

CONTENTS

Director's Report

Management Discussion and Analysis

Report on Corporate Governance

Auditor's Report

Balance Sheet

Profit & Loss Account

Schedules

Balance sheet Abstract and
Company's General Business Profile

Cash flow Statement

Statement Under Section 212

Consolidated Financial Statements

Documents of Subsidiary Company



BOARD OF DIRETORS	: Gautam M.Jain Chairman & Managing Director Anil M.Jain Deputy Managing Director Sandeep M. Singhi Sudhir N. Doshi Sandeep S. Bhandari
COMPANY SECRETARY	: K.N.Nevatia
AUDITORS	: Deepak Soni & Associates Chartered Accountants Ahmedabad.
BANKERS	: State Bank of India Indian Bank Citibank
REGISTERED OFFICE	: Village : Umraya Taluka : Padra District : Baroda-391 440 Gujarat
ADMINISTRATIVE OFFICE	: 505/506, "SURYA RATH" Near White House, Panchwati, Ellisbridge, Ahmedabad- 380 006
CORPORATE OFFICE	: 508/509 "SHILP" C.G.Road, Navrangpura, Ahmedabad-380 009
WORKS	: (I) Phase II, G I D C Vatva Ahmedabad-382 445 (II) Village : Umaraya Taluka : Padra District : Baroda 391440
REGISTRARS AND TRANSFER AGENTS	: Pinnacle Shares Registry Pvt.Limited Near Ashoka Mills, Naroda Road, Ahmedabad- 380 025

METROCHEM INDUSTRIES LIMITED**DIRECTORS REPORT**

To,
The Members,

Your Directors have pleasure in presenting their Nineteenth Annual Report together with the audited Statement of Accounts for the year ended 31st March, 2006.

FINANCIAL RESULTS

	<u>(Rs. Lacs)</u>	
	YEAR ENDED 31-03-2006	YEAR ENDED 31-03-2005
Sales & Other Income	17257.94	19991.48
Profit Before Interest, Depreciation and Tax	1811.80	2218.96
Less: Interest	592.99	593.32
Depreciation	1014.24	1212.84
	-----	-----
Profit Before Taxes	204.57	412.80
Less: Provision for Tax		
Current Tax	181.85	180.00
Deferred Tax	(405.49)	(30.00)
	-----	-----
Profit After Tax	428.21	262.80
Add: Balance brought forward from the previous year	993.65	1021.88
	-----	-----
Profit Available for Appropriation	1421.86	1284.68
	=====	=====
Appropriations:		
Transfer to General Reserve	430.00	30.00
Proposed Dividend on Equity Shares	228.67	228.67
Tax on Dividend	32.07	32.36
Total	690.74	291.03
Balance Carried to Balance Sheet	731.12	993.65
	-----	-----
	1421.86	1284.68
	=====	=====

OPERATIONS

During the year under review, sales and other income amounted to Rs.17257.94 Lacs (previous year Rs. 19991.48Lacs). The exports turnover amounted to Rs.11836.83 lacs (previous year Rs. 14608.02 lacs) showing a decrease of 13.82 % in total turnover and 18.97 % in export turnover. The decrease in the turnover including exports was caused because of loss of production on account of shut down of the plants at Umaraya during monsoon season having heavy floods and excessive downpour and also because of the process of Strategic restructuring of manpower during June- October 2005.

Net profit after tax was Rs. 428.21 lacs as against Rs. 262.80 lacs during the previous year showing an increase by 62.94 %. The increase in the net profit was reflected due to write back of the deferred tax provisions of Rs.405.49 Lacs made in earlier years.

During the year under review, the Production of Dyes and Dye intermediates was 15898.81 MT inclusive of captive consumption (previous year 19848.73 MT) showing a decrease of 19.90 %. The sales of Dyes and Dye intermediates was 11108.25 MT (previous year 13071.52 MT) showing a decrease of 15.02 %.

For trading of finished goods, the company purchased 2979.58 MT of Dyes and Dye intermediates (previous year 2311.61 MT) and sold 2999.58 MT (previous year 2297.61 MT).

During the year under review your company exported 4658 MT Iron Ores amounting to Rs.71.10Lacs.

DIVIDEND

The Board of Directors have recommended dividend @ 20 % , (previous year @ 20%) on paid up equity share capital of the Company for the year ended 31st March, 2006, subject to the approval by the shareholders at the Annual General Meeting.

CAPITAL EXPENDITURE

Your Company have made a net addition of Rs.346.87 lacs to various manufacturing fixed assets (Previous year Rs. 465.46lacs) during the year under review. However, on account of sale of Office Building and other unproductive assets, there was net receipt on this account amounting to Rs.41.08 Lacs. Further expansion plans are under study and will be implemented after carefully monitoring the changing features of Globalisation and WTO effects.

INSURANCE

The fixed assets and stocks of the Company are adequately insured.

ENVIRONMENT AND POLLUTION CONTROL MEASURES

The Company continues to embark upon the environment and pollution control measures. In order to keep the plants environmental friendly, natural plants and trees are developed in and around the manufacturing area and all measures to keep pollution in control are taken.

AWARDS

The Company has been awarded with the following awards for its export performance:

THE GUJARAT DYESTUFFS MANUFACTURER'S ASSOCIATION

-Second Award for indirect export of self manufactured Dyes/ intermediates during the year 2004-2005,

-Second Award in recognition of excellent performance in export of Dyestuffs / intermediates by a Merchant Exporter for the year 2005-2006,

FINANCE

Your Company has repaid FCNRB Term Loans to the extent of Rs. 136.88 lacs and raised a Corporate Term Loan of Rs.700 Lacs . Utilisation of Working Capital Limits was reduced due to over all lesser requirement of working capital.

DEMATERIALISATION OF EQUITY SHARES

Your Company's Equity Shares are being compulsorily traded in DEMAT FORM from April 30, 2001 as per the SEBI Notification. About 80.10% of the shares have been dematerialized as on March 31, 2006.

COST AUDIT

Your Company has appointed Kiran J. Mehta & Co., Cost Auditors, a firm of practising Cost Accountants, for the financial year 2006-2007 for the cost audit of the Company's cost records pursuant to an order of the Department of Company Affairs, Company Law Board, New Delhi.

CONSOLIDATED ACCOUNTS

As required under Clause 32 of the Listing Agreement with the Stock Exchanges, audited consolidated financial statements form part of the Annual Report.

SUBSIDIARY COMPANY

As required under section 212 of the Companies Act, 1956, the Audited Balance Sheet and Profit and Loss Account along with the Reports of Directors and Auditors of Metrochem Capital Trust Limited, Subsidiary of the Company, are annexed hereto.

DIRECTORS

Shri Anil M.Jain and Shri Sandip M.Singhi, Directors of the Company, retire by rotation and being eligible offer themselves for reappointment.

FIXED DEPOSITS

During the year under review, your Company has repaid fixed deposits amounting to Rs.12 lacs and renewed others amounting to Rs.536.45 lacs and the outstanding fixed deposits at the end of the year under review were Rs.536.45 Lacs.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report as required under the Listing Agreement with the Stock Exchanges is enclosed.

CORPORATE GOVERNANCE

A separate report on Corporate Governance, along with Auditors Certificate on its compliance, is enclosed.

DIRECTORS RESPONSIBILITY STATEMENT

In compliance of Section 217 (2AA) as incorporated by the Companies (Amendment) Act, 2000 in the Companies Act, 1956, your Directors confirm that:

- a) The company has followed the applicable accounting standards in the preparation of the Annual Accounts and there had been no material departure.
- b) The directors had selected such accounting policies and applied them consistently and made Judgement and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2006 and of the Profit of the Company for the year ended on that date.
- 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 have prepared the Annual Accounts on a going concern basis.

AUDITORS

M/s. Deepak Soni & Associates, Chartered Accountants, Ahmedabad, the Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and are eligible for reappointment. They have expressed willingness to serve, if reappointed.

Observations of the Auditors are self-explanatory.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The statement containing the necessary information required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure and forms part of this Report.

PARTICULARS OF EMPLOYEES

There was no employee drawing salaries exceeding the limit stipulated under Section 217 (2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975.

INDUSTRIAL RELATIONS

During the year under review, the industrial relations remained harmonious and cordial. The Directors wish to place on record the unstinted efforts and dedicated services extended by the employees at all levels. With their support the Company looks forward to a brighter future.

ACKNOWLEDGEMENT

The Directors extend their sincere thanks to the Bankers, Financial Institutions, Central and State Government Authorities, Customers, Shareholders and all other who have been associated with the Company, for their co-operation, continued support and for the confidence reposed in the management of the Company.

For and on behalf of the Board

Ahmedabad
29th June, 2006

Gautam M. Jain
Chairman & Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information as required Under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY

The Company is making continuous effort for energy conservation. Effective measure have been taken to monitor generation & consumption of energy during the process of manufacture. Certain equipment have been installed to ensure optimum utilization of steam & power.

Some of these measures are as follows:

- Steam Leakages of Sulphonator vessel joints sealed,

- In solvent plant high pressure steam is used for heating, which will be replaced by efficient media of heat transfer by thermic fluid. Project of 30 Lac kcal/hr is in final stage of commissioning. This will also eliminate use of LDO in existing 4 Lac kcal/hr Thermo pack boiler.
- Increased the capacitor banks in MCC for Optimization of Power Factor.
- Optimization of the steam pipe size for evaporators and Sulphonator pressure drop reduced with higher pressure in evaporators, the cycle time reduced,
- Boiler put on effective automatic pressure controls to avoid steam pressure variation,
- Project of installation of multistage evaporator for reduction of steam consumption and increasing the concentration of amino in H-acid is completed. Use of steam in open nutche is avoided.

The above measures have resulted in optimum utilization of energy and reduction in cost of production and therefore making the products more competitive.

Total energy consumption and energy consumption per unit of production :
From A is Annexed.

B. TECHNOLOGY ABSORPTION

Form B is annexed.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) Activities relating to exports:

The Company has retained its position of leading player in the international market and maintained the status of Two Star Export House recognized by DGFT. It has also explored certain new export markets.

(b) Foreign Exchange Earnings and Outgo:		(Rs./Lacs)	
		2005-06	2004-05
(i) Earnings		11836.83	14608.02
(ii) Outgo		2074.39	2743.65

Form 'A'

A. POWER AND FUEL CONSUMPTION		(Rs./Lacs)	
PARTICULARS		2005-06	2004-05
1. Electricity			
a) Purchased			
Units (kwh/Lacs)	41.65	37.53	
Total Amount (Rs. Lacs)	203.79	182.32	
Rate/Unit (Rs.)	4.89	4.86	
b) Own Generation			
Through Power Plant			
Units (kwh/Lacs)	161.42	183.45	
Total Amount (Rs. Lacs)	717.34	880.00	
Rate/Unit (Rs.)	4.44	4.80	
c) Own Generation			
Through Diesel Generator			
Units (kwh/Lacs)	6.54	34.59	
Unit per litre of diesel oil	3.69	3.64	
Rate/Unit (Rs.)	6.18	5.31	
2. Light Diesel Oil (LDO) and Furnace Oil			
Quantity (ltr/Lacs)	22.60	27.27	
Total Cost (Rs. Lacs)	363.74	313.66	
Average Rate (Rs./Ltr)	16.09	11.50	
3. Fire Wood			
Quantity (M.T.)	1253.72	5875.43	
Total Cost (Rs. Lacs)	16.96	69.65	
Average Rate (Rs. Lacs/M.T.)	1.35	1.19	
B. CONSUMPTION PER UNIT OF PRODUCTION			
Production of Dyes & Dyes Intermediates (Tone)	15898.81	19848.73	
(i) Electricity (Units per Tone)	1318.40	1287.59	
(ii) LDO (Ltr/Per Tone) and Furnace Oil	142.15	137.39	
(iii) Firewood (Units per tone)	0.08	0.30	

Note: There are no separate standards available for each product since the product range consists of various products with different consumption.

Form 'B'

Form for disclosure of particulars with respect to:
RESEARCH AND DEVELOPMENT (R&D)

- 1) Areas in which R & D is being carried out :
The R & D Center continues to strengthen the Company's business by providing new products and optimizing processes.

A brief note on the same is given below:

- a) Certain reactive and direct dyes successfully developed and commercialized,
 - b) Process improvement in some dyes intermediates,
 - c) Pollution control was given continued importance,
 - d) Process control strengthened by addition of newer version of some analytical instruments.
- 2) Benefits derived as a result of above R & D :
- a) Cost reduction, improvement in product quality and enhanced productivity,
 - b) Increase in product range resulting in better marketability,
 - c) Process control improvement, and up gradation of processes.
- 3) Future plan of action :
- a) New product development to expand product range,
 - b) Pollution abatement and waste minimization,
 - c) Commercialization of new products.

4) Expenditure on R & D.		(Rs.Lacs)	
PARTICULARS	2005-06	2004-05	
i) Capital	16.61	13.39	
ii) Recurring	46.15	53.05	
iii) Total	62.76	66.44	
iv) Total R & D Expenditure as percentage to turnover	0.36	0.33	

A. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

- 1) Efforts made:
- a. R & D absorbs technology from various sources for new product development, pollution control and process upgradation,
 - b. Strengthening the R & D team and increasing process control capabilities,
 - c. Emphasis on technical services to meet customer's requirements.
- 2) Benefits derived as result of above efforts:
- a. Cost effectiveness.
 - b. Better customer services.
- 3) Imported Technology:
There is no import of technology.

MANAGEMENT DISCUSSION AND ANALYSIS**A. Overview**

During the year under review, sales and other income amounted to Rs.17257.94 Lacs (previous year Rs. 19991.48Lacs). The exports turnover amounted to Rs.11836.83 lacs (previous year Rs. 14608.02 lacs) showing a decrease of 13.82 % in total turnover and 18.97 % in export turnover. The decrease in the turnover including exports was caused because of loss of production on account of shut down of the plants at Umaraya during monsoon season having heavy floods and excessive downpour and also because of the process of Strategic restructuring of manpower during June- October 2005. Net profit after tax was Rs. 428.21 lacs as against Rs. 262.80 lacs during the previous year showing an increase by 62.94 %. The increase in the net profit was reflected due to write back of the deferred tax provisions of Rs.405.49 Lacs made in earlier years. During the year under review, the Production of Dyes and Dye intermediates was 15898.81 MT inclusive of captive consumption (previous year 19848.73 MT) showing a decrease of 19.90 %. The sales of Dyes and Dye intermediates was 11108.25 MT (previous year 13071.52 MT) showing a decrease of 15.02 %.

For trading of finished goods, the company purchased 2979.58 MT of Dyes and Dye intermediates (previous year 2311.61 MT) and sold 2999.58 MT (previous year 2297.61 MT).

During the year under review your company exported 4658 MT Iron Ores amounting to Rs.71.10Lacs.

B. Industry Structure and Development

The continued global recession had its impact on the demand for dyestuffs and dye intermediates. The global demand for dyestuffs is growing at less than 2.5% per annum. The shifting of manufacturing capacities from Europe to Asia, particularly China has its effect on Indian Dyes Industry. Strong Indian Currency puts additional pressure on exports from India.

Continued high cost of Crude Oil and other inputs, unremunerative prices and slackness in demand affects the dyes industry, worldwide. Profitability of major manufacturers continue to be under pressure.

C. Opportunities and Threats

The year ahead will pose one of the greatest challenges for Indian Dyestuffs Industry. The competitive environment of rapidly Globalising Indian market will test the inherent and innovative capabilities of Indian Companies. The uncertainties prevailing in the US Market, beginning of slowdown in Europe is already showing its effect on export led growth opportunities for Indian dyes companies. Decline in tariff for imports, will also put additional pressure. Fluctuations in crude oil import prices is a big threat as it has bearing over all petro based raw material prices as well as on fuel cost and transportation cost.

On the other hand increasing shift of textile manufacturing base from USA and Europe to Asian markets And this will open up new avenues specially for China and India.

D. Outlook

Metrochem continues the endeavor of increasing its efficiency in operations, thereby building sustainable competitiveness. The main thrust of the Company is on product innovation and diversification through in house Research and Development. All efforts are made to reduce cost of production to make our products more competitive in global markets. Our strategic Alliance with an international organization, continues to play a significant role in the growth of the company and also helps us in introduction of new products and in achieving market growth.

The export business of Iron Ores which was started during the year 2004-2005 is facing some difficulty due to uncertain prices. The Company is keeping close watch on the developments and taking appropriate steps to tackle the situation.

B. REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is an integral element of Metrochem's value system, management ethos and business practices. The Company's Corporate Governance initiatives are based on:

- i) Commitment to excellence and customer satisfaction,
- ii) Commitment to maximizing long term value for stakeholders,
- iii) Commitment to corporate conduct ; and
- iv) Concern for environment and sustainable development.

Towards this the Company consistently evaluates and defines its management practices aimed at enhancing its commitment and delivery of these basics of Corporate Governance.

Thus at Metrochem, the basic Corporate Governance norms have been recognized as an enabling and facilitating business process at the Board, Management and Operational levels. These norms are reviewed and reaffirmed on an ongoing basis to ensure that the Company operates beyond the regulatory framework.

In line with the requirement providing a "Report on Corporate Governance" as per clause 49 of the Listing Agreement of the Stock Exchanges, as applicable, the Report is presented as under:

2. BOARD OF DIRECTORS

a) Composition and Category of Directors :

The Company has an optimum combination of Executive and Non-executive directors/ independent Directors having a wide range of skills and experience. The Board comprises of two Executive Directors – the Chairman & Managing Director, who is a promoter director, another Dy. Managing Director and three independent Directors. The independent Directors comprise 60% of the Board.

The Chairman of the Board is an Executive Director and more than half of the Board comprises of independent directors.

The Composition of the Board and other relevant details relating to Directors are given below :

Name of the Director	Designation	Category of Directorship	No. Of other Directorships*	No. of other Committee Memberships	
				Chairman	Member
Mr. Gautam M. Jain	Chairman & Managing Director	Executive	1	-	-
Mr. Anil M. Jain	Dy. Managing Director	Executive	-	-	-
Mr. Sandeep M. Singhi	Director	Independent	-	1	2
Mr. Sudhir N. Doshi	Director	Independent	-	1	2
Mr. Sandeep S. Bhandari	Director	Independent	-	1	2

(*Directorship in Private Companies are excluded.)

b) Reappointment of Directors :

i) Mr. Anil M.Jain

Mr. Anil M.Jain is MS in Chemistry from USA and has done Management Course from IIM, Ahmedabad. He is involved in day to day management of the Company particularly for research and development.

ii) Mr. Sandeep M. Singhi

Mr. Sandeep M. Singhi is Science graduate and Law graduate. He is practicing as Lawyer and partner with M/S. Singhi & Company, Advocates, a leading firm of Advocates.

c) Board Meetings and Annual General Meeting:

During the financial year 2005-06, five Board Meetings were held, viz. On April 21,2005, June 27,2005, July 27,2005, October 27,2005 and January 28,2006.

The attendance record of each director is as under:-

Name of the Director	No. of Meetings held	No. of Board Meetings Attended	Attendance at last Annual General Meetings*
Mr. Gautam M. Jain	5	5	Present
Mr. Anil M. Jain	5	4	Present
Mr. Sandeep M. Singhi	5	1	Absent
Mr. Sudhir N. Doshi	5	5	Present
Mr. Sandeep S. Bhandari	5	5	Present

*Annual General Meeting (AGM) held on September 24, 2005.

3. Audit Committee

The Company has an Audit Committee, comprising of three directors, Mr. Sudhir N. Doshi (Chairman), Mr. Sandeep M. Singhi and Mr. Sandeep S. Bhandari.

The Audit Committee met five times during the financial year, on April 21,2005, June 24,2005, July 27,2005, October 26,2005 and January 28,2006. The attendance of the members of the Committee are as under:

Name of the committee members	Designation	No. of Meetings held	No. of Meetings Attended
Mr. Sudhir N. Doshi	Chairman	5	5
Mr. Sandeep M. Singhi	Member	5	1
Mr. Sandeep S. Bhandari	Member	5	5

Attendees :

The Audit Committee invites such of the executives, as it considers appropriate to be present at its meetings. The statutory auditors, cost auditors and internal auditors are also invited to these meetings.

Mr. K. N. Nevatia, the Company Secretary, act as the Secretary of the Committee.

The Terms of Reference of the Audit Committee :

The terms of reference of the Audit Committee as defined by the Board are as under :-

- i) Hold discussions with the auditors periodically about internal control system, the scope of audit including the observations of the auditors and review quarterly, half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- ii) To oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement are correct, sufficient and credible.
- iii) Recommending the appointment and removal of external auditor, fixation of audit fees and also approval for payment for any other services.
- iv) Reviewing with management the annual financial statements before submission to the Board, focusing primarily on:-
 - Any changes in accounting policies and practices.
 - Major accounting entries based on exercise of judgement by management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with Stock Exchanges and legal requirements concerning financial statements.
 - 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 the Company at large.
- v) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- vi) Reviewing the adequacy of internal audit function including the structure of internal audit department staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit.
- vii) Discussion with internal auditors on any significant findings and follow up thereon.

- viii) 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.
- ix) Discussion with the external auditors, before the audit commences, on the nature and scope of the audit as well as have post-audit discussion to ascertain any area of concern.
- x) Reviewing the Company's Financial and risk management policies.
- xi) To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividend) and creditors.

Powers of the Audit Committee:

The Board delegated the following powers to the Audit Committee:

- i) Investigate any activity within its terms of reference as above or in relation to the items specified in section 292A of the Companies Act, 1956 or as may be referred to it by the Board, from time to time and for this purpose, it shall have full access to information contained in the records of the Company and external professional advice, if necessary.
- ii) Seek information from any employee.
- iii) Obtain outside legal or other professional advice, if necessary.
- iv) Secure attendance of outsiders with relevant expertise, if it considers necessary.

4. Remuneration Committee

The Company has a Remuneration Committee, comprising of three directors, Mr. Sandeep M. Singhi (Chairman), Mr. Sudhir N. Doshi and Mr. Sandeep S. Bhandari.

The Remuneration Committee met two times during the financial year, on July 27, 2005, March 3, 2006. The attendance of the members of the Committee are as under:

Name of the committee members	Designation	No. of Meeting held	No. of Meetings Attended
Mr. Sandeep M. Singhi	Chairman	2	1
Mr. Sudhir N. Doshi	Member	2	2
Mr. Sandeep S. Bhandari	Member	2	2

Terms of Reference :

The Committee to conduct periodic reviews of the remuneration payable to the Senior Management of the Company.

Remuneration Policy :

i) Management Staff:

Remuneration of employees largely consists of basic remuneration, perquisites. The components of the total remuneration vary for different grades and are governed by industrial patterns, qualifications and experience of the employees, responsibilities handled by him, his individual performance, etc.

ii) Independent Directors:

The Company do not pay commission to any of the Independent Directors. Sitting fees is paid to them.

iii) Executive Directors:

One Managing Director and another Dy. Managing Director are the only Executive Directors in the Company. Their remunerations are approved by the Board of Directors and subsequently approved by the shareholders at the General Meeting as required by the Companies Act, 1956.

Remuneration to Managing Director:

Details of remuneration paid to the Managing Director of the Company for the year ended March 31, 2006 is given below:-

Particulars	Amount (Rs. /Lacs)
I Salary and Bonus	12.43
II Estimated monetary value of perquisites	1.87
Total	14.30

Remuneration to Dy. Managing Director :

Details of remuneration paid to the Dy. Managing Director of the Company for the year ended March 31, 2006 is given below :-

Particulars	Amount (Rs. /Lacs)
I Salary and Bonus	11.30
II Estimated monetary value of perquisites	1.53
Total	12.83

The above Directors have decided to forgo the commission for the year 2005-2006.