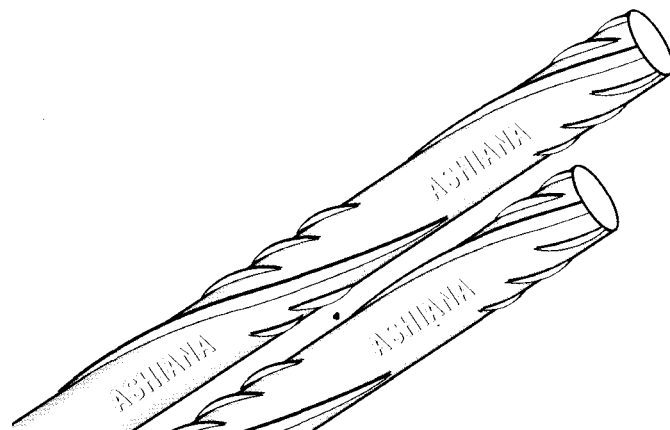
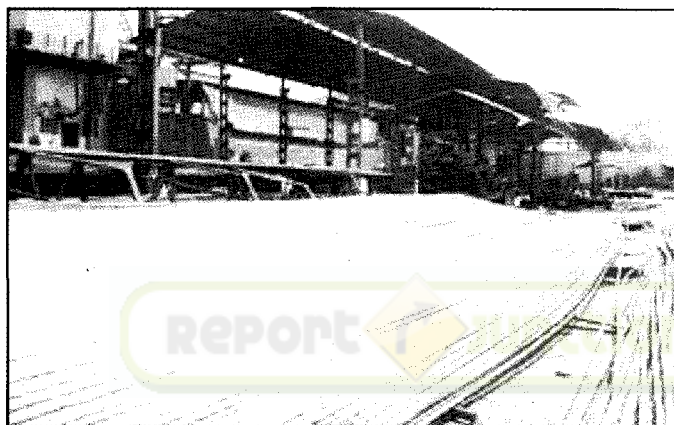


# 14th

## ANNUAL REPORT

### 2005-2006



# ASHIANA ISPAT LIMITED

(AN ISO 9001 : 2000 COMPANY)



**Works :** A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, District- Alwar, Rajasthan  
**Corporate Office :** C-9/25, Sector-8, Rohini, Delhi-110085

**Board of Directors :****Managing Director**

Mr. Naresh Chand

**Whole Time Directors**

Mr. Neeraj Jain

Mr. Puneet Jain

Mr. Sanjay Jain

**Independent Directors**

Mr. T.C. Kansal

Mr. A.K Sharma

Mr. R. K. Pal

Mr. R.P. Bansal

**Company Secretary:**

Md. Harun Rashid Ansari

**Auditors:**

M/s. S.Singhal &amp; Company

Chartered Accountants

E-127, Industrial Area,

Bhiwadi-301019, Distt. Alwar

Rajasthan

**Share Transfer Agents :**

Intime Spectrum Registry Limited

A-31, IIIrd Floor, Naraina Industrial Area

Phase-I, New Delhi-110028

Ph- 011-41410592-94

**Bankers:**

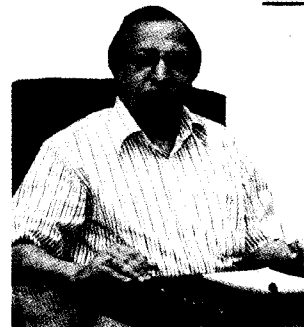
State Bank of Bikanet &amp; Jaipur

A-1/19, Safderjung Enclave

New Delhi-110029

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# Expression



**Naresh Chand Jain,**  
*Managing Director*

To our Shareholders

Dear Shareowners,

Please accept my heartiest welcome. Sir, financial year 2005-06 was about delivering value to our customers and shareholders. With the steps we have taken to improve our competitiveness, we were well equipped to adjust with the fluctuation in the steel industries that took place during the financial year 2005-06. The result: record sales and strong earnings growth, despite unprecedented high raw material costs. Our improved performance has been noted by leading business media. We achieved record sales of Rs. 11775.48 lacs, 18.39% higher than 2005, while net income of Rs. 63.62 lacs nearly 72.60%, compared to the previous year. We closed the year with our consecutive year of double-digit growth.

Earning per share also shown improvement during the year under review. Market value of share has also performed well. We are also moving towards long-term strategy to make the shareholders in better position and increasing the shareholders value.

## Industry Scenario:

Our country is moving ahead to become a developed nation by 2020 with expected per capita GDP of \$1500. Steel is yet to touch the lives of millions of people in India. Per capita consumption of steel in India is only 29 kg and has to go a long way to reach consumption levels of around 400 kg in developed countries like USA and world average of 140 kg. There is abundant availability of iron ore resources and well-established base for steel production in the country; steel is poised for growth in the coming decades. Production has increased from 17 MT in 1990 to 36 MT in 2003 and 66 MT is targeted for 2011. While steel will continue to have a stronghold in traditional sectors such as construction, housing, ground transportation. Steel will continue to be the most popular, versatile and dominant material for wide ranging applications.

## Our presence:

Ours products are sold under highly competitive conditions. We compete with a number of companies, some of which have greater financial and other resources. Competitive factors include product quality, price, delivery, and ability to manufacture to customer specifications. The quantity of engineered steel bars

manufactured by us represents a small percentage of annual domestic production. But still we have succeeded to influence the market. The reason behind the continuous growth is due to having unparalleled energy, enthusiasm, passion and excitement of the people here, and the sense that they can do anything. In our team everybody competes, not against each other, but against everyone in the marketplace. To keep the moto of each consecutive year growth we have to be as hungry tomorrow as we were yesterday for growth and growth with disciplined.

## Future outlook and Growth strategy

Ashiana Ispat Limited is determined to emerge as a major domestic player among the private sector units. We have drawn a directional roadmap for the current financial year. The major goals/objectives of the Plan drawn by us are to continue to be mainly in the business of steel and steel-related activities, increase our market share and grow by focusing on increasing share in growth segments, and to aim at achieving international/national benchmarks on production cost and consumption ratios especially in new units, with due allowance for prevailing conditions, technology faculties, inputs, etc. We have some concrete proposal for expansion, which will be shared with you in due course of time. Ashiana continues to beat its competition in the marketplace. We have plans to improve our competitive edge by upgrading capability and service to our customers; expanding its value-added products and markets; and enhancing its product reliability and consistency and striving to increase the shareholders value.

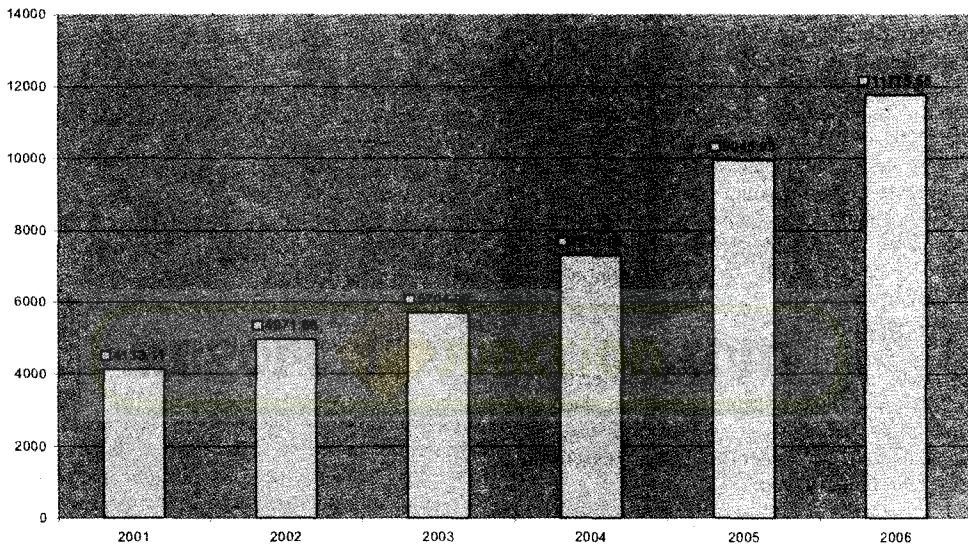
With regards

**(Naresh Chand)**  
Managing Director

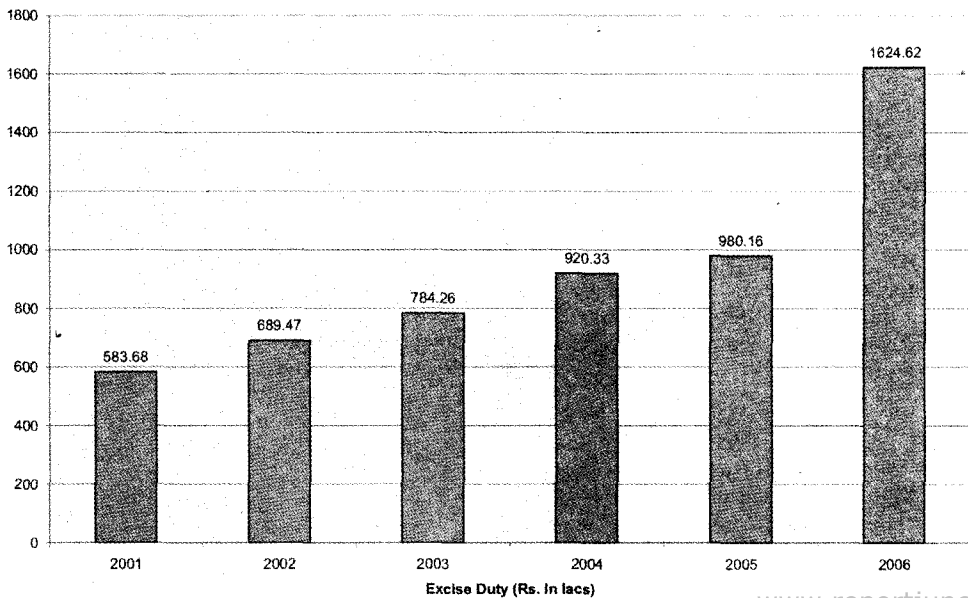
**STRONG, CONSISTENT GROWTH**

	31.03.2001	31.03.2002	31.03.2003	31.03.2004	31.03.2005	31.03.2006
<b>Sale</b>	4133.11	4971.86	5704.06	7311.01	9945.93	11775.55
Contribution in Govt. Revenue (Excise Duty)	583.68	689.47	784.26	920.33	980.16	1624.62
PBT	9.79	23.17	25.10	43.25	63.90	88.12

Strong Consistent Growth in Turnover (Rs. In Lacs)



Contribution in Govt. Revenue





**Notice**

NOTICE is hereby given that the FOURTEENTH ANNUAL GENERAL MEETING of the Shareholders of ASHIANA ISPAT LIMITED will be held on Monday, the 25th day of September, 2006 at 11.00 A.M. at the Registered Office of the Company at A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist. Alwar-Rajasthan, to transact the following business :

**ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2006 and the Balance Sheet as at that date, together with the Report of the Board of Directors & the Auditors thereon
2. To appoint a Director in place of Mr. Tarachand Kansal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Rajender Prarshad Bansal who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Auditors of the Company and fix their remuneration. M/s. S. Singhal & Company, Chartered Accountants, Bhiwadi retire at the Annual General Meeting and being eligible offer themselves for re-appointment.

**SPECIAL BUSINESS :**

5. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT consent of the company be and is hereby accorded to carry on the business of importers, exporters, buyers, sellers, and deals in traditional and / or online mode of trading of ferrous, non ferrous metals including lead, gold, silver and others commodities as specified in the main object clause of the Memorandum of Association of the Company.

"RESOLVED THAT consent of the company be and is hereby further accorded to carry on business of electrical engineers and goods related thereto as specified in Sl. no. 3 of the main object clause of the Memorandum of Association of the Company. Resolved further that on line trading business of all commodities & electrical goods done by the company during the year 2005-06 be and is here by rectified and confirmed.

6. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT in accordance with the provisions of Sections 269,309,310,314 and other applicable provisions, if any and schedule XIII of the Companies Act, 1956 and subject to such approvals of the Central Government, if any, the consent of the company be and is hereby accorded to the revision in the remuneration of Mr. Naresh Chand, Managing Director from Rs.35000.00 (Rs. Thirty Five thousand only) monthly

to Rs. 50,000.00 (Rs. Fifty Thousand only) per month w.e.f. 1st April 2006.

"RESOLVED FURTHER THAT THE Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration being paid/ to be paid to Mr. Naresh Chand, Managing Director within the limits specified under the schedule XIII and provisions of the Companies Act, 1956"

7. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT in accordance with the provisions of Sections 269,309,310,314 and other applicable provisions, if any and schedule XIII of the Companies Act, 1956 and subject to such approvals of the Central Government, if any, the consent of the company be and is hereby accorded to the revision in the remuneration of Mr. Neeraj Jain, Whole time Director from Rs.35000.00 (Rs. Thirty Five thousand only) monthly to Rs. 50,000.00 (Rs. Fifty Thousand only) per month w.e.f. 1st April 2006.

"RESOLVED FURTHER THAT THE Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration being paid/to be paid to Mr. Neeraj Jain, Whole time Director within the limits specified under the schedule XIII and other provisions of the Companies Act, 1956.

8. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT in accordance with the provision of Sections 269,309,310,314 and other applicable provisions, if any and schedule XIII of the Companies Act, 1956 and subject to such approvals of the Central Government, if any, the consent of the company be and is hereby accorded to the revision in the salary of Mr. Puneet Jain, Whole time Director from Rs.35000.00 (Rs. Thirty Five thousand only) monthly to Rs. 50,000.00 (Rs. Fifty Thousand only) per month w.e.f. 1st April 2006.

"RESOLVED FURTHER THAT THE Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration being paid/to be paid to Mr. Puneet Jain, Whole time Director within the limits specified under the schedule XIII and other provisions of the Companies Act, 1956.

9. **To consider, and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution.**

"RESOLVED THAT in accordance with the provisions of Sections 269,309,310,314 and other applicable provisions, if any and schedule XIII of the Companies Act, 1956 and subject to such approvals of the

**ASHIANA ISPAT LIMITED**

Central Government, if any, the consent of the company be and is hereby accorded to the revision in the salary of Mr. Sanjay Jain, Whole time Director from Rs.35000.00 (Rs. Thirty Five thousand only) monthly to Rs. 50,000.00 (Rs. Fifty Thousand only) per month w.e.f. 1st April 2006.

“RESOLVED FURTHER THAT THE Board be and is hereby authorized to alter and vary any of the terms and conditions relating to the remuneration being paid/to be paid to Mr. Sanjay Jain, Whole time Director within the limits specified under the schedule XIII and other provisions of the Companies Act, 1956

By Order of the Board  
Place: Bhiwadi For ASHIANA ISPAT LIMITED

Sd/-  
(Naresh Chand)  
Dated: 30th June, 2006 Chairman & Managing Director

**NOTES :**

- a. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.
- b. The instrument(s) appointing the proxy, if any, shall be delivered at the Regd. Office of the Company at A-1116, Phase-III, RIICO Industrial Area, Bhiwadi-301019, Dist. Alwar- Rajasthan, not less than forty eight (48) hours before the commencement of the Meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
- c. The relative explanatory statement pursuant to Section 173 of the Companies Act, 1956 in respect of the businesses under items 5 to 9 set out above is annexed hereto.
- d. The Register of Members and Share Transfer Books of the Company will remain closed from 20th September 2006 to 25th September 2006 (both days inclusive).
- e. Members are requested to intimate the Registrars and Share Transfer Agents of the Company M/s. Intime Spectrum Registry Limited, III Floor, Naraina Industrial Area, Phase-III, New Delhi, immediately of any change in their address in respect of equity shares held in physical mode and to their Depository Participants (DPs) in respect of equity shares held in dematerialized form.
- f. Members desirous of having any information regarding Accounts are requested to address their queries to the Manager (Finance & Accounts) at the Registered Office of the Company at least seven days before the

date of the meeting, so that the requisite information is made available at the meeting.

- g. Members holding Share certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant Share certificates to the Registrars and Share Transfer Agents of the Company.
- h. Members/Proxies are requested to bring the attendance slip duly filled in.
- i. As an austerity measure, copies of Annual Report will not be distributed at the Annual General Meeting. Members are requested to bring their copies to the meeting.

**EXPLANATORY STATEMENT:**

The Explanatory Statement pursuant to section 173 (2) of the Companies Act, 1956 for item numbers 5 and 9 of the accompanying notice is as under :

**ITEM NO. 5**

Presently company is engaged in the business of manufacturing and trading of iron materials. Main object clause of Memorandum of Association of the company allows dealing in other ferrous and non-ferrous metals like gold, silver and other commodities. National/ International commodity exchanges like NCDEX, MCX, COMEX etc. have opened news opportunity in the country, which has edge over traditional mode of business. To equip and adopt the new technology Board of Directors of the company decided to do the business electronically as mentioned in the main object clause of the company. This will enable the company to carry on its business economically and efficiently and the proposed activities can, under the existing circumstances, be conveniently and advantageously combined with the present activities of the company. This will also enlarge the area of operation of the company. The Directors commend this resolution for approval of the shareholders. None of the directors is concerned or interested in the resolution.

**ITEM NO. 6, 7, 8 & 9**

Perquisites and allowances:

- a. The perquisites and allowance, if payable, to the Managing Director, Whole time Directors, shall include accommodation (furnished or otherwise) or house rent allowance in lieu thereof, house maintenance allowance together with reimbursement of expenses and/or allowance for utilization of gas, electricity, water, furnishing and repairs, medical reimbursement, leave travel concession for self and family including dependents, club fees, medical insurance and such other perquisites and allowance subject to an overall ceiling of remuneration stipulated in Section 198,309 and other applicable provision of the Companies Act, 1956.
- b. For the purpose of calculating the above ceiling, perquisites and allowance shall be evaluated as per

Income Tax Rules, wherever applicable. In the absence of any such Rules, perquisites and allowances shall be evaluated at actual cost, Provision for use of Company's car for official duties and telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the said ceiling.

- c. Company's contribution to provident fund and Superannuation and pension Fund to the extent these either singly or together are not taxable under the Income Tax Act, Gratuity Payable as per Rules of the Company and encashment of leave at the end of the tenure, shall not be included in the computation of limits for the remuneration or perquisites aforesaid.
- d. The Managing Director, Whole Time Directors shall, subject to the supervision and control of the Board of Directors, be entrusted with such powers and perform such duties, as may, from time to time, be delegated / entrusted to them.
- i) The Managing Directors shall be vested with substantial powers of the Management of the day-to-day affairs of the company subject to the supervision and direction of the board of Directors of the Company.
- ii) The Whole time Directors shall be vested with substantial powers of the Management of the day-to-day affairs of the company subject to the supervision and direction of the board of Directors and Managing Director of the Company.
- iii) The Managing Director & Whole Time Director will devote his time and efforts for the business of the company.
- iv) The following disclosures are being made in this Explanatory Statements in compliance with Paragraph 1 (C) of Section II in Part II of Schedule XIII to the Companies Act 1956.

#### General information :

- (a) The Company was incorporated in the year 1992 with the main object of carrying the business of iron and steels and other products.
- (b) Operational performance of the company for the financial year 2004-05 and 2005-06 is as follows:

Particulars	2005-06	2004-05
Gross Sales and other Income	12056.11	9950.16
Profit Before tax	88.12	63.90
Profit after tax	63.62	36.87
Paid up equity Capital	422.17	422.13
Reserve and surplus	141.99	78.99
Basic Earning per share (Rs.)	1.60	0.93

- (c) The company has not earned any foreign exchange during the financial year 2004-05 and 2005-06  
Information about appointee:

**Mr. Naresh Chand** is the Managing Director of Ashiana Ispat Limited. He possesses a wealth of knowledge and experience concerning steel industry. He is a flamboyant Indian entrepreneur with a seemingly insatiable appetite for starting new businesses. Mr. Jain is continuously seeking new business opportunities and loves a good challenge. He looks after the management and administration of the company under the overall supervision, control and the direction of the Board of Directors. There has been a tremendous growth in the operations of the company during his tenure due to his competence and experience.

**Mr. Neeraj Kumar Jain** is the Whole time Director of Ashiana Ispat Limited. He has more than 20 years experience concerning steel industry. He is young and dedicated entrepreneur with a seemingly insatiable appetite for doing distinguished work. He looks after the purchasing of raw materials and maintains excellent level of inventory as per the need and market situation. There has been a tremendous improvement in maintaining the inventory level during his tenure due to his competence and experience.

**Mr. Puneet Jain:** He has been involved with iron and steel industry since the beginning of his career. For the past 15 years, he has been instrumental in the development and production of high quality of steel, their processing, improvement in their properties, and preparation of specifications for their usage. He has also assisted in marketing and brand building of the products. He has also substantial expertise and training in organizational psychology, management of organizations, and recruitment, training and retention of staff. His enthusiastic manner and knowledge have won him respect from his staff and colleagues. He sees dreams of development, takes action to translate the dream into reality and keeps the wheel of development moving ahead beyond imagination.

**Mr. Sanjay Kumar Jain :** He has specialized in operations process improvement, cost and spend rationalization, and enhanced resource utilization. During his career he has been associated with iron and steel industry in different capacities. Presently he is looking after the production and ensuring the production of high quality of HSD Bar.

Taking into account financial position of the company, trend in the industry, their qualifications and experiences, remuneration as set out in the resolution are considered to be just, fair and reasonable.

Details of remuneration paid to them are give below :

Name of Person	Current Year	Previous Year
Naresh Chand	420000	420000
Neeraj Kumar Jain	420000	420000
Sanjay Kumar Jain	360000	300000
Puneet Jain	420000	420000

Besides their remuneration, they do not have any other pecuniary relationship with company.

**Other Information :**

- a. Currently, the company is performing well. However, in the event of unforeseen circumstances and conditions beyond the control of the company, the profitability of the company may be affected.
- b. The Company is looking at new business opportunities and markets to grow.
- c. The company is expected to perform well in future.

**Disclosure :**

- a. The shareholders are being informed of the remuneration package by way of explanatory statement as given above.
- b. The details of remuneration etc. are also included in the Corporate Governance Report forming part of the Annual Report of the Company.
- c. Mr. Naresh Chand, Mr. Puneet Jain and Mr. Neeraj Kumar Jain and Mr. Sanjy Jain are relatives. They may be concerned or interested in passing of the resolution.

The terms and conditions of remuneration as set out above may also be treated as an abstract of the agreement between the Company and Mr. Naresh Chand, Managing Director, Mr. Neeraj Kumar Jain, Mr. Puneet Jain and Mr. Sanjay Jain Whole Time Directors pursuant to Section 302 of the Companies Act, 1956.

The Resolution regarding the remuneration of Mr. Naresh Chand, as the Managing Director and Mr. Neeraj Kumar Jain, Mr. Puneet Jain and Mr. Sanjay Jain as the Whole Time Directors of the company is concerned for acceptance by the members.

Place: Bhiwadi

By Order of the Board  
For ASHIANA ISPAT LIMITED

Sd/-

(Naresh Chand)

Dated: 30th July, 2006

Chairman &amp; Managing Director



**Directors' Report**

Dear Members,

Your Directors are pleased to present the Fourteenth Annual Report of your Company along with the Audited Accounts for the year-ended 31st March, 2006.

**Financial results:**

Sl. No.	Particulars	2005-2006	2004-2005
1	Gross Sale	11775.48	9945.92
2	Profit before interest and Depreciation	294.57	184.75
3	Interest	126.03	56.67
4	Depreciation	80.42	64.18
5	Profit/ (Loss) for the year before tax	88.12	63.90
6	Balance (Cr.) brought forward from the previous year	78.99	43.09
7	Balance (Dr.) carried forward to the Balance Sheet	141.99	78.99

**DIVIDEND:**

The Board of Directors has not recommended any dividend and transferred all the distributable profit to the general reserve account of the company.

**Performance of the Company:**

This year, your Company has again given a tremendous performance. The turnover of your company has increased by 18.39% from Rs.9945.92 lacs in the last financial year to Rs.11775.48 lacs in the current financial year. The net profit of the company has also increased by 72.60% from Rs.36.86 lacs in the previous year to Rs.63.62 lacs in the current year. It is a matter of satisfaction for all of us that profitability of the Company has shown improvement during the year under review.

On account of thrust on infrastructure development and promotion of housing sector including participation through foreign direct investments, the demand and prices of restructural bar see better future ahead.

The year 2005-06 saw an accelerated growth in the Indian commodity market. Various opportunities, where we have seen increasing investment activity were on line trading of precious and non precious metal. The promoters of the company has decade long experience in the metal market and also having a team of qualified professional therefore earned a substantial amount of profit during the year under consideration from the online trading of metal(s).

**CAPITAL STRUCTURE:**

During the year under review, the share capital of your company remained unchanged.

**FIXED DEPOSITS**

Your Company has not accepted any Fixed Deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Non- Banking Non- Financial Companies (Reserve Bank

Directions, 1966 and Companies (Acceptance of Deposits) Rules, 1975.

**DIRECTORS**

Mr. Tarachand Kansal and Mr. Rajender Parshad Bansal, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. The proposals regarding their re-appointment as Directors are placed for your approval.

Mr. S.S. Jain has served as a senior member, patron of the Board of Directors of the company since 1996. Whereas he decided sense of purpose, enthusiasm; and great sense of humor have advanced and enlivened the deliberations of this board; his verve and wit have added to the enjoyment of carrying out its business. His foresight ness and vision played crucial role to achieve the goal of the company. We would not have achieved the goal without his blessings. Now therefore, at the conclusion of his tenure, the Board takes the opportunity to express heartfelt thanks for his significant contributions and places on record its sincere appreciation for the services rendered by him towards the success of this company.

**AUDITORS**

M/s. S. Singhal & Co., Chartered Accountants. of Bhiwadi, Alwar, Rajasthan, Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and have confirmed their eligibility and willingness to accept the office of the Auditors' if approved.

**LISTING OF SECURITIES:**

Shareholders in their Annual General Meeting held on 30.08.2003 approved the proposal fro delisting the shares from the Magadh Stock Exchange Association Limited, Patna, The Delhi Stock Exchange Association Limited, Delhi, and the Jaipur Stock Exchange Limited, Jaipur except the Stock Exchange Mumbai, Mumbai.

**DEPOSITORY SYSTEM:**

As per SEBI Guidelines to have a common share transfer agent for all of the works related to physical and Demat form of shares, M/s. Intime Spectrum Registry Limited, A-31, IIIrd Floor, Naraina Industrial Area, Phase-I, New Delhi-110028, Ph-011-41410592-94 has been working as share transfer agent. All the members are requested to contract them for any kind of share related matter and grievances.

**CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION**

Particulars of Energy Conservation/ Technology Absorption and Foreign Exchange earnings and out go as per Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given as an Annexure to this report.

**PARTICULARS OF EMPLOYEES**

Particulars of employees under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules 1975, are not applicable because none of the Directors or employees of the Company getting remuneration exceeding the limit prescribed therein.

**THE CORPORATE GOVERNANCE CODE**

Implementation of Corporate governance is a turning point in bringing the transparency in the regulation and administration of corporate matters. We have implemented the corporate governance in spirit having vision to bring the complete discipline between the function and corporate regulation.

As a proactive step your Company has been following the Corporate Governance practices like striking out reasonable balance in the Composition of Board of Directors, setting up Audit Committee and other Business Committees, adequate disclosures and business to be deliberated by the Board etc, even before the code became mandatory applicable. A Report in line with the requirements of clause 49 of the Listing Agreement on the Corporate Governance practices followed by the Company and the Auditors' Certificate on Compliance of mandatory requirements along with Management Discussion and Analysis, are given as an annexure to this report.

**OBSERVATION OF THE AUDITORS IN THE ANNUAL ACCOUNT**

The auditors' report on the accounts of the Company is self explanatory

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT:**

The report as required under the listing agreements with the Stock Exchanges is annexed and forms part of the Directors' Report

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirements under Section 217 (2AA) of the Companies Act, 1956 your Directors hereby state and confirm that:

On the basis of the consultation with the finance executive of the company and subject to disclosures in the Annual accounts, as also on the basis of the discussion with the Statutory Auditors of the Company from time to time, we state

- i. that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures wherever applicable;
- 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 at the end of the financial year and of the profit or loss of the Company for that period;

- 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, if any;
- iv. That the Directors have prepared the annual accounts on a going concern basis.

**CEO CERTIFICATION:**

Managing Director and Manager Finance & Accounts have certified to the Board that:

1. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:
  - a) These statements do not contain any materially untrue statement or omit any material fact contain statements that might be misleading.
  - b) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year, which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
4. We have brought in notice to the auditors and the Audit Committee all the material transaction which have substantial effect on the financial health of the company

**ACKNOWLEDGMENT :**

The Company places on record its deep appreciation of the devoted services of the loyal workers, executives and other staff of the Company who have contributed in no small measure to the performance and the Company's inherent strength. Grateful thanks are also due to our Bankers State Bank of Bikaner & Jaipur and Shareholders' appreciation of the managements' efforts at the General Meetings of the Company and otherwise, is a great fillip to strive for better performance year after year.

Place: Bhiwadi

*For and on behalf of the Board of Directors*

Sd/-

(Naresh Chand)

Chairman & Managing Director

Dated: 30.06.2006