the Shareholders at the ensuing Annual General Meeting.

A brief profile of these Directors is given in the Notes to the Notice of the ensuing Annual General Meeting.

The necessary resolution for the re-appointment of the aforesaid Directors has been included in the notice convening the ensuing Annual General Meeting.

Mr. Dinesh Innani resigned from the Directorship of the Company on 11th October 2005. The Board acknowledges the valuable contribution made by him towards the progress of the Company.

None of the Directors are disqualified from being appointed as Directors as specified in terms of Section 274(1)(g) of the Companies Act, 1956.

FIXED DEPOSITS:

The Company has not accepted any deposits from the public within the meaning of Section 58A of the Companies Act, 1956 and rules made thereunder.

AUDITORS:

M/s. Shankarlal Jain & Associates, Statutory Auditors of the Company, retire at the ensuing Annual General Meeting and are eligible for re-appointment. The retiring Auditors have furnished a certificate of their eligibility for re-appointment under Section 224(1B) of the Companies Act, 1956 and have indicated their willingness to continue in the said office.

AUDITORS' COMMENTS:

Observations, if any, made by the Auditors in their Report read with relevant notes as given in the Notes on Accounts annexed to the Accounts, are self explanatory and therefore do not call for any further comments under Section 217 (3) of the Companies Act, 1956.

CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**(A) Conservation of Energy and Technology Absorption:**

The information required under the provisions of section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of the Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988 relating to the conservation of energy and technology absorption is not being given, since the Company is not engaged in any manufacturing activity.

(B) Foreign Exchange Earnings And Outgo:

Information regarding foreign exchange earnings and outgo is reported to be NIL for the year under review.

PARTICULARS AS PER SECTION 217(2A) OF COMPANIES ACT, 1956:

Statement containing particulars of employees as required under Section 217(2A) of the Companies Act, 1956, is not given as none of the employees of the Company is covered under the provisions of the said section.

ACKNOWLEDGEMENTS:

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from all organizations connected with its business during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of Executives and Staff of the Company. Lastly, your Directors are deeply grateful for the confidence and faith shown by the Shareholders of the Company in them.

For and on behalf of the Board

Place: Mumbai
Date: 27th June, 2006

ANJU R. INNANI
Managing Director

UMANATH R. AGARWAL
Executive Director