



BOARD OF DIRECTORS**MR. C. CRAMER**

Chairman

MR. JAIRAJ SINGH

Managing Director

MR. G. G. BOWE**MR. R. P. SINGH****MR. RAJIV K. LUTHRA****MR. VIJAY MATHUR****COMPANY SECRETARY**

MR. A. MATHUR

AUDITORS**DELOITTE HASKINS & SELLS**

3rd Floor, MCT House

One Okhla Centre, Block A, Okhla Institutional Area

New Delhi - 110 025

Phone : 011-55622000

Fax : 011-55622012

REGISTRARS**CB MANAGEMENT SERVICES (P) LTD.**

P-22, Bondel Road, Kolkata - 700 019

Phone : 033-22806692-93-94

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REGISTERED OFFICE

'AVERY HOUSE' 28/2 Waterloo Street, Kolkata - 700 069

Phone : 033-22488121-3

Fax : 033-22485675

HEAD OFFICE AND WORKS

Plot Nos. 50-59, Sector - 25, Ballabgarh - 121 004 (Haryana)

Phone : 0129-4094400

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REPORT OF THE DIRECTORS

The Directors of Avery India Limited present their Report together with the Audited Accounts of the Company for the year ended 31st March 2006.

FINANCIAL PERFORMANCE

(Rs. in '000)

| | For the year ended | |
|--|--------------------|-----------------|
| | 31st March 2006 | 31st March 2005 |
| The Net Profit for the year is | 49,144 | 40,127 |
| Prior period adjustments, | - | 142 |
| Provision for Taxation, | 10,800 | 8,320 |
| Deferred Tax Charge/(Credit), | (10,640) | 2,360 |
| Provision for Fringe Benefit Tax and | 2,810 | - |
| Prior year tax adjustments absorb | - | 3,699 |
| Leaving a balance of Profit/(Loss) of | 46,894 | 25,606 |
| Which is proposed to be appropriated as follows: | | |
| Transfer from/(to) Bad Debt Reserve | - | 36,163 |
| Transfer from/(to) Capital Redemption Reserve | - | 4,705 |
| Transfer from/(to) General Reserve | (40,000) | (50,000) |
| Balance carried forward | 6,894 | 7,064 |

DIVIDEND

Your Directors do not recommend any dividend for the year ended 31st March 2006 in their efforts to consolidate Company's financial position.

SALES

Sales for the year ended 31 March 2006 were at Rs. 726 million as compared to Rs. 735 million in the previous year. Fuel dispensing pumps business is tender based and in competitive bidding of tenders your company did not receive any order during the year. High rates of VAT applicable in Haryana and absence of effective tariff barrier on imports have broadened the competition and had adverse impact on sales.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY STRUCTURE AND DEVELOPMENT

There are a number of national and multinational players in organized sector besides a large number of small manufacturers in unorganized sector in industrial segment of weighing industry which continues to be dominated by weighbridges. Your Company has presence in the high technology products area of industrial segment such as process weighing, in-motion weighing, and load cell manufacturing etc. where there are only a few players.

In retail segment also there is large number of manufacturers in organized and unorganized sector. Due to ineffective tariff barrier against cheaper imports, there are a number of foreign suppliers / importers in this segment. In fuel dispensing pumps segment, Apart from four PSU Oil Companies, there are only two private sector buyers i.e. Essar and Reliance. However, private sector buyers import fuel dispensing pumps and do not buy from any Indian Company.

SEGMENT-WISE PERFORMANCE

Your Company operates in two business segments namely Weighing Machines and Fuel Dispensing Pumps. Performance of the Company in Fuel Dispensing Pumps segment was much lower and performance in Weighing

Machine segment was better in 2005-06 as compared to performance in 2004-05.

FINANCIAL PERFORMANCE

During the financial year under review, the Company achieved a profit of Rs. 49 million as against Rs. 40 million in the previous year. After provision for Income Tax, Deferred Tax Credit and provision for Fringe Benefit Tax your Company's profit after tax for 2005-06 is Rs. 47 million as against Rs. 26 million for 2004-05.

Profit on sale of investments and write back of provision for impairment of investment relating to investment in shares of Schenck Avery Ltd as well as higher interest income are the major constituent of other income of Rs. 87 million in 2005-06 as against other income of Rs. 46 million in the previous year.

OPERATIONAL PERFORMANCE

During the year Material & Manufacturing expenses were Rs.296 million as against Rs.330 million in the previous year. Raw material cost, particularly Steel is one of the major items of expense in the manufacture of weighing machines and fuel dispensing pumps. During the year steel prices have marginally come down and have stabilized whereas Power & Fuel cost has continued its upward march. Employees Cost and Administrative & other expenses have almost remained the same as last year except for Voluntary Retirement scheme expenses which has gone up to Rs. 87 million from Rs. 4.6 million in previous year

RISKS AND CONCERNS

Growing competition and cheaper imports are major cause of concern. The present Tax Structure also is in favour of imports. Once the VAT gets implemented in all the states and VAT credit is available across the states, tariff barrier will become effective and Indian Manufacturers will have a level playing field.

OPPORTUNITIES, THREATS AND OUTLOOK

The Company is looking forward to capitalize the opportunities emerging due to increasing growth of ERP package implementation and software integration in more and more organizations. Focus will be more and more to sell weighing systems rather than to sell merely the machine as the margins are better for providing complete solution for integrating weighing with the system of the customer. In house load cell manufacturing facility, software development facility and access to sophisticated technology of Avery Weigh-Tronix group are the key components of your Company's competitive edge.

Process weighing segment is promising area for future growth in which the Company has only small presence so far. The Company is working on improving its market share in this segment and is in dialogue with Merrick Industries, U.S.A. for the same. Merrick is one of the world leaders in process weighing.

INTERNAL CONTROL SYSTEMS AND ADEQUACY

The Company has an adequate internal control system and this is periodically reviewed for effectiveness. The Company also has in place an Internal Audit team focusing on the processes and controls. The Internal Audit team carries out a well organized audit plan of all locations every year and reviews implementation and effectiveness of internal control systems. Internal Audit suggests improvements to strengthen internal controls and contributes to waste reduction & cost saving. The



findings of the team are reviewed at regular intervals with top management and key observations are discussed for implementation / correction.

HUMAN RESOURCE

Your Company has entered in to a fresh agreement with the Employees Federation for three years from April 2005 to March 2008. Industrial Relations remained harmonious and cordial during the year. Your Directors wish to convey their appreciation for valuable contribution made by employees at all levels. During the year Company paid a sum of Rs. 87 million under Voluntary Retirement Scheme to the employees who opted for the Scheme. As on 31st March 2006 your company had 737 employees.

PARTICULARS OF EMPLOYEES

The Particulars of Employees in accordance with Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended, are annexed.

INSURANCE

All the assets of your Company including plant & Machinery, Building, Equipment etc. have been adequately insured.

RESEARCH & DEVELOPMENT

Your company is working on development and improvement of its products range such as new models of Filling Machines, Retail Scales, Weighbridge, Hybrid Kit, Digitizer etc. Your Company is also working on development of Load Cells for various applications such as Platform Scales and Retail Scales etc. under the technology transfer from Avery Weigh-Tronix.

ASSOCIATE COMPANY

M/s. Schenck Avery Limited (SAL) has not been doing well and has accumulated substantial loss in last few years. Value of SAL share has considerably eroded and your company was not getting any return on the investment therefore your Company has sold entire holding of 997,994 shares of Rs. 10/- each to M/s Carl Schenck, Germany @ Rs. 15/- per share aggregating to Rs.14,969,910/- .

The other associate company Salter India Pvt. Ltd.(SIPL), which manufactures tubular spring balances and suspended spring dial scales has continued to do well. Annual Accounts of SIPL for 2005-06 are under finalization. Unaudited results of SIPL indicate Sales of Rs.74.5 million and Profit before tax of Rs. 16.9 million during financial year ended 31st March 2006.

DIRECTORS

Mr. Rajiv K Luthra was appointed as additional director in the Board Meeting held on 28th October 2005. Mr. Luthra is Managing Partner of M/s Luthra & Luthra Law Offices. Mr. Luthra has experience of over 20 years in advising clients on a vast range of complex commercial transactions involving tax and a multitude of corporate and civil law issues. The Company will be immensely benefited from his vast experience.

Mr. Vijay Mathur was appointed as additional director in the Board meeting held on 28th April 2006. Mr. Mathur of the Indian Revenue Service is the former Director General of Income-Tax (International Taxation). He has held various senior positions and has experience of thirty five years of work in Income -tax Department. He has taken retirement from Income-tax Department recently and is now an advisor/consultant in all tax related matters. The Company will be immensely benefited from his vast experience.

Mr. A S Mitra and Mr. S Ghosh resigned from the Board during the year under report. Your Directors take this opportunity to place on record their deep appreciation for the valuable guidance and unstinted support given by them during their association with the Company.

Mr. C Cramer retires from the Board of Directors by rotation in accordance with the provisions of the Articles of Association of the Company and is eligible for reappointment.

AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, retire as Auditors at forthcoming Annual General Meeting and have indicated their willingness to be reappointed as Auditors. Observations made in the Auditors Report read with schedule Q- Notes to the financial statements are self explanatory and therefore, do not call for any further comments under Sec. 217 (3) of the Companies Act, 1956.

DIRECTOR'S RESPONSIBILITY STATEMENT

Your Directors confirm:

- (i) that in the preparation of the annual accounts, the applicable accounting standards issued by the Institute of Chartered Accountants of India have been followed;
- (ii) accounting policies are applied consistently; judgments and estimates made 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 ended 31st March 2006 and the profit of the Company for that year;
- (iii) sufficient care has been taken 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,
- (iv) annual accounts are prepared on going concern basis.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the Report on Corporate Governance is given in the Annexure to the Directors Report.

CODE OF CONDUCT

The Board has laid down a code of conduct for all Board members and senior management of the company. All Board members and senior management personnel have complied with the code during the year under report.

ENERGY & FOREIGN EXCHANGE

The particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo, as required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are annexed.

APPRECIATION

Customers, Shareholders, Suppliers, Bankers, State & Central Government and Avery Weigh-Tronix, the Promoter & Foreign Collaborator of the Company have continued to extend their cooperation and support to your Company. Directors sincerely appreciate their cooperation and unstinted support.

By Order of the Board

New Delhi
28th April, 2006

C. CRAMER
Chairman

ANNEXURE TO THE BOARD OF DIRECTORS' REPORT TO THE SHAREHOLDERS

Information in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 and forming part of the Directors' Report for the period ended 31st March 2006.

A. CONSERVATION OF ENERGY :

- a) Measures taken to conserve energy.
 - Company makes all endeavors for optimum utilization of high-energy consumption equipment like Central Air-conditioning Plant etc. Manufacturing process of the company is not very energy intensive. Maintenance of Generator Sets, Central Air-conditioning Plant, Sub-station equipment, etc is done on regular basis for conservation of energy.
 - No major investments and proposals are envisaged.
- b) Additional investment and proposals, if any, being Implemented for reduction of consumption of energy.
- c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods.
 - The steps enumerated above are expected to result in saving of energy and consequent reduction in manufacturing cost.

B. TECHNOLOGY ABSORPTION :

Research & Development

1. Specific areas in which R&D carried out by the Company.
 - Development of new products in weighing and fuel dispensing pumps segment. Improvement in existing products.
2. Benefits derived as a result of the above R&D.
 - R & D benefit the company by keeping abreast with the changing market needs with technology enhancement as well as helps in Import substitution, which leads to reduction in cost and enables more effective utilization of manpower.
3. Future plan of Action
 - Consolidation of Digital cell technology. Augmenting existing range of Fuel Dispensing Pumps and Improvement in weighbridge design is planned.
4. Expenditure on R&D
 - a) Capital
 - Rs. 4.45 million
 - b) Recurring
 - Rs. 8.53 million
 - c) Total
 - Rs. 8.97 million
 - d) Total R&D Expenditure as a percentage of total turnover
 - 1.24%
5. Technology Absorption, Adaptation & Innovation :
 - 1) Efforts in brief made towards Technology absorption, adaptation and innovation.
 - Technical information regarding new developments in weighing and sensor technology is regularly exchanged between our collaborator's Technical Department and us.
 - 2) Benefits derived as a result of the above efforts.
 - Improved productivity and quality improvement.
 - 3) Imported Technology
 - a) Technology Imported
 - Consolidation of technology previously imported from Avery Berkel.
 - b) Year of Import
 - 2000-2006
 - c) Has Technology been Fully absorbed.
 - Technology has been fully absorbed as per Technology Transfer Agreement.
 - d) If not fully absorbed, areas where this has not taken place and reasons thereof and future plan of Action.
 - Not Applicable

C. FOREIGN EXCHANGE EARNINGS AND OUTGO :

1. Activities relating to Exports : During 2005-06 Exports mainly comprised of load cells. Further efforts are being made to boost export of Load Cells.
2. Total Foreign Exchange used : Rs. 3.06 million
earned : Rs. 9.43 million

By Order of the Board

New Delhi
28th April, 2006

C. CRAMER
Chairman

ANNEXURE TO THE BOARD OF DIRECTORS' REPORT TO THE SHAREHOLDERS

Information as per Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended 31st March, 2006.

| Name | Designation of the Employee | Remuneration Received ** Rs. | Qualification and Experience of the Employee | Date of Commencement of Employment | Age | Details of Previous Employment | Period of Previous Employment |
|------------------|-----------------------------|---------------------------------|--|------------------------------------|-----|--|-------------------------------|
| Mr. Jairaj Singh | Managing Director | 5,598,862 | B.A. (Hon's) Economics 34 Years | 1st January, 2001 | 56 | Vice President, Indian Aluminum Company Ltd. | 1972 to Dec., 2000 |

- Notes: 1. Appointment is contractual
2. Mr. Jairaj Singh is not related to any other Director.
3. ** Remuneration received includes value of perquisites.

By Order of the Board

New Delhi
28th April, 2006

C. CRAMER
Chairman



REPORT ON CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement, the Report on Corporate Governance is given below:

1. Company's philosophy on Code of Governance

Avery's philosophy is to implement Corporate Governance practices to achieve excellence in chosen field and to conduct its business in a way which safeguards and adds value in the long term for the interest of shareholders, creditors, customers, employees and other stakeholders. Corporate Governance practices are aimed at assisting the top management of the Company to operate in regulatory framework and in compliance of applicable statutes.

2. Board of Directors

Four Board Meetings were held in the financial year 2005-2006 on 29/4/2005, 29/7/2005, 28/10/2005 and 27/1/2006. The Composition of the Board, attendance at the Board Meetings held and at last Annual General Meeting, number of Directorships and memberships/chairmanships in Indian Public Companies (including Avery India Ltd) are given below: -

| Name of Director | Category of Directorship | FY 2005-2006 Attendance at | | No. of Directorships | No. of Board Committees | |
|----------------------|---------------------------------|----------------------------|----------|----------------------|-------------------------|--------|
| | | Board Meetings | Last AGM | | Chairman | Member |
| Mr. C Cramer * | Promoter Non-Executive Chairman | 3 | Yes | 1 | 0 | 1 |
| Mr. Jairaj Singh | Managing Director | 4 | Yes | 1 | 0 | 1 |
| Mr. G G Bowe * | Promoter Non-Executive | 2 | No | 1 | 0 | 0 |
| Mr. A S Mitra # | Independent Non-Executive | 2 | Yes | 1 | 1 | 1 |
| Mr. M M Sabharwal # | Independent Non-Executive | 1 | No | 2 | 5 | 3 |
| Mr. S Ghosh # | Independent Non-Executive | 2 | Yes | 1 | 0 | 2 |
| Mr. R P Singh | Independent Non-Executive | 4 | Yes | 1 | 3 | 0 |
| Mr. Rajiv K Luthra @ | Independent Non-Executive | 1 | No | 5 | 0 | 4 |
| Mr. Vijay Mathur\$ | Independent Non-Executive | - | - | 1 | - | - |

* Represent Avery Weigh-Tronix group.

Resigned (was Directors up to 29/7/2005, accordingly directorship / membership / position as on that date is given)

@ Joined Board on 28/10/2005

\$ Joined Board on 28/04/2006

3. Audit Committee

- Terms of Reference & Composition, Name of members and Chairman

The Audit Committee comprises Mr. R P Singh, Chairman of the Committee, Mr. C Cramer, Mr. Rajiv K Luthra and Mr. Vijay Mathur. Three Directors i.e. Mr. R P Singh, Mr. Rajiv K Luthra and Mr. Vijay Mathur are Independent Directors and Mr. C Cramer is representative of Avery Weigh-Tronix group. Mr. M M Sabharwal, Mr. A S Mitra and Mr. S Ghosh retired/resigned during the year. Mr. P S Rao, V P (Finance) who is in charge of finance function and Mr. D Roy, Partner M/s. Deloitte Haskins & Sells, Chartered Accountants, Statutory Auditors of the Company are invitees to the Meeting. Mr. Alok Mathur, Company Secretary acts as the Secretary of the Audit Committee. The Terms of Reference of this Committee are wide enough covering the matters specified for Audit Committees under the Listing Agreements.

- Meeting and the attendance during the year.

There were three meetings of the Audit Committee during the year 2005-2006 on 29/4/2005, 28/10/2005 and 27/1/2006. The attendance of Members of the Committee is given below:

| Name of Director | No. of Meetings Attended |
|----------------------|--------------------------|
| Mr. A S Mitra @ | 1 |
| Mr. M M Sabharwal @ | 1 |
| Mr. S Ghosh @ | 1 |
| Mr. R P Singh | 3 |
| Mr. C Cramer | 1 |
| Mr. Rajiv K Luthra # | 1 |
| Mr. Vijay Mathur\$ | - |

@ Resigned/retired during the year.

Appointed during the Year.

\$ Was not a Director during the Year.

4. Remuneration Policy

A. Remuneration Committee

Remuneration Committee consists of three Non-Executive Directors. Mr. R P Singh is Chairman of the Committee. Mr. A S Mitra, Mr. M M Sabharwal and Mr. S Ghosh have resigned during the year. Mr. Rajiv K Luthra and Mr. Vijay Mathur have joined the remuneration committee. There was only one meeting held on 29/7/2005, which was attended by Mr. R P Singh, Mr. A S Mitra, and Mr. S Ghosh.

B. Remuneration to Non-Executive Directors

The Non - Executive Directors are paid sitting fees of Rs. 5,000/- for every meeting of Board, Remuneration and Audit Committee. No sitting fee is paid to the members of Committee of Directors (Investors/ Shareholders Grievance Committee). The details of the remuneration paid to the Non-Executive Directors for the year 2005-2006 are given below.

C. Remuneration to Managing Director

The Remuneration of the Managing Director is reviewed and recommended by the Remuneration Committee to the Board and approved by shareholders in General Meeting. The remuneration policy is directed towards rewarding performance, based on review of achievements. It is aimed at attracting and retaining high caliber talent.

The Company does not have stock option plan for its Directors or employees.

The details of the remuneration paid to the Directors for the year 2005-2006 are given below:

| Name of Director | Salary (in Rs.) | Perquisites, Allowances, Benefits (in Rs.) | Commission (in Rs.) | Sitting Fees# (in Rs.) | Total (in Rs.) | Service Contract / Notice Period |
|-----------------------|-----------------|--|---------------------|------------------------|----------------|----------------------------------|
| Mr. C Cramer # | Nil | Nil | Nil | Nil | Nil | Retirement by Rotation |
| Mr. Jairaj Singh | 4,500,526/-* | 1,098,336/-** | Nil | Nil | 5,598,862/- | Contractual*** |
| Mr. G G Bowe# | Nil | Nil | Nil | Nil | Nil | Retirement by Rotation |
| Mr. A S Mitra @ | Nil | Nil | Nil | 20,000/- | 20,000/- | Retirement by Rotation |
| Mr. M M Sabharwal@ | Nil | Nil | Nil | 10,000/- | 10,000/- | Retirement by Rotation |
| Mr. R P Singh | Nil | Nil | Nil | 40,000/- | 40,000/- | Retirement by Rotation |
| Mr. S Ghosh@ | Nil | Nil | Nil | 20,000/- | 20,000/- | Retirement by Rotation |
| Mr. Rajiv K Luthra \$ | Nil | Nil | Nil | 10,000/- | 10,000/- | Retirement by Rotation |

* Includes Rs. 6,00,000/- paid towards Bonus

** Includes Rs. 822,526/- towards Contribution to provident, pension and gratuity funds.

*** The contract is for three years, which has been approved by the Remuneration Committee and the Board on 30 Oct 2003 and by Shareholders in EGM on 9th Dec 2003. Contract may be determined by a notice period of six months on either side.

No sitting fee was paid to Non-Executive Directors who are senior executives of the Avery Weigh-Tronix group

@ have resigned during the year

\$ Joined during the year

5. Shareholders' Committee

The Company has a Committee of Directors (Investors/Shareholders Grievance Committee) inter-alia to look in to Investors/Shareholders Grievance relating to the transfer and transmission of shares, issue of duplicate share certificates and allied matters. Mr. Jairaj Singh, Managing Director and Mr. R P Singh, Non-Executive Director are the members of the Committee. Mr. R P Singh is Chairman of the Committee. Mr. A Mathur, Company Secretary is the Compliance Officer of the Company. During the year Company has received five complaints and all were resolved to the satisfaction of shareholders. There are no complaints pending.

Shareholding Movement, Summary of transfers (in physical mode) during the period 1st April, 2005 to 31st March, 2006.

- | | | |
|-------|--------------------------------------|-------------------------|
| A) i) | No. of request for transfer received | – 235 for 15,981 shares |
| ii) | No. of Transfer registered | – 214 for 13,731 shares |

| | | | |
|-------|--|---|---|
| iii) | No. of transfer rejected | - | 21 for 2,250 shares |
| iv) | No. of Seller Notice to stop transfer | - | Nil |
| v) | Remarks | - | Share certificates after necessary endorsement were dispatched to the lodger within the stipulated time. |
| B) i) | No. of requests received and registered for transmission / deletion of name. | - | 31 for 5,061 shares |
| ii) | Remarks | - | Share certificates after necessary endorsement were dispatched to the lodger within the stipulated time. |
| C) i) | No. of request received for Subdivision/Consolidation/ - Replacement/Duplicate Share Certificates. | - | 13 for 1,319 shares |
| ii) | Remarks | - | New share certificates despatched within the stipulated time. |
| D) i) | No. of requests received for Dematerialisation | - | 974 for 86,664 shares |
| ii) | Remarks | - | Dematerialisations were done and necessary Electronic messages for the same were given both to NSDL & CDSIL within the stipulated time. The relevant Dematerialization Registers in soft copy were sent to the respective Stock Exchanges. Certificates were issued to the depositories within the stipulated time. |

Investors Complaint for the period 1st April,2005 to 31th March, 2006

| Nature of complaint | No. of Complaints Received | | Total Complaints Received | Action taken |
|----------------------------------|----------------------------|--------------------|---------------------------|--------------|
| | From SEBI | From share holders | | |
| Non-receipt of share certificate | NIL | NIL | NIL | NIL |
| Non-receipt of Annual Report | NIL | 5 | 5 | Reports sent |
| Non-receipt of Dividend | NIL | NIL | NIL | NIL |

6. General Body Meetings

The Annual General Meeting for the year 2002-03 and 2003-04 were held at "Gyan Manch, 11, Pretoria Street, Kolkata - 700 071 and for the year 2004-05 was held at Rotary Club Of Calcutta, "Rotary Sadan" 94/2, Chowringhee Road, Kolkata - 700020. All the Meetings commenced at 11.00 a.m. The Shareholders passed all the resolutions set out in the respective Notices. In the Annual General Meeting held on 23/9/2003 a special resolution was passed amending Article of Association to enable buyback of shares. The resolution was passed by requisite majority. There was no resolution passed by Postal Ballot last year.

7. Management

A. Management Discussion and Analysis Report forms part of Directors' Report on the Annual Accounts, more specifically under Industry Structure and Developments, Segment-Wise Performance, Financial Performance, Operational Performance, Risks & Concerns, Opportunities, Threats & Outlook, Internal Control Systems & Adequacy and Human Resource.

B. Disclosures

- During the year under review, besides the transactions reported elsewhere in the Annual Report, the Company has not entered into any transaction of material nature, with its Promoters, the Directors or the Management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the Company at large.
- During the last three years there were no penalties or strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority for non-compliance of any matter related to capital markets.
- The Company does not have Whistle Blower Policy.
- The Company has complied with all mandatory requirements and has not complied non-mandatory requirements regarding maintenance of Chairman Office at Company's expenses, sending of half yearly financial performance to each household of shareholders, training of Board members, mechanism for evaluating non-executive Board members and Whistle Blower Policy.

8. Means of Communication

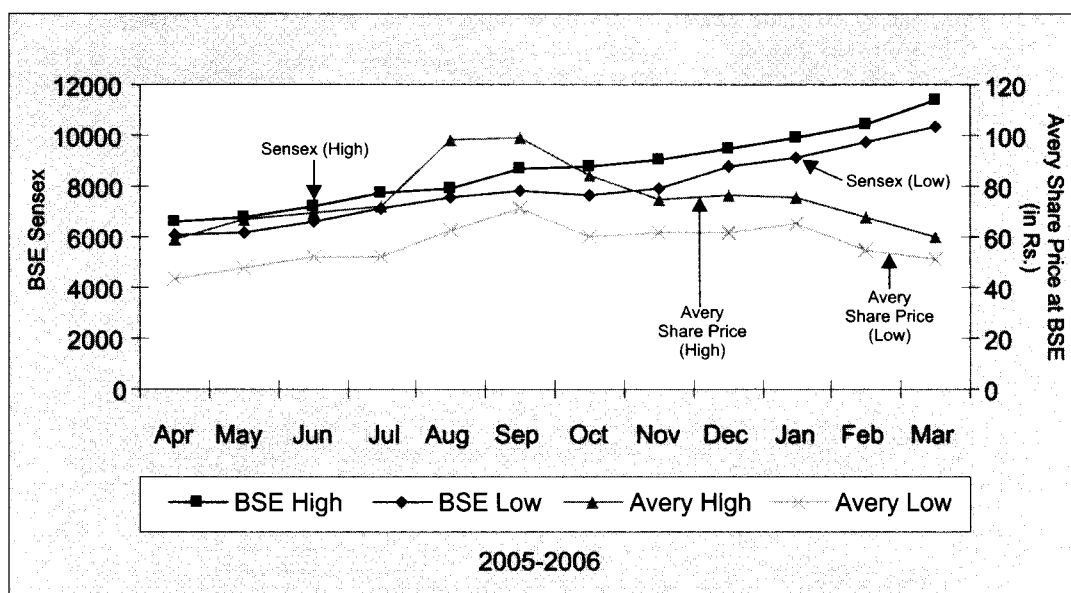
The quarterly and half yearly results of the Company are forthwith communicated to the Stock Exchanges with whom the Company has listing agreements as soon as the results are approved and taken on record by the Board of Directors of the Company. Further the results are generally published in Financial Express - (English) and Aajkal - (Bengali). The results are also made available to the media, analysts, fund managers, investors etc. as demanded from time to time ensuring wider publicity. Company does have any web-site to display official news releases and no presentation was made to institutional investors or analysts during the year.

Management Discussion and Analysis forms part of the Directors' Report on the Annual Accounts, which is sent to each shareholder.

9. General Shareholder Information

| | | |
|---|---|------------|
| Registered Office : | 28/2, Waterloo Street, Kolkata 700 069 | |
| AGM : Date & Time | 27th July 2006 at 11.00 a.m. | |
| Venue | “Gyan Manch, 11. Pretoria Street, Kolkata - 700 071 | |
| Financial Calendar | April to March i) First Quarter Results - End July 2006 ii) Half-yearly Results - End October 2006 iii) Third Quarter Results - End January 2007 iv) Results for the year ending 31st March 2007 in May 2007 v) Date of Book Closure: 20/7/2006 to 27/7/2006 (both days inclusive) | |
| Dividend Payment date(s) | Dividend is not recommended. | |
| Listing on Stock Exchange | Equity shares of the Company are listed on Stock Exchanges at Mumbai and Kolkata. The Company has paid the listing fees to both the Stock Exchanges for the year 2006-07. | |
| Stock Code | The Kolkata Stock Exchange Association Limited: 11045 BSE, Mumbai : 526556 | |
| Physical and ISIN Number for NSDL & CDSL | Physical and ISIN Number for NSDL and CDSL: INE 906A01010 | |
| Market Price Data | High, Low during each month in last financial year | |
| MARKET PRICE DATA | | |
| High/Low market price of the Company's shares traded on the BSE during the period 01.04.2005 to 31.03.2006 | | |
| (In Rs.) | | |
| MONTH | BSE | |
| | HIGH | LOW |
| April,2005 | 59.00 | 43.60 |
| May,2005 | 67.30 | 48.05 |
| June,2005 | 69.55 | 52.00 |
| July,2005 | 71.90 | 52.50 |
| August,2005 | 97.90 | 63.00 |
| September,2005 | 98.75 | 71.15 |
| October,2005 | 84.00 | 60.00 |
| November,2005 | 74.80 | 61.95 |
| December,2005 | 76.90 | 61.95 |
| January,2006 | 75.60 | 65.00 |
| February,2006 | 67.70 | 55.15 |
| March,2006 | 60.00 | 51.30 |

STOCK PERFORMANCE IN COMPARISON TO BROAD BASED INDICES - BSE SENSEX



Registrar & Share Transfer Agents

: C B Management Services (P) Ltd.
P-22, Bondel Road, Kolkata-700 019
Telephone : 91 33 22806692/6693/6694
Fax : 91 33 22870263
E-mail : Cbmsl1@cal2.vsnl.net.in

Share Transfer System

: Managing Director has been authorized to approve the transfer and transmission of shares, issue of duplicate share certificates and allied matters. The Company's Registrars C B Management Services (P) Ltd. have adequate infrastructure to process the share transfers. A well planned process cycle at 15 to 17 days interval ensures dispatch of transferred share certificates within 25 to 30 days of their Lodgment, if the relevant documents are complete in all respects. In compliance with the Listing guidelines, every six months, the system is audited by a practicing Company Secretary and a Certificate to that effect is issued. Company scrip forms part of the SEBI's Compulsory Dematerialization segment.

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH, 2006

| Range | | No. of Shareholders | % | No. of Shares | % |
|--------|-----------|---------------------|--------|---------------|--------|
| From | To | | | | |
| 1 | 500 | 13,163 | 95.01 | 1,264,956 | 12.87 |
| 501 | 1,000 | 350 | 2.53 | 280,174 | 2.85 |
| 1,001 | 2,000 | 164 | 1.18 | 244,130 | 2.48 |
| 2,001 | 3,000 | 54 | 0.39 | 138,111 | 1.40 |
| 3,001 | 4,000 | 24 | 0.17 | 84,329 | 0.86 |
| 4,001 | 5,000 | 25 | 0.18 | 121,673 | 1.24 |
| 5,001 | 10,000 | 30 | 0.22 | 209,257 | 2.13 |
| 10,001 | and above | 44 | 0.32 | 7,489,672 | 76.17 |
| TOTAL | | 13,854 | 100.00 | 9,832,302 | 100.00 |