



CHANDRA PRABHU INTERNATIONAL LIMITED

21st ANNUAL REPORT 2005-2006



BOARD OF DIRECTORS

CHAIRMAN CUM MANAGING DIRECTOR

Mr. Gajraj Jain

EXECUTIVE DIRECTOR

Mr. Akash Jain

DIRECTORS

Mr. Abhash Jain

Mr. Parkash Goyal

Mr. Ved Prakash Goel

Mr. Sudhanshu Mishra

Mr. Jagdish Jhunjhunwala

COMPANY SECRETARY

Mr. K.K. Singh

AUDITORS

M/s. J P S & Company

Chartered Accountants

New Delhi

REGD. OFFICE

14, Rani Jhansi Road,
New Delhi 110 055

BR. OFFICES

Bhatinda & Chandasi

BANKERS

State Bank of Bikaner & Jaipur
New Delhi

NOTE : Members are requested to bring their copy of the Annual Report at the time of attending the Annual General Meeting. No extra copies of Annual Report shall be provided at the venue of the AGM.

No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.

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NOTICE**Chandra Prabhu International Ltd.**

Notice is hereby given that the **TWENTY FIRST ANNUAL GENERAL MEETING** of the Members of **CHANDRA PRABHU INTERNATIONAL LTD.** will be held on Saturday, the 30th day of September, 2006 at 11.00 A.M. at B-2639, 1st Floor, Narela Industrial Area, Near DSIDC Park, Narela Delhi-110 040 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account of the Company for the financial year ended 31st March, 2006, the Balance Sheet as at that date & the Reports of Directors' & the Auditors' thereon.
2. To appoint a Director in place of Sh. Prakash Goyal who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Sh. Sudhanshu Mishra who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint Statutory Auditors and to authorise Board of Directors to fix their remuneration. The retiring Auditors, M/s. J P S & Company, Chartered Accountants, retire 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 **ORDINARY RESOLUTION**:

"RESOLVED THAT the Board of Directors be and is hereby authorised to appoint auditors qualified for the appointment as auditors of the Company U/S 226 of the Companies Act, 1956 for auditing the accounts of the branches of the Company U/S 228 of the Companies Act, 1956 situated at Bhatinda and Chandasi in consultation with the Statutory Auditors' of the company, at a remuneration to be decided by the Board of Directors and agreed by such auditors, plus out of pocket expenses."

6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as **ORDINARY RESOLUTION**:

"RESOLVED THAT pursuant to provisions of Section 269, 309, 310 and 311 read with schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves the reappointment of Sh. Gajraj Jain as Managing Director for a period of 5 years commencing from 1/10/2006 to 30/09/2011 on the following terms & conditions:

SALARY : **Rs. 25,000/- per month.**

PERQUISITES :

1. **Medical Reimbursement:** Expenses incurred for him and his family.
2. **Club Fees:** Fees of Club subject to a maximum of two clubs. This will not include lifetime membership fee and admission fees.
3. Car for official use and telephone at residence will be provided and will not be considered as perquisites. Personal long distance calls on Telephone and use of Car for private purposes shall be billed by the Company.

OTHER TERM & CONDITIONS :

- i) The Managing Director is entitled to reimbursement of all actual Expenses including entertainment and traveling incurred in the course of company's business.
- ii) The Managing Director is entitled to avail fully paid leave as per the rules of the company.
- iii) The Managing Director is also entitled to the benefits under all other schemes, privileges and amenities as are granted to the senior executives of the company in accordance with the Company's in accordance with the company's practice, Rules & Regulations in force time to time.

RESOLVED FURTHER THAT the aforesaid terms & conditions of the appointment may be altered, enhanced or varied from time to time within the maximum amount payable to the Managing Director in accordance with the provisions of Schedule XIII of Companies Act, 1956 or any amendment made thereof, hereafter.

RESOLVED FURTHER THAT the above Remuneration shall be paid as minimum remuneration to the Managing Director in the event of absence/inadequacy of profits in any financial year.

RESOLVED FURTHER THAT the Board be and hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

By order of the Board of Directors

Registered Office:
14, Rani Jhansi Road,
New Delhi 110 055

25th Aug. 2006

KRISHNA KR. SINGH
COMPANY SECRETARY

NOTICE**Chandra Prabhu International Ltd.****NOTES:-**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. The instrument appointing a proxy, in order to be valid and effective, must be deposited at the Registered office of the company, not later than 48 hours before the meeting.

2. The Explanatory Statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956, setting out material facts in respect of the Special Business under Item No. 5 and 6 is annexed hereto.

3. The Register of Members and Share Transfer Books will remain closed from 25-09-2006 to 30-09-2006 (both days, inclusive).

4. The Members holding shares in physical form are requested to intimate to the Registrar and Transfer Agent, Alankit Assignments Limited, 2E/21, Jhandewalan Extn., New Delhi 110 055, change of address, if any, at the earliest quoting their registered folio number. Change of address in respect of shares held in demat form is required to be intimated to the concerned Depository Participant.

5. Members holding shares in more than one folio in identical order of names are requested to write to R&TA enclosing their share certificates to enable them to consolidate the holdings in one folio to facilitate better service.

6. Members seeking any information with regard to accounts or operations are requested to write to the Company at an early date, preferably at least seven days prior to the date of meeting, so as to enable the management to keep the information ready.

7. Members / Proxies should bring the attendance slips duly filled in for attending the meeting. Members who hold shares in dematerialized form are requested to bring their client ID and DPID numbers for easy identification of attendance at the meeting.

8. Consequent upon amendment to Section 205A and introduction of Section 205-C, the unclaimed dividend upto the Financial Year 1997-98 has been transferred to the Investor Education and Protection Fund. Dividend for the Financial Year 1998-99, which remains unpaid or unclaimed for a period of seven years, will be transferred to the Investor Education and Production Fund of the Central Government. Shareholders who have not encashed the dividend warrant(s) so far for the Financial Year ended 31st March, 1999 are requested to make their claim to the office of Registrar & Transfer Agents, Alankit Assignments Limited. **It may be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund, as above, no claim shall lie in respect thereof.**

9. Brief resume, pursuant to clause 49 of the Listing Agreement of the Directors proposed to be appointed/reappointed at the Annual General Meeting, nature of their expertise in specific functional areas and name of companies in which they hold directorship, are given hereinunder:

Mr. Prakash Goyal

Mr. Prakash Goyal, age about 52 years, has been a Director of the company since 30th September, 2003. He has a qualified Chartered Accountant and have an experience of around 20 years in the profession of Chartered Accountancy. His expertise in specific functional areas include finance, investment and management. Mr. Goyal does not hold any

other Directorship.

Mr. Sudhanshu Mishra

Mr. Sudhanshu Mishra, age 29 years, has been a Director of the company since 29th September, 2001. He has done his B. Tech with thrust to become an entrepreneur and gained qualitative experience, expertise and knowledge in the trading of coal. Mr. Mishra does not have other Directorship than your company.

Mr. Gajraj Jain

Mr. Gajraj Jain, age 52 years, has been a Managing Director of the company since 1st October, 1996 and subsequently he was re-appointed as Managing Director of the company with effect from 1st October, 2001 for another five years and his tenure is expiring on 30/09/2006. Keeping in view the in-depth working knowledge and expertise in specific functional areas includes trading of synthetic rubber, petro-chemical products, coal and other commodities and finance, investment and management matters it is proposed to re-appoint him for another 5 years from 1st October, 2006 to 30th September, 2011.

EXPLANATORY STATEMENT PURSUANT TO SEC.173 (2) OF THE COMPANIES ACT, 1956**Item No. 5**

Company has branches at Bhatinda and Chandasi and according to Section 228 of the Companies Act, 1956 the account of branch office shall be audited by Statutory Auditor or a person qualified for appointment U/s. 226 of the Companies Act, 1956. The consent of the Company is required to appoint the Branch Auditors. Therefore, your directors have recommended the same for your approval.

Item No. 6

Mr. Gajraj Jain was re-appointed as Managing Director of the company for a period of five years w.e.f. 01/10/2001 and the terms and conditions of his appointment expires on 30th September, 2006. Keeping in view the in-depth working knowledge and expertise in specific functional areas includes trading of synthetic rubber, petro-chemical products, coal and other commodities and finance, investment and management matters it is proposed to re-appoint him for another 5 years from 1st October, 2006 to 30th September, 2011. The consent of the company is needed to approve the appointment of Mr. Gajraj Jain as Managing Director on the terms and conditions mentioned in the resolution. An abstract of the terms and conditions of the appointment of Mr. Gajraj Jain as Managing Director of the company pursuant to Section 302 of the Companies Act, 1956 can be inspected at the Registered office of the Company from 10.00 a.m. to 3.00 p.m. till date of AGM.

Members are requested to accord their approval to the appointment of Mr. Gajraj Jain as Managing Director of the company.

None of the Directors of the company, except Mr. Gajraj Jain(himself), Mr. Akash Jain, and Mr. Abhash Jain (relatives) are deemed to be interested or concerned in the resolution.

By order of the Board of Directors

Registered Office:

14, Rani Jhansi Road,
New Delhi 110 055
25th Aug. 2006

**KRISHNA KR. SINGH
COMPANY SECRETARY**

DIRECTORS' REPORT**Chandra Prabhu International Ltd.****To the members****Chandra Prabhu International Ltd.**

Your Directors are pleased to have this opportunity to report on Company's progress during the year 2005-06 and to submit the Annual Report & Audited Statement of Accounts for the year ended 31st March, 2006

Financial Results

	(Rs. in Lacs)	
	2005-06	2004-05
Turnover/Income from operations	844.55	586.98
Other Income	17.18	33.13
Profit/(Loss) before tax,		
Interest & depreciation	(13.61)	18.87
Interest	2.91	2.85
Depreciation	4.55	4.62
Profit/(Loss) before tax	(21.07)	11.41
Provision for Taxation	-	0.98
Provision for Fringe Benefit Tax	0.72	-
Tax related to earlier years	3.90	1.68
Deferred Tax	27.73	(0.50)
Profit/(Loss) after tax	(53.42)	9.25
Pro. for doubtful debt written back	84.49	-
Surplus brought forward from Previous Year	133.74	124.49
PROFIT AVAILABLE FOR APPROPRIATION		
Surplus carried to Balance Sheet	164.81	133.74

OVERALL PERFORMANCE

The year under review resulted in Net Loss of Rs. 53.42 Lacs as compare to Net Profit of Rs. 9.25 Lacs during the previous year. The turnover during the year has been Rs. 844.55 Lacs as against Rs. 586.98 Lacs In the previous year. Loss has arisen mainly due to Bad Debts of Rs. 84.49 Lacs of written off during the year.

DIVIDEND

In view of inadequacy of profits, your directors regret their inability to recommend payment of any dividend for the year.

CORPORATE GOVERNANCE

Your company has complied with the mandatory provisions of clause 49, relating to Corporate Governance, of the Listing Agreement with the Stock Exchanges. A comprehensive report on Corporate Governance forming part of the Directors' Report and the certificate from the company's statutory auditors confirming the compliance of conditions on corporate governance is included in the Annual Report.

FUTURE PROSPECTS

During the year under discussion, your company has added certain petro chemical products like Rubber Process Oil, Residue Wax etc. to its existing trading portfolio of Synthetic Rubber, Chemical & Coal. In the present economic scenario these products have huge potential/demand in India market and the company via its strategic competency, operational efficiencies and

expanding its network will definitely make a mark.

Supply of the coal has been liberalized by the Government agencies and consequently Coal Turnover of your company had expected to grow rapidly and your company posed to enhance its market share by tapping all the available opportunities.

Besides, the trading activity which has been core competency of the company over the years, your company has successfully ventured in the field of cultivation, growing of *Jatropha* (a bio diesel plant) and certain other medicinal plants. Commercial supply of *Jatropha* saplings, produced/developed in company's nursery located in Rajasthan has commenced and there is a great demand for this product in the years to come. Further, company is also working on setting up fruit/vegetable conserving and packaging unit.

DIRECTORS

In accordance with the provisions of Companies Act, 1956 and Company's Articles of Association, Mr. Prakash Goyal and Mr. Sudhanshu Mishra retire by rotation at the ensuing Annual General Meeting and are eligible for reappointment. Your Directors recommend reappointment of both Mr. Prakash Goyal and Mr. Sudhanshu Mishra on the Board.

Your Directors have reappointed, subject to approval of members at the ensuing Annual General Meeting Mr. Gajraj Jain as Managing Director of the company for a further period of five years from 1st October, 2006.

Brief resume, pursuant to clause 49 of the Listing Agreement of the Directors proposed to be appointed/reappointed at the Annual General Meeting, nature of their expertise in specific functional areas and name of companies in which they hold directorship included in the notes to the Notice convening the Annual General Meeting.

MANAGEMENT DISCUSSION & ANALYSIS**(i) FORWARD-LOOKING STATEMENTS**

Forward-looking statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company's actual results, performance or achievements could thus differ materially from those projected in any such forward-looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events.

Chandra Prabhu International Limited, a well-known name in the trading of Synthetic Rubber, Chemicals and Coal for last many years.

Over the years Chandra Prabhu International Limited has

DIRECTORS REPORT**Chandra Prabhu International Ltd.**

built a formidable reputation of being a completely professionally managed Company where customer-satisfaction is of paramount consideration and matters most above all others.

(ii) THE INDUSTRY: OPPORTUNITIES & THREATS.

The trading activities of the Company can be broadly divided into two business segments i.e. Synthetic Rubber & Coal, Petroleum Products and Minerals.

The Trading industry has undergone a major change in the recent years especially after the economic liberalisation in the country. Following the opening up of the Indian economy, industries using Synthetic rubber and Coal as raw material are facing new challenges and opportunities resulting in tough competition for your Company.

Consumption of Synthetic Rubber is expected to grow in the coming years on account of increasing demand in products of industries using it as ingredients.

As far as coal is concerned, demand is increasing. Industries like cement and steel are demanding more coal for consumption as raw material. Since Cement & Steel industries are doing very well so likely demand of coal is very high. In other sector coal is basically used in boilers to generate steam.

Except certain items import of Synthetic rubber is under Open General License category which may inspire the major buyers of Synthetic rubber to import themselves. Indian industrial sector is presently passing through strategic restructuring phase. The present trend indicate that major player of the industries using synthetic rubber and coal as raw material would play a dominant role ultimately in determination of your Company's future prospects.

(iii) BUSINESS OUTLOOK AND OVERVIEW:

In line with the objectives of Long-term growth, the Company is developing the strategic competency and enhancing its operational efficiencies. Our strategy to strengthen business, where we have competencies and remain leaders.

Company's overall Earning presently depends largely on trading imported synthetic rubber, the core of its business portfolio. In order to gain competitive strength and consolidate customer relationship this year the Company is going to add new varieties of Synthetic Rubber to the existing varieties and foraying into Petrochemical Products and Minerals.

The Company is looking forward to strengthen its coal business by increasing its network and source of supplies, which has been its core competency. In addition of coal and synthetic rubber the Company is also in the way to source new products from International Market to be marketed into India by using its present network & South West Drilling Infrastructures Ltd., the subsidiary of the company is aggressively negotiating with International market leaders in Drilling & Mining and hopeful of entering a joint venture.

(iv) INTERNAL CONTROL SYSTEMS AND COST:

The Company presently has an adequate internal control system. The Company has an internal audit department headed by a senior executive of the Company. The

Company has also appointed an external firm of Chartered Accountants for a continuous internal audit of the affairs of the Company and the reports are sent to the Directors of the Company.

At the branches, external firms of Chartered Accountants specifically appointed at the branches for the purpose of internal audit simultaneously audit all the expenses.

The company has undertaken an extensive exercise to control the overall cost and has finalised the expenditure budget for all the branches as well as the Corporate Office. All the branches/ regional offices of the Company have been given specific cost budgets in order to monitor the costs as well as to explore and finalise ways of cost reduction.

(v) HUMAN RESOURCE DEVELOPMENT:

Chandra Prabhu International Limited believes that human resources are the key resources for the success of any organisation. Thus the Company strives to create a culture of openness and empowerment amongst its employees and provide good career development. The Company is committed to the welfare of the employees and their families.

Your Company belief in trust, transparency & teamwork to improve employees productivity at all levels.

AUDITORS

M/s. J P S & Company, *Chartered Accountants*, Auditors of the company hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. Pursuant to Section 224(1B) of the Companies Act, 1956 they have confirmed that their appointment, if made, would be within the prescribed limits. Your Directors recommend reappointment of M/s. J P S & Company, *Chartered Accountants*, as Auditors of the company at the ensuing Annual General Meeting.

The notes to the accounts referred to in the Auditor's Report and the observations made in the Report under Companies (Auditor's Report) Order, 2003 are self-explanatory and therefore do not call for any further comments.

DIRECTORS RESPONSIBILITY STATEMENT

The information required to be furnished in terms of section 217 (2AA) of the Companies Act, 1956 are set out hereunder:

Your Directors confirmed:

- i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) that the directors had 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;

DIRECTORS' REPORT**Chandra Prabhu International Ltd.**

- iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) that the directors had prepared the annual accounts on a going concern basis.

The Company's Internal Auditor have conducted periodic audits to provide reasonable assurance that the Company's established policies and procedures have been followed.

SUBSIDIARY

The audited statement of accounts along with the Directors' report of the company's wholly owned subsidiary Chandra Prabhu Overseas Limited & another subsidiary South West Drilling & Infrastructure Ltd. for the financial year ended 31st March, 2006 is annexed pursuant to the provision of Section 212 of the Companies Act, 1956.

CONSOLIDATED FINANCIAL STATEMENT

A Consolidated Financial Statements have been prepared by your company in accordance with the requirements of the Accounting Standards issued by the Institute of Chartered Accountants of India. The audited Consolidated Financial Statements together with Auditors' Report thereon forms part of the Annual Report.

PARTICULARS AS PER SECTION 217 OF THE COMPANIES ACT, 1956.

Your company does not have any employee, whose particulars are required to be given under the provision of section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended up to date.

Information with respect to *Conservation Of Energy, Technology Absorption & Foreign Exchange Earning And*

Outgo, pursuant to section 217 (1)(e) of the Companies Act, 1956 is as follows:-

a. Conservation of energy	Not Applicable	
b. Technology Absorption	Not Applicable	(Rs. in Lacs)
c. Foreign Exchange Earnings	Current Year	NIL
	Previous Year	NIL
d. Foreign Exchange Outgo		
i) Foreign Traveling Exp.	Current Year	Rs. 2.94
	Previous Year	Rs. 1.14
ii) CIF Value of Imports	Current Year	Rs. 214.52
	Previous Year	Rs. 19.14

PUBLIC DEPOSITS

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

DELISTING OF SECURITIES

Securities of your company has been delisted from Calcutta Stock Exchange with effect from 30-08-2006.

The company's equity shares shall continue to be listed on the Stock Exchange, Mumbai (BSE) which has nation wide trading terminals. The company has paid the Annual Listing Fees to all the Stock Exchanges for the Financial Year 2005-2006.

ACKNOWLEDGEMENT

Your Directors place on record their warm appreciation of the assistance and cooperation extended by various Government Departments, Authorities, Reserve Bank of India, Business Partners etc. Your Directors also place on record their deep appreciation of the support provided by the Bankers associated with the company.

Your company's employees are instrumental to your company achieving higher business goals. Your directors place on record their deep admiration of the commitment and contribution of your company's employees. Your support as shareholders is greatly valued. Your directors thank you and look forward to your continuance support.

**for and on behalf of
the Board of Directors**

Place: New Delhi

Date : 25th Aug. 2006

Gajraj Jain

Chairman & Managing Director

REPORT ON CORPORATE GOVERNANCE

Chandra Prabhu International Ltd.

**1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE :**

Corporate Governance, as *Chandra Prabhu International Ltd.* believes, is concerned with creation of long term value for shareholders while at the same time balancing interest of others stakeholders viz. Employees, Creditors, General Public & Society at large. Corporate Governance is crucial to the very existence of a company, as it builds trust and confidence, which eventually leads to a more stable and sustained resource flows and long-term partnership with its investors and other stakeholders.

2. COMPOSITION OF BOARD OF DIRECTORS:

(A) Presently the Board of the company consists of seven Directors with an optimum combination of Executive, Non Executive and Independent Directors. The composition of the Board is in conformity with the Listing Agreement. The Board meets regularly and is responsible for the proper direction and management of the Company. The composition of the Board, number of meetings held, attendance of the Directors at the Board Meetings and last Annual General Meeting and number of Directorship and Chairmanship / Membership of committees in other companies in respect of each Director is given herein below:

Name of Directors	Category	Attendance Particulars			Other Directorships #
		at Board Meetings held during 2005-2006		at AGM held on 30/10/2005	
		Held	Attended		
Cairman Cum Managing Director Mr. Gajraj Jain	Promoter & Executive	7	7	Yes	7
Executive Director Mr. Akash Jain	Promoter & Executive	7	7	Yes	7
Directors Mr. Abhash Jain	Promoter & Non-Executive	7	7	Yes	6
Mr. Prakash Goyal	Independent Non-Executive	7	5	Yes	1
Mr. Sudhanshu Mishra	Independent Non-Executive	7	5	Yes	1
Mr Ved Prakash Goel	Independent Non-Executive	7	2	No	-
Mr. Jagdish Jhunjhunwala	Independent Non-Executive	7	3	No	-

No. of other Directorships indicated above is inclusive of Directorship of Private Limited companies. None of the Directors is either Chairman or Member of committees in other companies.

(B) Date and No. of Board Meetings held

During the Financial year ended March 31, 2006, the Board met 7 (seven) times on 30th April 2005, 7th June 2005, 21st June 2005, 28th July 2005, 25th August, 2005, 31st October, 2005, and 30th January, 2006.

3. AUDIT COMMITTEE:

(A) The Audit Committee of the company presently consists of three Non-Executive Independent Directors. The Chairman of the committee is an independent Director having financial and accounting knowledge. The composition of Audit Committee and attendance of Directors at committee meetings is shown below:

Name of Directors	Designation	Attendance at Committee Meetings	
		Held	Attended
Mr. Prakash Goyal	Chairman	5	5
Mr. Sudhanshu Mishra	Member	5	3
Mr. Abhash Jain	Member	5	5

The Executive Director, Internal Auditors, Statutory Auditors are invited to participate in the meetings of Audit Committee wherever necessary. The Company Secretary acts as Secretary to the Committee.

(B) Meeting / Attendance

During the financial year ended 31st March 2006 the Audit Committee of the company met five times. The dates of the meetings were 30th April, 28th July, 25th August, and 31st October in 2005 and 30th January in 2006.

(C) Terms of Reference :

The terms of reference of Audit committee cover the matters specified for audit committee under clause 49 of the Listing Agreement as well as in Section 292 A of the Companies Act, 1956.



4. REMUNERATION COMMITTEE:

(A) The Remuneration Committee consists of three Non Executive Independent Directors with Mr. S. Mishra as Chairman and Mr. Ved Prakash Goel and Mr. Prakash Goyal as members. The terms of reference of the Remuneration Committee include fixation of salary, perquisites etc. of Executive Directors and for recommending the amount of commission payable to Executive Directors.

During the year, the Remuneration Committee had met Once on 21st June, 2005. All the members of the Committee were present at the meeting.

(B) The following are the details of the remuneration paid to Executive Directors during the Financial Year under discussion:

Name of Directors	Salary	Perquisites
Mr. Gajraj Jain Chairman cum Managing Director	Rs. 3,00,000/-	NIL
Mr. Akash Jain Executive Director	Rs. 2,40,000/-	NIL

Non Executive Directors of the company were not paid any remuneration during the year under review.

5. SHAREHOLDER'S GRIEVANCE COMMITTEE:

Shareholder's Grievance Committee consisting of Mr. Abhash Jain, as Chairman of the committee and Mr. S. Mishra and Mr. Prakash Goyal as its members to look into redressal of shareholders and investors grievances with respect to transfer of share, dematerialisation of shares, non receipt of declared dividend or Annual report etc. and other matters relating to shareholder relationship. The Shareholders grievance committee met on 30th January, 2006 to take note of redressal of shareholders complaint received during the year by the Company. All the members of the committee were present in these both meetings.

All requests received for Share Transfer during the year were given effect within stipulated time. The total number of complaints received and replied to the satisfaction of shareholders during the year under review was NIL Outstanding complaints as on 31st March, 2006 were NIL.

Mr. Krishna Kr. Singh, Company Secretary has been designated as compliance officer to monitor the share transfer process and liaison with the regulatory authorities.

6. ANNUAL GENERAL MEETINGS:

(A) The last three Annual General Meetings of the company were held at 11.00 A.M. on 30th September, 2005 at B-2639, 1st Floor, Narela Industrial Area, Narela, Delhi-110040, 30th October, 2004 and 30th September, 2003 at Khasra No. 36, Siraspur, G.T. Karnal Road, New Delhi 110 042.

7. DISCLOSURES:

The disclosures on related party transactions are as per Accounting Standards 18 issued by the Institute of Chartered Accounts of India are given in Note No. 26 of the Notes to Accounts (schedule-23)

There were no penalties, strictures imposed on the company by the Stock Exchange or SEBI or any Statutory Authority or any matter related to Capital Market during the last three years.

8. MEANS OF COMMUNICATION:

The means of communication between the Company and the shareholders are transparent and investor friendly. The Annual, Half yearly and Quarterly results are submitted to the Stock Exchange in accordance with Listing Agreement and the same are published regularly in the newspapers. All price sensitive information is intimated at the earliest to the Stock Exchanges. Management discussions and Analysis forms part of Annual Report, which is posted to the Shareholders of the Company.

9. GENERAL SHAREHOLDER INFORMATION:

(i) The 21st Annual General Meeting of the Members of the Company is Scheduled to be held on Saturday, the 30th day of Sept., 2006 at 11.00 A.M. at B-2639, 1st Floor, Narela Industrial Area, Near DSIDC Park, Narela, Delhi-110 040.

(ii) Financial calendar for the year 2006-2007

First Quarter Unaudited Financial Results	End July, 2006
Second Quarter Unaudited Financial Results	End October, 2006
Third Quarter Unaudited Financial Resulted	End January, 2007
Audited Financial Results	End June, 2007

(iii) Details of Book Closure:

From Monday, the 25th September, 2006 to Saturday, the 30th September, 2006 (both days inclusive)



(iv) Listing on Stock Exchange:

Name of the Stock Exchange	Address of the Stock Exchange
The Stock Exchange Mumbai	1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai-400 001.

Securities of your company has been delisted from Calcutta Stock Exchanges with effect from 30-08-2006.

(v) Stock Code

Stock Code: **530309 (BSE)**

Demat ISIN: **INE 368D01017 (NSDL and CDSL)**

(vi) Market Price Data:

Month	High (Rs.)	Low (Rs.)
April 2005	28.50	22.00
May 2005	26.90	21.00
June 2005	23.85	19.10
July 2005	21.35	16.50
August 2005	25.80	16.70
September 2005	25.25	12.80
October 2005	19.50	9.00
November 2005	14.70	10.05
December 2005	13.25	9.50
January 2006	16.70	10.68
February 2006	12.00	7.61
March 2006	11.05	7.50

(vii) REGISTRAR AND TRANSFER AGENTS:

Alankit Assignment Ltd.

2E/21, Jhandewalan Extension,
New Delhi- 110 055

Ph: 011 51540060-61

Fax: 011 51540064

E-mail: rta@alankit.com

(viii) SHARE TRANSFER SYSTEM

Presently the Shares Transfers, which are received in physical forms, are processed and the share certificates returned within a period of 30 days from the date of receipts, subject to documents being valid and complete in all respects.

(ix) Distribution of Share holding :

(A) Distribution of Share holding as on 31st March, 2006

No. of Shares held	Shareholders		No. of Shares	
	Number	% to Total	Shares	% to Total
Upto 500	1205	64.50	307332	8.33
501-1000	299	16.01	262522	7.09
1001-5000	293	15.70	692558	18.72
5001-10000	33	1.77	257070	6.95
10001-20000	18	0.96	260867	7.05
20001-30000	5	0.26	124472	3.37
30001-40000	2	0.11	61170	1.65
40001-50000	2	0.11	94000	2.54
50001-100000	5	0.26	314619	8.51
100000 & above	6	0.32	1323390	35.79
Total	1868	100.00	3698000	100.00

(B) Shareholding Pattern as on 31st March, 2006 :

Categories	No. of Shares	% of Shareholding
Indian Promoters	1488090	40.240
Persons Acting in Concert	125000	3.380
Institutional Investors	NIL	NIL
Corporate Bodies	444260	12.014
Indian Public	1636050	44.241
Non Resident Indians	4600	0.124
Total	3698000	100