

# 31st Annual Report 2006



## CRANEX LIMITED



## BOARD OF DIRECTORS

<b>CHAIRMAN &amp; Mg. DIRECTOR</b>	- Shri S.C. Agrawal
<b>WHOLE TIME : Technical Director</b>	- Shri Piyush Agrawal
<b>INDEPENDENT DIRECTORS</b>	- Shri Anil Kumar Jain
	- ♦ Shri Ashwani Kumar Jindal
	- Shri M.C.Jain
<b>DIRECTORS</b>	- Mr Anil K. Jain
	- Mr Naresh K Jindal
	- Mr M.C. Jain
	- Mr Ashwini K. Jindal
<b>COMPANY SECRETARY</b>	- . Mr A. Gupta
<b>STATUTORY AUDITORS</b>	- P.D. Mittal & Co. Chartered Accountant 70, Daryaganj, New Delhi-110002
<b>REGISTERED OFFICE</b>	- 9, DDA MARKET KATWARIA SARAI NEW DELHI-110016
<b>ADMINISTRATIVE OFFICE</b>	- 57/1/19, Industrial Area Site – IV, Sahibabad-201010 (Ghaziabad) U.P.
<b>BANKERS</b>	- Syndicate Bank Sahibabad



## NOTICE

Notice is hereby given that the 31st Annual General Meeting of CRANEX Ltd. will be held on Thursday the 31st August 2006 at 10.30 A.M. at the auditorium of the Indian Medical Association, IMA House, near ITO, New Delhi, to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider, and adopt the Audited Balance Sheet of the Company as at March 31st. 2006 and the Profit & Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To elect a Director in place of Mr. M.C. Jain who retires by rotation and being eligible offers himself for re-election.
3. To appoint M/s P.D.Mittal & Co. Chartered Accountants Auditors of the company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to fix their remuneration..

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:

"RESOLVED THAT pursuant to section 100 of the Companies Act, 1956 and other applicable provisions of the Companies Act 1956 and subject to confirmation by the Hon'ble BIFR, New Delhi, any other authority constituted from time to time, and other appropriate authorities in this regard, if any, consent be and is hereby given to the Board of Directors of the company that Paid-Up capital of the Company be reduced from Rs.6 crore (divided into 60 lacs Ordinary Shares of Rs.10 each) to Rs.30lacs (divided into 3 lacs Shares of Rs.10 each) and that such reduction be effected by derating capital by 95 % which has been permanently lost and is unrepresentative of the available assets, by issue of fresh shares in the ratio of five shares for every hundred shares held by the respective shareholder. prior to reduction.

Further Resolved that corresponding amendements be made in clause V of the Memorandum of Association and Article 5 of the Articles of Association of the company if required.

5. To consider and if thought fit, to pass with or without modification(s) the following resolution as a SPECIAL RESOLUTION:

RESOLVED THAT subsequent to the reduction of capital and pursuant to provisions of Section 81(1A) and other applicable provisions, if any of the Indian Company's Act, 1956 including any amendment thereto and subject to confirmation by the Hon'ble BIFR, New Delhi and subject to such consents and such other approval as may be necessary under listing agreements entered by the company with various stock exchanges and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any committee thereof for the time being exercising the powers conferred on the Board by this resolution) or as may be prescribed or made. in granting such consents and approvals, the consent of the Company be and is hereby accorded to the Board to offer, issue, and allot in one or more tranches, Ordinary Shares and/or fully Convertible zero coupon Bonds with or without Share Warrants attached (Hereinafter collectively referred to as "securities") at a discount of 50% (i.e. @ Rs5/- for each share and or convertible bond of Rs.10/-face value) for cash and/or in lieu of genuine debt payable by the Company for liquidation of the debt to the extent of such allotment, to Persons, NRIs, Corporate Bodies, or others, whether shareholders of the Company or not so however that the total amount raised through the aforesaid Securities should not exceed Rs.10crores of incremental funds for the Company to meet the Company's capital expenditure and working capital requirements.

RESOLVED FURTHER that for the purpose of giving effect to the above, subject however to the confirmation by the Hon'ble BIFR, the Board be and is hereby authorised to determine the form, terms, and timing of the issue(s) , including the class of investors to whom the Securities are to be allotted, number of Securities to be allotted in each Tranche, issue price, face value, premium amount, discount, on issue / conversion of Securities/exercise of warrants/redemption of Securities rate of interest, redemption period, listing on one or more stock exchanges in India as the Board in its absolute discretion deems fit and to make



and accept any modifications in the proposal as may be required by the Authorities involved in such issues, to do all acts, deeds, matters, and things, and to settle any questions or difficulties that may arise in regard to the issue(s).

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

RESOLVED THAT pursuant to the applicable provisions of the Securities and Exchange Board of India (De-listing of Securities) Guidelines, 2003 (herein after referred as the De-listing Guidelines) and subject to the provisions of the Companies Act 1956 (including any statutory modifications or re-enactments thereof for the time being in force), the Securities Contract (Regulation) Act 1956 and the rules framed there under, listing agreements and all other applicable rules, regulations and guidelines and subject to the approvals, consents, permissions or sanctions of Securities and Exchange Board of India (SEBI), Stock-Exchanges where the shares of the company are listed and other appropriate authorities, institutions or regulators as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, consents, permissions, or sanctions which may be agreed to by the Board of Directors of the Company (herein after referred to as a Board and expressions shall be deemed to include any committee of the Board) the consent of the Company be and is hereby accorded to the Board of Directors of the company to get the shares de-listed from the Delhi Stock Exchange Association Ltd, New Delhi and the Board of Directors be and is hereby authorised to do all acts, deeds and things required to implement this resolution.

By Order of the Board  
For Cranex Limited,

Place : New Delhi

Dated: 1st August 2006

Company Secretary

#### NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of himself/herself and a proxy need not be a Member of the Company. The instrument appointing the Proxy to be valid, shall be deposited at the Registered Office of the Company not later than 48 hours before the time fixed for holding the Meeting.
2. Explanatory Statement of material facts pursuant to Section 173 of the Companies Act, 1956, for item nos. 4, 5 & 6 of the Notice is annexed hereto and forms part of the Notice.
3. Members/Proxies are requested to bring the attendance slip sent with the Annual Report duly filled-in for attending the Meeting. Members who hold shares in the dematerialised form are requested to indicate their DP ID & Client ID Numbers in the Attendance slip.
4. The register of Director's Shareholding maintained u/s 307 of the Companies Act, 1956, would be available for inspection by the members at the AGM.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from August 29th '06, to August 31st '06 (both days inclusive)
6. For shares held in physical form, any change in address may be intimated immediately to the Company's share transfer division by quoting the Folio number(s).  
However, for shares held in demat form, change in address, nomination, power of attorney etc. may be intimated directly to the members' DP.
7. Members seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
8. Shri. M.C. Jain Director retire by rotation and being eligible offer himself for re-appointment. The Information pursuant to Corporate Governance clause 49 of the Listing Agreement(s) is furnished in the statement of Corporate Governance and is a part with this Annual Report.
9. Members are requested to consolidate multiple share certificate/multiple folios into one share certificate/ one folio to save on the cost of dematerialising their share holdings.
10. Members are advised that the copies of the Annual Report will NOT be distributed at the venue of the AGM and hence they are advised to bring their copies of the Annual Report, which are mailed by the Company to them at their registered address.



## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM No 4,5 & 6

ITEM No.4.

As you are aware, the Miscellaneous Expenses Account to the extent not written off stands at Rs.638.42 Lacs as on March 31st 2006 and as per statutory provisions, the company is under BIFR. It is proposed to set off Rs.570 lacs in the Misc Exp account by adjustment against the existing paid-up capital of the company leaving a balance of Rs.68.42 Lacs giving a fair and representative view of the balance sheet. Pursuant to Section 100 of the Companies Act, 1956, this resolution for reduction of capital will be effective after confirmation by the Hon'ble BIFR. After the shareholders have passed this resolution, the company would approach the Hon'ble BIFR for their confirmation for reduction of capital as proposed in the resolution.

None of the directors of the company is directly interested or concerned in the proposed resolution, except to the extent of reduction as may be caused in the capital of the shares held by them.

ITEM Nos. 5

1. **OBJECT OF THE ISSUE:** The Company has embarked on an investment plan to modernise its manufacturing facilities conforming to world standards and to expand production capacity. Total capital expenditure to be incurred for such capacity expansion and for upgrading product range, in the next three years, is estimated to be around Rs. 5 crores
2. In order to fund the above capital expenditure/working capital requirements, it is proposed to raise Rs. 5 crores through the said securities, in one or more tranches, in such form, on such terms, in such manner, at such price or prices, and at such time as may be considered appropriate by the Board, from various categories of investors as set out in the Special Resolution.
3. To the extent that any part of the above mentioned funding plan includes issue of securities linked to or convertible into equity shares of the Company, members' approval is being sought. Section 81 of the Act provides, inter alia, that whenever it is proposed to increase the Issued/Subscribed Capital of a Company by allotment of further shares, such further shares shall be offered to the persons who, on the date of offer, are holders of the equity shares of the company in proportion to the capital paid up on that date, unless the shareholders in a General Meeting decide otherwise. The listing agreements executed by the company with the various Stock Exchanges also provide that the company shall in the first instance, offer all securities for subscription pro rata to the existing shareholders unless the shareholders in a General Meeting decide otherwise. Hence consent of the shareholders is sought to authorise the Board of Directors, as set out in the Resolutions at item Nos.5 to issue in one or more tranches the securities referred to therein to Persons, Corporate Bodies, NRIs, and others, whether shareholders of the Company or not, through Preferential allotment at 50% discount on the face value of the Securities.
4. In the event the Company issues equity linked, Zero Coupon Fully Convertible Bonds, the equity shares on issue, conversion of securities or exercise of warrants shall rank in all respects Pari-Passu with the existing equity shares of the Company.
5. **PROPOSED TIME FOR ALLOTMENT:** Allotment will be completed within the time frame that may be stipulated in the final orders of the Hon'ble BIFR and their Sanctioned Scheme.
6. Shareholders consent is sought pursuant to Section 81, 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 and in terms of the listing agreement with Stock Exchanges to the issue of the above shares and warrants as set out in the resolutions at item nos.5 at a discount of 50%.
7. The proposed issue is in the interest of the Company and your Directors recommend the resolution for acceptance.
8. **INTENTION OF PROMOTERS/DIRECTORS to SUBSCRIBE:** The promoters & their relatives have expressed their intention to subscribe 75% of the issue and their friends and associates have committed for the balance 25% of the issue. However, in the event some parties fail to subscribe, the promoters have guaranteed to subscribe to the balance left, with the approval of the Bombay Stock Exchange.



9. IDENTITY OF THE PROPOSED ALLOTTEES AND THE PERCENTAGE OF POST PREFERENTIAL ISSUE CAPITAL THAT MAY BE HELD BY THEM: The detailed list of the allottees is enclosed

Distribution of Shareholding: Proposed, Pre and Post Preferential allotment u/s 81(1A) as per Draft Rehabilitation Scheme submitted to the Hon'ble BIFR and for "In-Principle" approval of the Bombay Stock Exchange, giving identity of the proposed allottees and the percentage of pre and post preferential issue capital that may be held by them.

			Pre-Pref Issue but after Reduction of capital u/s 100(b) to absorb accrued losses, after approval by the Hon'ble BIFR	Post Pref. Issue u/s 81(1A) after approval by the Hon'ble BIFR	
Total Value of Equity (in Rs.)			30,00,000	5,30,00,000	
Total No. of Ord. Shares			3,00,000	53,00,000	
Face value of each share (in Rs.)			10/-	10/-	
Total no. of shareholders					
Category	No. of shares & % holding before Pref. allotment (A)	No. of shares to be allotted on Preferential basis (B)	No. of shares & % of holding after Preferential allotment (C)		
A. PROMOTERS: as on 31-03-2006 (no. of shares after 95% derating is confirmed by BIFR)			(after BIFR confirmation)		
1. Mr.S.C.Agrawal	23,825	7.942%	8,01,175	8,25,000	15.566 %
2. Mrs.Saraswati Agrawal	93	0.031%	4,99,907	5,00,000	9.434 %
3. Mr. Piyush Agrawal	1,445	0.482%	10,23,555	10,25,000	19.339 %
4. Mrs.Ritu Agrawal	5	0.002%	99,995	1,00,000	1.887 %
5. Mr.Abhyudaya Agrawal	7,500	2.500%	92,500	1,00,000	1.887 %
6. Mr Chaitanya Agrawal	4,260	1.420%	95,740	1,00,000	1.887 %
7. Mr.Amitabh Agrawal	20,250	6.750%	10,04,750	10,25,000	19.339 %
8. Mrs.Mamta Agrawal	7,500	2.500%	92,500	1,00,000	1.887 %
9. Ms.Ekta Agrawal	6,475	2.158%	93,525	1,00,000	1.887 %
10. Ms.Megha Agrawal	000	000%	1,00,000	1,00,000	1.887 %
	71,353	23.784%	39,03,647	39,75,000	75.000 %
B. Banking, FIs etc Oriental Bank	4,030	1.343%		4,030	0.076 %
C. OTHERS:					
Prvt. Corp. Bodies	28,362	9.454%		28,362	0.535 %
Ceat Fin.Ser.Ld.	6250	2.083%			
LGE Sec.Ltd	5,171	1.723%			
Indian Public :	1,84,683	61.561%		1,84,683	3.485 %
M.U.Dharmic	3,255	1.085%			
H.H.Jhaveri	5,734	1.911%			
H.R.Jhaveri	6,617	2.205%			
S.F.Selvraj	7,202	2.400%			
B.H.Kaji	5,401	1.800%			
N.K.Parekh	3,240	1.140%			
SFV Saluraj	5,000	1.666%			
NRI/OBCs	6,537	2.179%		6,537	0.123 %





D. Any other (specify)	5,035	1.679%			
Director (Independent & Not in control of the co)					
A.K.Jain	4,675	1.558%	2,56,353	2,61,388	4.932 %
Others	360	0.120%			
New Allottees:					
1. N.K.Jindal			2,50,000	2,50,000	4.717 %
2. Employees of Cranex			1,30,000	1,30,000	2.453 %
3. Dinesh Pareek			2,00,000	2,00,000	3.773 %
4. Indu Jain			50,000	50,000	0.944 %
5. Kumud Gupta			50,000	50,000	0.944 %
6. Mukta Jain			50,000	50,000	0.944 %
7. A.S.Arora			20,000	20,000	0.377 %
8. D.Dang			20,000	20,000	0.377 %
9. A.K.Jindal			20,000	20,000	0.377 %
10. R.P.Singhal			15,000	15,000	0.283 %
11. A.S.Sethi			15,000	15,000	0.283 %
12. Kala Marnal			10,000	10,000	0.189 %
12. Prabha Chand			5,000	5,000	0.094 %
13. Madhavi Lata Agrawal			5,000	5,000	0.094 %
	5,035	1.679%	10,96,353	11,01,388	20.781 %
Grand Total:	3,00,000	100 %	50,00,000	53,00,000	100 %

Note 2: Total Foreign Shareholding

(a) Pre-Pref. Issue	6,537	nos i.e.	2.179 %
(b) Post Pref. Issue	6,537	nos i.e.	0.123 %

None of the Directors is concerned or interested in the resolutions under item nos.4&5 except to the extent of their personal shareholdings before and after the proposed Preferential Issue.

ITEM No.6:

The Securities and Exchange Board of India (SEBI) had issued the Securities and Exchange Board of India (De-listing of Securities) guidelines, 2003, ( herein after referred as the De-listing Guidelines ) incorporating provisions for delisting of securities of a body corporate voluntarily by the promoters or an acquirer or any other person from the Stock Exchange.

Presently, The company's equity shares are listed at

1. Delhi Stock Exchange, New Delhi
2. The Bombay Stock Exchange, Mumbai.

With the extensive networking of the Stock Exchange Mumbai (BSE) and the extension of BSE terminals to other cities as well, investors have access to online dealings in the company's equity shares across the country. The trading in the equity shares of the company in any case takes place on the BSE and the liquidity of trading in the company shares at Delhi Stock Exchange is negligible. It has also observed that the listing fee paid to Delhi Stock Exchange is disproportionately high compared to the no trading taking place at Delhi Stock Exchange. The company has proposed this resolution which will enable it to delist its equity shares from Delhi Stock Exchange.

The Company's equity shares shall continue to be listed on Bombay Stock Exchange.

Your Directors recommend the Special resolution for your approval.

None of the Directors is concerned or interested in the above resolution.

By Order of the Board  
for Cranex Ltd.,

(A.Gupta)  
Company Secretary

Place : New Delhi  
Dated: August 1st.2006



## DIRECTORS REPORT

TO THE MEMBERS OF CRANEX LIMITED

Your Directors are happy to present the 31st Annual Report of the Company together with the Audited Accounts for the year ended March 31st.2006

### FINANCIAL RESULTS:

	(Amount in Rs.)	
	Current Year Ended (12 months) 31.03.2006	Previous Year Ended (15 months) 31.12.2005
1. Gross Revenue	39,130,675	25,246,249
2. Profit before interest & depreciation	3,835,157	(8,501,234)
3. Interest	348,138	64,864
4. Profit after Interest but before depreciation	3,487,019	(8,565,798)
5. Depreciation	1,239,221	2,521,521
6. Profit/loss after depreciation	2,247,798	(11,087,319)
7. Fringe benefit tax	96,432	Nil
8. Provision for tax	NA	NA
9. Profit/loss after tax	2,151,366	(11,087,319)

### DIVIDEND:

Keeping in view the present financial position of the company, your Directors do not recommend any dividend for the period ended 31st.March 2006.

### PERFORMANCE:

The performance of your Company for the year has substantially improved over the previous year with an increase in turnover by about 56.4% and a net profit after depreciation of Rs.21.52 lacs as against a loss of Rs.110.87 lacs in the previous year.

### BIFR:

During the hearing held on 26th.December 2005, the Hon'ble BIFR directed your company to submit a Draft Rehabilitation Scheme (DRS) and appointed PICUP as Operating Agency (OA). The DRS has been duly submitted and is under process. The main features of the DRS is (a) Reduction of paid-up capital to write off the accumulated losses and (b) Infuse fresh capital of Rs.5 crores for capital expenditure and working capital requirements of your Company at a discount of 50%.

### TERM LOAN REPAYMENTS:

Your Directors have been able to amicably settle and pay off all Term Loans except that of PICUP. Your Directors have offered PICUP to settle their dues in terms of Reserve Bank of India guidelines and once this is settled, your Company will become Debt Free.

### FUTURE OUTLOOK:

Your company's main business is manufacture of Capital Goods, which are in great demand due to infrastructure projects and rapid industrialisation in the country. Your Company with an excellent track record of 30 years, enjoys great goodwill and has its order book full for the current year. Your major customers are Defence establishments and other high priority Govt Projects e.g. Atomic Energy, Space Organisations, Railways, Power Projects etc besides Steel plants, Oil exploration Projects, etc.

### NEW BUSINESS & EXPANSION PLANS:

Your Company has embarked on a plan to modernise its manufacturing facilities conforming to world standards and to expand its production capacity. To meet the capital expenditure and working capital requirements, your Directors propose to raise Rs 5 crores through Preferential Issue, in one or more tranches as may be considered in the best interest of your Company, subject however to the confirmation of the Hon'ble BIFR to whom the DRS has already been filed.





## MARKETING & GROWTH POTENTIAL:

Your Company has been further strengthening its marketing strategies and efforts . with the result, sales have been increasing which has been made possible by enhancing the customers confidence and satisfaction. Your Directors are constantly aware of new opportunities and higher value added product range for which they are negotiating with world leaders for collaborations from other countries .

## SUBSIDIARY:

The Company's Wholly Owned Subsidiary Company "Cranex International, Inc, in Virginia (U.S.A) has been working satisfactorily and rendering marketing services to your company, and is likely to contribute significantly in future. The details required under Section 212 of the Companies Act,1956 has been enclosed herewith in the report at page

## DEMATERIALIZATION OF SHARES:

As the Members are aware , the Company's shares are in the compulsory demat mode facilitated through NSDL and CDSL. Your Directors earnestly appeal to all of you to demat the shares and derive the benefits of holding the shares in electronic form.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Sec.217(2AA) of the Company's Acr,1956 with respect to Directors' Responsibility Statement, it is hereby confirmed:

1. That in the preparation of the annual accounts for the year ended 31st March 2006, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
2. That the Directors had selected such accounting policies and applied them consistently and made judgement and estimates that were 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 your Company for the year under review.
3. That the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act,1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the Directors had prepared the accounts for the year ended March 31st.2006 on a "Going Concern" basis

## CORPORATE GOVERNANCE:

Your Company is committed to the standards of Corporate Governance and in this direction has laid down well documented internal policies, procedures including Board and Committee procedures and practices in particular relation with Shareholders, Customers, Suppliers and Employees in order to enhance the long-term Shareholder value and maximize interest of all stakeholders.

Your Company has complied with the provisions of Clause 49 of the Listing Agreement relating to Corporate Governance.

A detailed Report on Corporate Governance and a Certificate from the Auditors of your Company regarding the compliance of conditions of Corporate Governance and a Management Discussion and Analysis report have been attached to form part of the Annual Report.

## ECTORS:

In accordance with the requirements of the Companies Act,1956 and the Company's Articles of Association, Mr. M.C.Jain , Director of the Company, retires by rotation and being eligible offers himself for reappointment.

Your directors solicts your approval for the reappointment of the director.

## Profile of Sri M.C.Jain

Mr. M.C.Jain is a Senior Citizen with more than 35 years of business experience , specially in Finance and Steel trade, and is a very respected Senior Member of Steel Traders Association. He is the chairman of the Company's Management Committee and a member of your Company's Audit Committee and Securities Transfer & Investor's Grievance Committee.

## PARTICULARS OF EMPLOYEES:

During the period under review, the company had no employee who are covered under section 217(2 A) Companies Act 1956.



## **FIXED DEPOSIT**

During the year under review your company has not invited any deposits from the Public U/s 58 A Act of the Companies Act, 1956.

## **LISTING**

At present the securities of the Company are listed at Delhi & Bombay Stock Exchange. The company has paid the listing fees for Delhi & Bombay Stock Exchanges.

## **AUDIT COMMITTEE**

Pursuant to the provisions of clause 49 of the listing agreement, the Company had constituted an Audit Committee of the Board of Directors consisting of three independent Non Executive Directors. Shri Anil K.Jain holds the office as Chairman of the Committee. During the year under review Shri Ashwani K.Jindal and Shri M.C.Jain were also the members of the Audit Committee.

The terms of reference stipulated by the Board to the Audit Committee are, as contained under Clause 49 of the Listing Agreement, i.e

- a. Oversight of the Company's financial reporting process and the disclosure of its financial information.
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focussing primarily on (i) any changes in accounting policies and practices, (ii) major accounting entries based on exercise of judgement by management, (iii) qualifications in draft audit report, (iv) significant adjustments arising out of audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with Stock Exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of Company at large.
- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up there on.
- g. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- h. Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.
- i. Reviewing the Company's financial and risk management policies.

## **AUDITORS:**

M/s. P.D.Mittal & Co. Chartered Accountants the company's Auditors retire at the conclusion of this Annual General Meeting and being eligible offer themselves for reappointment which, if made, will be in conformity with the provisions of Section 224 (1B) of Companies Act, 1956.

## **ACKNOWLEDGEMENT:**

Your Directors commend the continuing commitment and dedication of employees at all levels. The Directors would also like to thank all other stakeholder, including bankers and other business associates, who have provided sustained support and encouragement. This has understandably, been critical for all the Company's success. The Directors look forward to their continued support in the years to come,

On behalf of the Board of Directors

New Delhi  
August 1st.2006

**(S.C.Agrawal)**  
Chairman.