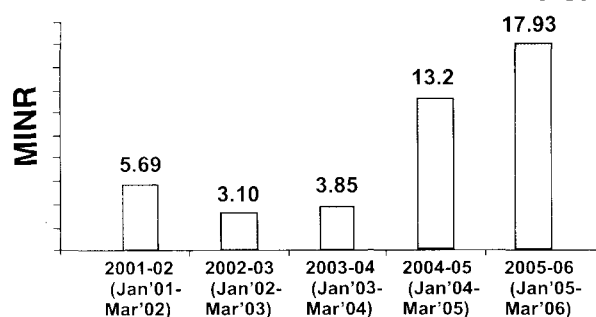
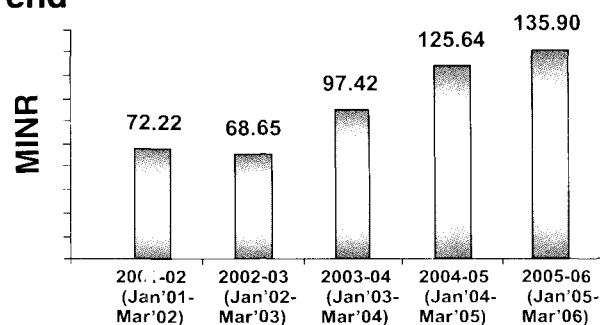


**Annual Report 2005-06**

## Performance Trend



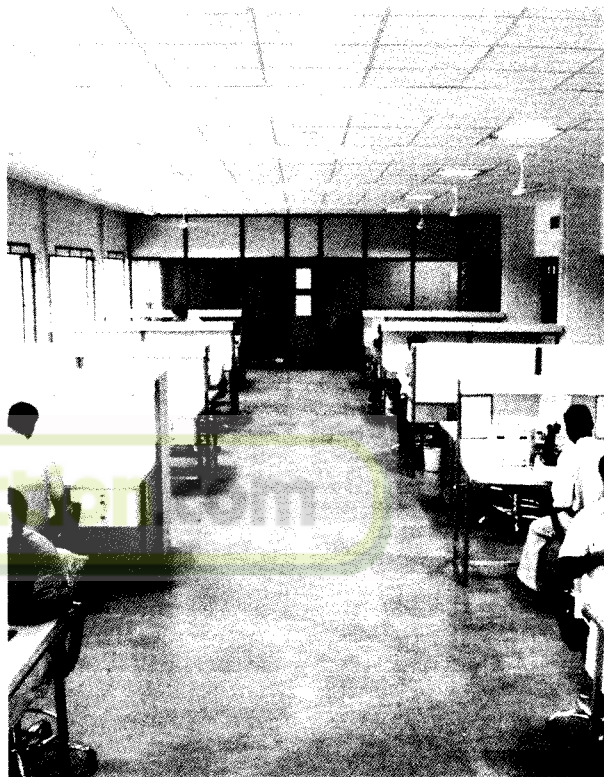
Profit Before Tax



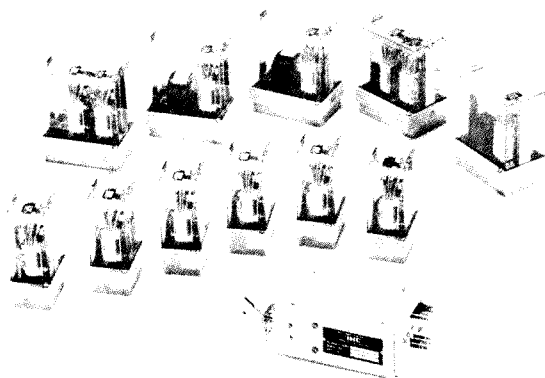
Revenue



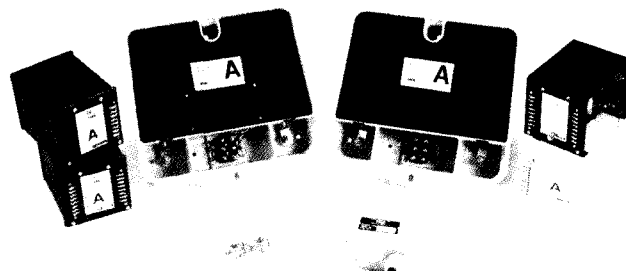
ISO 9001 - 2000



Product Assembly Line



Metal to Metal TMA type Relays



AFTC T121

**Integra Hindustan Control Limited.**

Board of Directors	V.P. Srivastava	Chairman
	M.N. Parikh	Managing Director
	S.R. Divatia	
	K. Rajagopal	
	B. Gururaj	
	Adrian Oehler	
	Rahul Divan	
Company Secretary HR & Legal	Binal Trivedi	
Bankers	1. State Bank of India, Industrial Finance Branch, Marble Arch, Baroda. 2. ICICI Bank Limited, Landmark Building, Race Course, Baroda. 3. Bank of Baroda, Sayajigunj Branch, Yash Kamal Building, Sayajigunj, Baroda.	
Auditors	A.F. Ferguson & Co.	
Registered Office	Brown Boveri House, Race Course Circle, Vadodara - 390 007.	
Works	Halol-Chapaner Road, P.O. Chandrapura, Tal. Halol, Dist. Panchamahals - 391 520.	
Share Transfer Registration Agent	Intime Spectrum Registry Limited. 308, Jaldhara Complex, Opp. Manisha Society, Off Old Padra Road, Vadodara - 390 015.	

<u>Contents</u>	<u>Page No.</u>
Notice	02
Directors' Report	07
Compliance Certificate	10
Auditors' Report	13
Balance Sheet	16
Profit and Loss Account	17
Schedules	18
Notes to the Accounts	25
Cash flow	31
Part - IV of Schedule VI	32

## Reports and Accounts 2005-06

### Notice to Members :

Notice is hereby given that the Nineteenth Annual General Meeting of the Members of Integra Hindustan Control Limited will be held at Sayaji Hotel, at Hall - "SWAD " , 5<sup>th</sup> Floor, Kala Ghoda, Sayajigunj, Baroda – 390 005, on Friday, the 22nd September, 2006 , at 11.30 A.M. to transact the following business :

### Ordinary Business:

- 1) To receive, consider and adopt the Balance Sheet of the Company as at 31<sup>st</sup> March, 2006 and the Profit and Loss Account for the Year, ended on that date and the Reports of the Directors and the Auditors thereon.
- 2) To declare dividend on Equity Shares.
- 3) To appoint a Director in place of Mr. Adrian Oehler, who retires by rotation and being eligible offers himself for re-appointment.
- 4) To appoint M/s A F Ferguson & Co., Chartered Accountants , as Auditors of the Company , to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

### Special Business:

- 5) To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

" RESOLVED THAT Mr B. Gururaj, who was appointed as Additional Director of the Company by the Board of Directors , pursuant to Article 98 of the Articles of Association of the Company and who holds office upto the date of Nineteenth Annual General Meeting, under section 260 of the Companies Act, 1956, and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- (Rupees Five Hundred only) from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 6) To consider and, if thought fit, to pass with or without modifications, the following resolution as an Ordinary Resolution :

" RESOLVED THAT Mr Rahul Divan, who was appointed as Additional Director of the Company by the Board of Directors , pursuant to Article 98 of the Articles of Association of the Company and who holds office upto the date of Nineteenth Annual General Meeting, under section 260 of the Companies Act, 1956, and who is eligible for re-appointment and in respect of whom the Company has received a notice in writing along with a deposit of Rs. 500/- (Rupees Five Hundred only) from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

- 7) To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to and in accordance with the provisions of Sections 269, 309 and 310 read with Schedule XIII to the Companies Act, 1956 and other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals and sanctions as may be necessary or required under law and further to and in partial modification of the resolution No. 5 passed by the company in its Annual General Meeting held on 22<sup>nd</sup> August, 2005 approving the appointment of Mr. M. N. Parikh, Managing Director of the Company for a period of three years with effect from 21<sup>st</sup> September, 2004, on the terms and conditions as set out therein and as contained in the agreement dated 20<sup>th</sup> October, 2004, the company hereby approves within and in accordance with the limits prescribed in Schedule XIII to the Companies Act, 1956, the increase in the salary and perquisites and allowances payable to Mr. M. N. Parikh as Managing Director of the Company with effect from 1<sup>st</sup> April, 2005 for the remaining period of his current tenure of office as Managing Director that is till 20<sup>th</sup> September, 2007 and other terms and conditions remaining unchanged as set out in the Supplementary Agreement dated 3<sup>rd</sup> February, 2006 submitted to this meeting and for identification, signed by the Chairman, which Supplementary Agreement is hereby specifically approved with liberty and powers to the Board of Directors to alter, vary and modify the remuneration, the terms and conditions of the said Supplementary Agreement in such manner as may be agreed between the Board of Directors and Mr. M. N. Parikh, within and in accordance with and subject to the limits and conditions prescribed in the Schedule XIII to the Companies Act or any amendment, modifications or reenactment made thereto from time to time and if necessary, as may be stipulated by the Central Government and as may be agreed to accordingly between the Board of Directors and Mr. M. N. Parikh."

"RESOLVED FURTHER THAT subject to the provisions of Section 198 and Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the remuneration payable to Mr. M. N. Parikh as Managing Director, by way of salary, perquisites and allowances shall not exceed 5% of the net profits of the Company, computed under Section 198 of the Companies Act, 1956 and 10% of such net profits of all such managerial personnel of the company together in that financial year."



## Integra Hindustan Control Limited.

"RESOLVED FURTHER THAT notwithstanding anything stated hereinabove where in any financial year of the company during the currency of tenure of Mr M. N. Parikh as Managing Director of the Company, the Company has no profits or its profits are inadequate, the remuneration, perquisites and allowances shall be governed by and paid in accordance with the limits and conditions prescribed in Section II of Part II of the Schedule XIII to the Companies Act, 1956 as amended from time to time. "

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things and they may take such steps necessary, expedient or desirable in the best interest of the Company. "

- 8) To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT pursuant to the applicable provisions of the Companies Act, 1956 (hereinafter referred to as "the Act" ) and all applicable provisions of the Securities and Exchange Board of India ( Delisting of Securities ) Guidelines, 2003 ( hereinafter referred to as "the Delisting Guidelines" ) (including any statutory modifications) or re-enactment of the Act or the Delisting Guidelines, for the time being in force and subject to such approvals , permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed while granting such approvals , permissions and sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to "The Board" which term shall be deemed to include any Committee thereof for the time being, exercising the powers conferred on the Board by the resolution), the consent of the Company be and is hereby accorded to the Board to delist the Equity Shares of the Company from Ahmedabad Stock Exchange Ltd (ASE) ( hereinafter referred to as "The Delisting Stock Exchange "), on such terms and conditions and in such manner as may be considered desirable and expedient by the Board in its discretion."

"RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, including filing of applications and other documents with the delisting stock exchange or any other authority as it may deem necessary, expedient, usual or proper or desirable and to settle all questions, difficulties or doubts, whatsoever that may arise in regard to aforesaid voluntary delisting of the Equity Shares as it may deem fit."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of its powers which may be so delegated by law to any of its Committees or any Director or officer of the Company to give effect to this Resolution."

- 9) To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution :

"RESOLVED THAT in accordance with the provisions of Section 198, 309(4) and all other applicable provisions of the Companies Act, 1956 or any statutory modification(s) or reenactment thereof, the Articles of Association of the Company and subject to all applicable approval(s) as may be required, the consent of the Company be and is hereby accorded to the payment of commission for a period of five years commencing from 1<sup>st</sup> April, 2006, to the non executive Directors of the Company as may be decided by the Board from time to time provided that the total commission payable to the non executive Directors per annum shall not exceed one percent of the net profits of the Company as computed in the manner referred to under Section 198(1) of the Companies Act, 1956, with authority to the Board to determine the manner and proportion in which the amount be distributed amongst the non executive Directors."

- 10) To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in compliance with the provisions of Section 163 and other applicable provisions of the Companies Act, 1956 ("the Act") read with the Listing Agreement with the Stock Exchanges, the Company hereby approves that the Register of Members, the Index of Members, the Register of Debenture holders, the Index of Debenture holders, Records relating to returns of allotment from time to time, Copies of Annual Returns prepared under Section 159 of the Act , together with copies of certificates and documents , required to be annexed thereto, under Section 161 of the Act or any one or more of them, be kept at the office of Intime Spectrum Registry Limited , 308, Jaldhara Complex, Opp. Manisha Society, Off. Old Padra Road, Vadodara – 390 015, newly appointed Registrar and Share Transfer Agent of the Company."

"RESOLVED FURTHER THAT the Registers, Indexes , Returns, Books, Certificates and documents of the Company, required to be maintained and kept open for inspection , under provisions of the said Act, be kept open for inspection at the aforementioned place for persons entitled there to, to the extent and in the manner and on payment of fees , if any, specified in the aforesaid Act , between 11.00 am and 1.00 pm , on any working day except that the Register and Books are closed under the provisions of the said Act or the Articles of Association of the Company, provided however that the Register required to be maintained under Section 307 of the said Act

## Reports and Accounts 2005-06

shall be open for inspection to the members of the Company, at the Registered office of the Company between the hours as mentioned above during the period prescribed by sub section 5 of the aforesaid Section."

By Order of the Board,  
For & on behalf of  
Integra Hundustan Control Ltd.,

**Binal Trivedi**  
Company Secretary  
HR & Legal

Registered Office :  
Brown Boveri House.  
Race Course Circle, Vadodara – 390 007.  
Mumbai, 28th July,2006.

### NOTES:

- 1) The relative Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, setting out the material facts in respect of business under Item No. 5, 6,7, 8, 9 & 10 is annexed hereto.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND ON A POLL VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.** The proxy, in order to be effective, must be deposited at the registered office of the Company, not later than 48 hours before the commencement of the meeting.
- 3) **The Members should bring the duly filled in attendance slips sent herewith, for attending the meeting.**
- 4) The Register of Members and Share Transfer Books of the Company, will remain closed from Saturday, the 16th September,2006 to Friday, the 22nd September, 2006 (both days inclusive) for both Physical & DEMAT.
- 5) Members are requested to advise, indicating their Folio Number, the change of their Addresses, if any, to the Company at its Registered Office or to its Registrar and Transfer Agent, viz Intime Spectrum Registry Limited, (ISRL)308, Jaldhara Complex, Opp. Manisha Society, Off. Old Padra Road, Vadodara - 390 015 (Tel. 0265-2250241/3249857, Fax : 0265-2250246)and also to respective Depository Participant (DP), in case the Shares are held in Demat Form.
- 6) The Dividend, as recommended by the Board, if declared at the Annual General Meeting, will be paid on and after 25th September, 2006 to those members whose names stand registered on the Company's Register of Members, as on 22nd September, 2006 or to their mandates subject to the provisions of Section 206(A) of the Companies Act, 1956, including the Beneficial Owners, as per the details to be furnished by National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd (CDSL) in respect of shares held in Demat form.
- 7) As mandated by SEBI, for Dividend, when declared, the Company will be providing ECS facility to the shareholders whereby they will be able to receive their dividend by direct electronic credit to their bank account. The ECS facility is available at centers as may be prescribed by the Company's Banker in the matter of Dividend. In absence of availing of this option by the shareholders, the Company shall send warrants for disbursing dividend. The Members are requested to fill in the form provided along with the annual report and send it, along with a photo copy of the cheque, (for verifying the accuracy of MICR Code No. and other particulars) to the Company's Registrar and Share Transfer agent in case of shares held in physical form and to respective Depository Participant (DP) in case the shares are held in demat form.
- 8) Members who have not yet encashed the dividend warrants for the financial year ended 31<sup>st</sup> December,2000, for the subsequent period of 15 Months, ended 31<sup>st</sup> March,2002, for the financial year ended 31<sup>st</sup> March,2003, for the financial year ended 31<sup>st</sup> March,'2004, as well as for the financial year ended 31<sup>st</sup> March,'2005, are requested to forward their claims along with all required details and documentary evidences, to the Company or its Registrar and Share Transfer Agent. Pursuant to the provisions of Section 205A of the Companies Act, 1956, dividends which remain unclaimed for a period of 7 years, will be transferred to "Investor Education and Protection Fund" established by the Central Government pursuant to Section 205C of the Companies Act, 1956, thereafter, no claims shall lie with the Company in respect of such amount.
- 9) Members holding shares in physical form, can avail of the Nomination Facility, by filing Form 2B (in duplicate) with the Company or its Registrar and Share Transfer Agent (ISRL). In case of shares held in demat form, the Nomination has to be lodged with their Depository Participant.(DP)

## Integra Hindustan Control Limited.

### Annexure to Notice

#### **Explanatory Statement under Section 173 of the Companies Act, 1956.**

##### **Item No. 5.**

Mr. B. Gururaj was appointed as an Additional Director with effect from 26<sup>th</sup> October, 2005 by the Board of Directors of the Company.

In terms of Section 260 of the Companies Act, 1956, read with Articles of Association of the Company, Mr. Gururaj will hold office as a Director only upto the date of the Nineteenth Annual General Meeting of the Company.

A Notice in writing along with a Deposit of Rs. 500/- under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Mr. Gururaj as a candidate for the office of Director.

Mr Gururaj is a Company Secretary of ABB Limited. The Directors consider that the service of Mr. Gururaj will be useful to the Company and that having regard to his experience and ability, it would be in the interest of the Company to appoint him as a Director of the Company.

The appointment of Mr. Gururaj as a Director of the Company is recommended for approval by the Members.

Mr. Gururaj is concerned or interested in the Resolution since it relates to his own appointment.

##### **Item No. 6.**

Mr. Rahul Divan was appointed as an Additional Director with effect from 28<sup>th</sup> January, 2006 by the Board of Directors of the Company.

In terms of Section 260 of the Companies Act, 1956, read with Articles of Association of the Company, Mr. Divan will hold office as a Director only upto the date of the Nineteenth Annual General Meeting of the Company.

A Notice in writing along with a Deposit of Rs. 500/- under Section 257 of the Companies Act, 1956, has been received from a Member signifying his intention to propose Mr. Divan as a candidate for the office of Director.

Mr Divan is a Practicing Chartered Accountant. The Directors consider that the service of Mr. Divan will be useful to the Company and that having regard to his experience and ability, it would be in the interest of the Company to appoint him as a Director of the Company.

The appointment of Mr. Divan as a Director of the Company is recommended for approval by the Members.

Mr. Divan is concerned or interested in the Resolution since it relates to his own appointment.

##### **Item No. 7.**

The Board of Directors, at its meeting held on 28<sup>th</sup> January, 2006 has decided to revise the remuneration to be paid to the Managing Director, Mr M. N. Parikh with effect from 01.04.2005, for the remaining term of his office, as Managing Director.

The terms and conditions of the revised remuneration are as under :

- a) Salary : Salary Rs. 36,000 pm, HRA Rs 25,000 pm, Leave Travel Expenses Reimbursement pa (Not Exceeding) Rs. 30,000 pa, Reimbursement of Medical Expenses (including Mediclaim Premium) Rs. 18,000 pa ,Ex-gratia Rs.64,000 pa., Company's contribution to Provident Fund (presently 12% pm) Rs. 4320 pm
- b) Perquisites : Reimbursement of Membership Fees of Two Professional Institutes or Clubs, subject to 75% of the Total Fees paid.
- c) Others :
  - (1) Performance Incentive (PI) as formulated from time to time under company incentive scheme subject to maximum of 25% of Annual Salary, (2) Insurance Coverage against (a) accidental death and complications arising there from , (Present Coverage is up to maximum of 72 Months Total Salary & as per details of the Scheme) (b) Hospitalisation (Coverage of total actual expenses incurred ), and (3) Fringe benefits as may be decided from time to time or as per the applicable schemes/rules of the Company (4) Other Retiral Benefits (including Gratuity etc.) as per the applicable statutes."

The terms and conditions and payment of remuneration may be altered , varied and modified by the Board of Directors of the Company in manner as may be agreed between the Board of Director and Mr. Parikh, within and in accordance with and subject to the limits and conditions prescribed in the Schedule XIII to the Companies Act, 1956, as amended from time to time.

The supplementary Agreement entered into between the company and Mr M N Parikh, incorporating the above particulars of remuneration and the Agreement dated 20<sup>th</sup> October, 2004 , are available for inspection by the members, at the Registered Office of the Company between 10.30 am and 12.30 pm on all working days.

Your Directors propose this resolution for your approval.

Except Mr M. N. Parikh, none of the Directors is in any way, concerned or interested in the Resolution of this item of the accompanying notice.

## Reports and Accounts 2005-06

### Item No. 8.

The Securities and Exchange Board of India (SEBI) has issued The Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 (hereinafter referred to as the "Delisting guidelines"). The delisting guidelines contains provisions for delisting of securities of the body corporate, voluntarily by a promoter or an acquirer or any person other than the Stock Exchanges.

The Equity Shares of the Company are currently listed on the following three Stock Exchanges in India.

1. The Bombay Stock Exchange Ltd., (BSE)
2. The Ahmedabad Stock Exchange Ltd., (ASE)
3. Vadodara Stock Exchange Ltd., (VSE) (The Regional Stock Exchange).

With wide and extensive networking of the BSE as also the extension of BSE terminal to other cities, the investors have access to online dealing in Equity Shares of the Company across the country. The Company's Equity Shares are one of the scripts that the Securities and Exchange Board of India (SEBI) has specified for settlement only in dematerialized form by all investors.

Over a period, it was observed that almost all the trading in the Company's shares takes place only on the Bombay Stock Exchange Ltd., (BSE). The annual recurring listing fees paid to ASE do not offer commensurate benefits to the Company or its investors in the changed scenario of nation wide trading terminals set up by BSE. The continued listing on the said Stock Exchange is therefore, not considered necessary. It would further contribute to the reduction in administrative costs / efforts of the Company.

None of the Directors of the Company is interested in this resolution.

### Item No. 9.

In the current competitive business environment, the directors are required to take far more complex business decisions than before and are required to commit their time and provide expertise for the Company business. In addition with the more stringent Accounting Standards, the Board of Directors has to ensure compliance with various statutory requirements. Apart from sitting fees of Rupees Two thousand for each meeting of the Board or a Committee thereof, the non executive Directors do not draw any remuneration from the Company. It is accordingly proposed to pay the non-executive Directors, a commission with effect from the current financial year 2006-07. The Board of Directors will determine each year, the specific amount to be paid as commission to the non executive Directors, which shall not exceed 1% of the net profits of the Company as computed in the manner referred to in Section 198(1) of the Companies Act, 1956. Members are requested to approve the payment of commission to the non executive Directors and to authorize the Board to determine the manner and proportion in which the amounts be distributed to the said non executive Directors. The payment of Commission would be in addition to the sitting fees payable for attending Board / Committee Meetings.

### Item No. 10.

Section 163 of the Companies Act, 1956 requires the Company to obtain approval of Members of the Company for keeping Register of Members, Indexes, Returns and copies of Certificates and Documents, etc., at the place other than the Registered Office of the Company.

The Company has appointed Intime Spectrum Registry Limited, 308, Jaldhara Complex, Opp. Manisha Society, Off. Old Padra Road, Vadodara – 390 015, as "Registrar and Share Transfer Agent" in place of MCS Ltd. Your Directors seek your approval to the Resolution at item No. 10 of the accompanied Notice, by way of Special Resolution, according approval for keeping Register of Members, Indexes, Returns and copies of Certificates and Documents etc. at the office of said Intime Spectrum Registry Limited.

No Director shall be deemed to be interested or concerned in the resolution.

By Order of the Board,  
For & on behalf of  
Integra Hindustan Control Ltd.,

**Binal Trivedi**  
Company Secretary  
HR & Legal

### **Registered Office:**

Brown Boveri House,  
Race Course Circle,  
Vadodara – 390 007.

Mumbai,  
28th July, 2006.



## Integra Hindustan Control Limited.

### Directors' Report

The Directors submit their Nineteenth Annual Report and the Audited Accounts of the Company for the year ended 31<sup>st</sup> March, 2006.

### Financial Results

	(Rs.in Thousands)	
	For the year ended on 31 <sup>st</sup> March, 2006	For the year ended on 31 <sup>st</sup> March, 2005
Profit/(Loss) before taxation	17,927	13,230
Less: Provisions for taxation	6,214	5,058
Less: Short /(Excess) provision in respect of earlier years (net)	225	(105)
Profit/(Loss) after taxation	11,488	8,277
Add: Balance brought forward from previous year	15,142	9,996
Profit available for appropriation	26,630	18,273
Appropriation :		
Transfer to General Reserve	1,270	1,250
Proposed Dividend	1,650	1,650
Tax on distributed profit	231	231
Surplus carried to Balance Sheet	23,479	15,142

### Dividend

The Directors recommend payment of a Dividend for the year ended on 31<sup>st</sup> March, 2006, at the rate of Rs.1.50 (previous year - Rs.1.50) per Equity Share of Rs.10 each, amounting to Rs. 16,50,000/-.

### Dematerialisation of Equity Shares of the Company

The Equity Shares of the Company are currently listed at Vadodara, Ahmedabad and Mumbai Stock Exchanges. As the Company has been categorised under compulsory dematerialisation segment, and in order to facilitate dealing in the Shares in electronic mode, (which is made compulsory, by the SEBI and Stock Exchanges), the Company has joined the National Securities Depository Ltd. (NSDL) and Central Depository Services (I) Ltd. (CDSL), by entering into separate Tripartite Agreements (on 1<sup>st</sup> December, 2001), one between the Company, MCS Ltd., Company's Registrar and Transfer Agent and National Securities Depository Ltd. (NSDL) and other one with Central Depository Services (I) Ltd. (CDSL). **ISIN Number allotted to your Company, is - INE288D01017.**

### Review of Performance

During the year under review, the Gross turnover of the Company has reached to Rs.15,76,54,460/- as compared to Rs. 14,67,97,447/- of previous year, ending on 31<sup>st</sup> March 2005.

The company has also reported a pre-tax profit of Rs.1,79,27,228/- as compared to Rs. 1,32,30,545 /- of previous year.

The better profitability is due to several factors including improved market opportunities of product mix, higher productivity and dispatches and also the optimum resource management through teamwork.

Above also includes the support from the Top Management, constantly guiding with the strategic initiative, with object of business betterment, from balanced portfolio of available products and services.

### ● Relays

During the year your company booked orders for more than 31025 relays. This comprises some of the major orders like Relay – Interlocking between the Ujjain - Bhopal Section of Ratlam division as well as for 5 stations of Latur – Osmanabad section of Solapur division of Central Railway and 593 PCUs from Northern Railways, involving 2372 Relays.

During the year around 51,625 Relays were dispatched, due to which Railways could commission their important Projects.

Your company also reentered into the direct turnkey RRI projects, receiving orders from Northern Railway. This shows the confidence reposed by the customer in our company.

### ● Audio Frequency Track Circuits (AFTC)

On AFTC front, coping up with the increased demand, your company received some major orders, mainly from Western Railway, like Surat Panoli section and also from Southern Railways, comprising Tada –Nayudupeta section, Basin bridge, Pattabiram – Tiruvallur Section and Tambaram - Chengalpattu Section.

The Company is also exploring the possibilities of enhancing the Technology, to meet the market demand.

### Future Outlook

Indian Railway has been allocating more and more funds for the Signalling, emphasizing on safety and for increasing the line capacity. Accordingly more AFTC Projects are expected mainly from Western Railway and Southern Railway.

The further demand for Relays is expected to be mainly from Route Relay Interlocking Projects and Panel Interlocking Projects from West Central and Central Railway.

### Quality Accreditations

On ISO front, it is further reported here that the Surveillance cum Expansion Audit was conducted by RWTUV on 23<sup>rd</sup> Jan., 2006, and the Company has also achieved the revalidation of ISO 9001:2000 accreditations for Manufacturing and Sales of Relays and Audio Frequency Track Circuits (AFTC), additionally with Pre Wired Base Plate, for Railway Signalling.

## Reports and Accounts 2005-06

The above accomplishment is due to team efforts of company's dedicated employees, with objective, focused to achieve customers satisfaction by delivering products and system complete as per their needs, in terms of product quality & services, through the process of Continual Improvements, all around.

### **Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo**

The particulars as prescribed under clause (e), of sub-section (1) of Section 217 of the Companies Act, 1956, read with Companies (Disclosures of Particulars in the Report of Board of Directors) Rules, 1988, are given in the Annexure which forms part of the Directors' Report.

### **Human Resource**

There has been cordial Employee relation, all around, during the year. Your Company has been taking the initiatives for small and effective welfare activities. The initiatives are also being taken by the company, for constantly improving the skills and competence level of Employees, by implementing the effective system of Training & Development (In house as well as External) on Quality, Health & Safety front and also addressing the General and more importantly the Functional areas, with an objective to improve the awareness level of the employees, with better moral & satisfaction, leading to the improved performance for the accomplishment of corporate objectives.

### **Particulars of Employees**

Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended are not applicable as the Company does not have any employee on its roll whose particulars are required to be disclosed under the said provisions.

### **Directors' Responsibility Statement**

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

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed by the Company.
- (ii) Appropriate accounting policies have been selected and applied consistently and such judgements and estimates have been made, 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 financial year ended 31<sup>st</sup> March, 2006 and of the profit of the company for the year ended on that date.
- (iii) Proper and 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) The annual accounts have been prepared on a going concern basis.

### **Fixed Deposits**

The Company has not accepted any Fixed Deposit.

### **Compliance with the provisions of the Companies Act, 1956.**

As required under Section 383A of the Companies Act, 1956, a copy of the Certificate from Mr. Devesh A Pathak, the Secretary in whole time practice, regarding Compliance with provisions of the Companies Act, 1956, forming part of this report, is attached herewith.

### **Directors**

Pursuant to Article 98 of the Articles of Association of the Company and in accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. B Gururaj, was appointed as an Additional Director, on the Board of Directors of the Company, with effect from 26<sup>th</sup> October, 2005. Mr. Gururaj will hold office upto the date of this Annual General Meeting and is eligible for re-appointment.

Pursuant to Article 98 of the Articles of Association of the Company and in accordance with the provisions of Section 260 of the Companies Act, 1956, Mr. Rahul Divan, was appointed as an Additional Director, on the Board of Directors of the Company, with effect from 28<sup>th</sup> January, 2006. Mr. Divan will hold office upto the date of this Annual General Meeting and is eligible for re-appointment.

Pursuant to and in accordance with the provisions of the Companies Act, 1956 and Articles of Association of the Company, Mr. Adrian Oehler retires from the Board of Directors by rotation and is eligible for re-appointment.

### **Auditors**

You are requested to appoint Auditors and fix their remuneration.

### **Acknowledgement**

The Board wishes to express its gratitude to Integra Group, Switzerland, Bombardier Transportation, India and U.K. and ABB Limited for their support.

The Board also takes this opportunity to record its thanks to the Company's valued customers, various Central and State Government Departments, Financial Institutions, Bankers, and the Shareholders of the Company for their continuous support and also its appreciation to employees of the Company at all levels, for their unstinted commitment, dedication and team work, put in.

**For and on behalf of the Board of Directors,**

**V. P. Srivastava**  
**Chairman**

**Mumbai,**  
**27th April, 2006.**