

DIRECTORS' REPORT

To
The Shareholders,
S. R. Oils And Fats Ltd.

The Directors present the Nineteenth Annual Report and the audited accounts for the year ended March 31, 2006:

1. FINANCIAL RESULTS:

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Particulars	2005-2006	2004-2005
-Sales & Other Income	257,638.7	41.63
-Profit / (Loss) before taxation	127.9	0.75
-Profit / (Loss) after taxation carried to Balance Sheet.	127.4	0.75
-Appropriations		
Proposed Dividend	Nil	Nil
Transfer to Gen. Reserve	Nil	Nil

2. OPENING OF AASHEE INFOTECH AS A NEW DIVISION:

The Company intends to give full attention to its new business activities relating to information technology, computers, software, internet, web and other related services. A new division under the name and style of AASHEE INFOTECH Prop. S. R. OILS & FATS LTD was started in October, 2005. A Registration with VAT / Sales Tax Department was obtained for this purpose.

3. DEPOSITS:

Your company has not accepted any deposits from public within the meaning of Section 58-A of the Companies Act, 1956 and the rules framed there under.

4. DIVIDEND:

Due to brought forward losses, your Directors do not recommend any dividend.

5. CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGERIAL PERSONS

The Company in its Board of Directors meeting held on 27.01.2006 has approved the "code of conduct" applicable for all board members and senior managerial persons. As per requirement of Listing Agreement and provisions of "code of conduct" were sent to all Directors and the copy of the same is available from Registered Office of the Company.

6. ALTERATION OF MEMORANDUM OF ASSOCIATION

The Major part of turnover of the company is from its Main objects as substituted vide Postal Ballot dated 07.09.2005 viz. business of manufacturing, assembling and / or trading of modern equipments of information technology and communication, marketing of computers, microprocessors, devices and software during the financial year ending 31.3.2006.

Your Director's propose to delete Clauses III (A) 1 & 2 of the Memorandum of Association through postal ballot in the ensuing Annual General Meeting.

7. MANAGING DIRECTOR:

Mr. Rattan Lal Jain, Managing Director of the Company has resigned from the post of Managing Director w.e.f. 27.06.2006. The Company hereby expresses its sincere thanks for their valued services and efforts in managing the affairs of the Company till date.

During the year under review Mr. Inder Bansal was co-opted in the Board of Directors meeting as Managing Director w.e.f. 05.07.2006. The Board recommends for the appointment of Mr. Inder Bansal as Managing Director as per the terms of appointment in the ensuing Annual General Meeting.

8. DIRECTORS:

Mrs. Anshu Jain, director of the company has resigned from the post of director w.e.f. 17.02.06. The company gives its sincere thanks to the said director for their full co-operation and valuable consideration.

Mr. Chaman Jain, director of the company has resigned from the post of director w.e.f. 27.06.06. The company gives its sincere thanks to the said director for their full co-operation and valuable consideration.

During the year under review Mr. Rajesh Girotra, Mr. Arun Jain and Mr. Rajesh Goel were co-opted to the Board as Additional Director(s). The Board recommends for the appointment of Mr. Rajesh Girotra, Mr. Arun Jain and Mr. Rajesh Goel as Director (s) in the ensuing Annual General Meeting.

9. CORPORATE GOVERNANCE:

Pursuant to Clause 49 of the Listing Agreement, with the Stock Exchanges, Report on Corporate Governance has been included in the Annual Report as separate section.

10. DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the financial year ended 31st March 2006, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- b) the directors had selected such accounting policies and applied them consistently and made judgments 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 of the Company for the year under review.
- c) 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.
- d) the Directors had prepared the accounts for the financial year ended 31st March, 2006 on a 'going concern' basis.

11. AUDITORS AND AUDITORS' REPORT:

The Company recommends the appointment M/s UBS & Co., Chartered Accountants, Statutory Auditors of the Company, subject to the approval of Members at the ensuing Annual General Meeting. The Company has received letter from M/s UBS & Co., Chartered Accountants to the effect that their appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and that they are not disqualified for such appointment within the meaning of Section 226 of the said Act.

The notes on accounts referred to the Auditors' Report are self-explanatory and therefore do not call for any further comments.

12. THE COMPANIES (PARTICULARS OF EMPLOYEES) RULES, 1975 AS AMENDED:

During the year under report, there was no employee drawing a salary exceeding the limits prescribed u/s 217 (2A) of the Companies Act, 1956 read with rules made there under.

13. ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS & OUTGO:

Information as required u/s 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988 is set out as under:

- A. Conservation of Energy:** The plant and machinery of the manufacturing process of the Company is already disposed off and the consumption of energy is Nil in manufacturing process. Hence the steps for conservation of energy in manufacturing process are NIL.
- B. Technology absorption:** The plant and machinery of the manufacturing process of the Company is already disposed off. Hence the steps for technology absorption in manufacturing process is NIL.
- C. Foreign Exchange Earning & Outgo:** NIL

14. NSDL & CDSL:

As mentioned last year, the company had applied for admission of securities with NSDL and CDSL for dematerialization, but the application was rejected by on the grounds specified last year.

15. LISTING AND LISTING FEE:

The Company has paid the listing fees of Bombay Stock Exchange Limited in full including all arrears and all the necessary compliances of Listing Agreement are complied with all the Stock Exchanges now.


However the request of Company for revocation of suspension of trading of shares was rejected by Bombay Stock Exchange Ltd. vide their letter dated December, 2005 due to negligible operations during the year ending 31.3.2005, disposal of major assets and accumulated losses.

Listing fees of Delhi, Ahmedabad and Ludhiana Stock Exchanges are outstanding for the current year.

16. ACKNOWLEDGEMENT:

Your Directors would like to express their grateful appreciation for assistance and co-operation received from the Banks, Government authorities, customers, vendors and members during the year under review. Your Directors also wish to place on record their deep sense of appreciation for the committed services of the executives and staff of the Company.

By Order of the Board of Directors
S. R Oils And Fats Limited
 For S. R. Oil and Fats Ltd.


Managing Director
(Inder Bansal)
Chairman &
Managing Director

Place: Delhi

Dated: 21.08.2006

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CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PHILOSOPHY

S.R. Oils and Fats Ltd. is committed to highest standards of Corporate Governance and has always strived to achieve the goal of maximization of shareholders' worth.

Company believes that good corporate governance is essential to achieve its long-term corporate goals and to enhance the shareholders value. Your Company believes in functioning in a transparent manner and believes in proper accountability, auditing, disclosure and reporting.

Company feels that the code of Corporate Governance is an excellent tool to secure the corporate excellence in the country. The company has complied with the code of Corporate Governance as required under the Listing Agreement with the Stock Exchanges.

I. BOARD OF DIRECTORS

(A) Composition of Board

The present Board consists of one Executive Director and 3 Non- Executive Directors. Out of the Non- Executive Directors, two are Independent Directors and the one is Promoter Director. The Non-Executive Directors with their diverse knowledge, experience and expertise bring in their independent judgments to the deliberations and decisions of the Board. Non-Executive Directors did not have any material pecuniary relationship or transactions with the Company during the year 2005-06 which may effect their judgments in any manner.

The company has a Non-Executive Chairman. The number of Independent Directors is more than one-third of the total number of Directors. The company meets the requirements relating to the composition of Board of Directors.

(B) Non-Executive Directors' compensation and disclosures

No remuneration or sitting fees was being paid to the Non Executive Directors'. No stock options were granted to Non Executive Directors or Independent Directors during the year under review.

(C) Other provisions as to Board and Committees

15 (Fifteen) meetings of the Board of Directors were held during the financial year 2005-06. The dates on which the meetings were held are April 24, April 30, May 5, July 26, July 28, August 19, August 31, September 4, September 7, September 21, September 29, October 26, December 7 in 2005 and January 27, February 13 in 2006.

The 18th Annual General Meeting of your Company was held on September 29, 2005.

None of the Directors of the Board serve as Members of more than 10 committees nor do they chair more than 5 committees as per the requirements of the Listing Agreement.

Detailed information is given in the table:

Name	Category	Board Meetings attended during year	Attendance at the AGM held on 29.09.2005	No. of outside Directorships+		No. of Committees and Positions held	
				Indian	Foreign	Member	Chairman
Mr. Inder Bansal (Chairman)	Independent Non Executive	15	Yes	1	-	1	1
Mr. Rattan Lal Jain	Promoter Executive Director	12	Yes	-	-	-	-
Mr. Chaman Jain	Promoter Executive Director	12	Yes	-	-	2	-
Mr. Anil Jain	Independent Non Executive Director	15	Yes	1	-	1	1
Mrs. Anshu Jain*	Independent Non Executive Director	14	Yes	1	-	2	-

* Resigned as Director w.e.f. 13.02.2006

+ This does not include directorships in Private Limited Companies.

(D) Code of Conduct

(i) The Board of directors has laid down Code of conduct for all Board members and Senior Management of the Company. The copies of Code of Conduct as applicable to the Executive Director (including Senior Management of the Company) and Non Executive Directors, have been sent to all the Directors and Senior Management Personnel.

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Presently, the company has no web site operational. Therefore, the Code of Conduct could not be posted on the web site of the company. The copy of the Code of Conduct can be had / inspected from the Registered Office of the company.

(ii) All the members of the Board of Directors and Senior Management personnel have affirmed compliance with the Code as applicable to them during year ended March 31, 2006. The annual report of the Company contains certificate duly signed by the Managing Director.

II. Audit Committee

The Board has established an Audit Committee.

(A) Qualified and Independent Audit Committee

The Company complies with the provisions of Section 292A of the Companies Act, 1956 as well as requirements under the listing agreement pertaining to the Audit Committee. Its composition and functioning is as under:

- i) The Audit Committee consists of the three directors as members and two of them are independent directors.
- ii) All members of the committee are financially literate and the Chairman Mr. Anil Jain is having the requisite financial management expertise.
- iii) The Chairman of the Audit Committee is an independent director.
- iv) The Chairman of the Audit Committee was present at the last Annual General Meeting held on September 29, 2005.
- v) The representatives of the Statutory auditors and such other person and official of the company are invited to attend the Audit Committee meetings as and when required.
- vi) The Company Secretary & Compliance Officer acts as the Secretary to the Committee.

(B) Meeting of the Audit Committee

Audit Committee has met 5 (Five) times during the financial year 2005-06 on April 30, July 28, August 31, October 26 in 2005 and January 27 in 2006. The Audit Committee meetings were held at the Registered Office of the company. The proper quorum was present in all the Audit Committee meetings held during the year.

The composition of the Audit Committee and number of meetings attended by the Members are given below:

Name of Member	Composition of the Audit Committee	Number of meetings attended
Mr. Anil Jain	Chairman, Independent Director	5
Mr. Inder Bansal	Member, Independent Director	5
Mrs. Anshu Jain*	Member, Independent Director	5
Mr. Chaman Jain**	Promoter, Non Executive Director	-

* Resigned w.e.f. 13.02.2006.

** Joined w.e.f. 14.02.2006.

(C) Powers of Audit Committee

- i) To investigate any activity within its terms of reference.
- ii) To seek information from any employee.
- iii) To obtain outside legal or other professional advice.
- iv) To secure attendance of outsiders with relevant expertise, if it considers necessary.

(D) Role of Audit Committee

- o Review of the Company's financial reporting process, the financial statements and financial / risk management policies.
- o Recommend the Board on appointment / re-appointment of statutory auditors and fixation of audit fee and other fees to auditors.
- o Review of the adequacy of the internal control systems in the Company.
- o Review of the internal audit report.
- o Discussions with management of the external auditors, the audit plan for the financial year and joint post-audit review of the same.
- o Review of the quarterly and annual financial statements before submission to the Board.
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- o Review of the Whistle Blower mechanism, as existing in the company.
- o To carry out any of the functions contained in the Corporate Governance Clause of the Listing Agreement.

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(E) Review of information by Audit Committee

The Audit Committee has reviewed the following information during the year:

1. Management Discussion and Analysis of financial condition and results of operations of the company.
2. The reports of Statutory Auditors.
3. The reports of Internal Audit.

III. Subsidiary Companies

The company had no Subsidiary Company.

IV. Disclosures**(A) Basis of related party transactions**

There were no transactions with related parties during the year.

(B) Disclosure of Accounting Treatment

During the year there has been no change in Accounting Standard.

(C) Risk Management

The company has laid down procedures to inform the Board of Directors about the Risk Management and its minimization procedures. The Audit Committee and the Board of Directors review these procedures periodically.

(D) Proceeds from public issues, rights issues, preferential issues etc.

The company had none of the above issues during the year under review.

(E) Remuneration of Directors

- i) No remuneration was paid to the Executive as well as non Non-executive Directors.
- ii) The Non - Executive directors have disclosed that they do not hold any shares and / or any convertible instruments in the Company.
- iii) There was no new appointment of non-executive directors on the Board of Directors of the Company during the year under review.
- iv) There has been no pecuniary relationship or transactions of the non-executive directors vis-à-vis the company during the year under review.