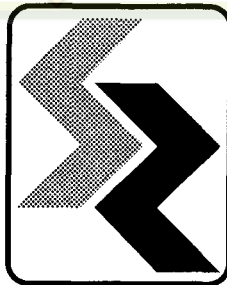


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**ANNUAL REPORT**  
**2005 - 2006**

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SHREE RAMA

**SHREE RAMA MULTI-TECH LIMITED**



## THE BOARD OF DIRECTORS

MR. R. S. PATEL	:	Chairman & Director
MR. SHARAD JARIWALA	:	Whole Time Director
MR. K. C. JANI	:	IDBI Nominee Director
MR. D. MOHANTY	:	UTI Nominee Director
MR. T. V. BHASKAR	:	IIBI Nominee Director
MR. KAMAL KHERA	:	ARCIL Nominee Director
MR. VIKRAM V. BHATT	:	Director
DR. DINESH M. AMIN	:	Director
MR. PRAHLAD S. PATEL	:	Director
MR. PATHIK C. SHAH	:	Director
MR. VIJAY R. PARSANA	:	Director
MR. PURSHOTTAM B. PITRODA	:	Director

### Auditors

**H. V. Vasa & Co.**

Chartered Accountants  
Ahmedabad

Report Junction.com

### Company Secretary

**Harish N. Motwani**

### Registrar & Share Transfer Agent

**KARVY COMPUTERSHARE PVT. LTD.**

Karvy House, Banjara Hills, 46, Avenue -4,  
Street No. 1, Hyderabad - 500 034

### Registered Office

603, "Shikhar", Shreemali Society,  
Nr. Vadilal House, Mithakhali,  
Navrangpura, Ahmedabad-380 009

### Plants:

1. Block No. 1557, Village : Moti-Bhoyan  
Kalol-Khatraj Road, Taluka : Kalol, Dist. : Gandhinagar, Gujarat
2. 195/1, Ashima Complex, Karannagar,  
Taluka : Kadi, Dist. : Mehsana, Gujarat
3. Block No. 425, Village : Ambaliyara  
Dist. : Mehsana, Gujarat.



## NOTICE

NOTICE IS HEREBY GIVEN THAT the 12<sup>th</sup> Annual General Meeting of the Members of the Company will be held on 12<sup>th</sup> August, 2006 at 11.00 a.m. at Rajpath Club Limited, Sarkhej – Gandhinagar Highway, Ahmedabad – 380 058 to transact the following business :

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2006 and Profit and Loss Account for the year ended on that date and the Reports of Board of Directors and Auditors.
2. To appoint a Director in place of Mr. Vikram V. Bhatt, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Prahlad S. Patel, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s. H. V. Vasa & Co., the Chartered Accountants, Ahmedabad, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to fix their remuneration as Rs. 3,50,000/- (Rupees Three Lakhs Fifty thousand only) per annum plus applicable service tax plus out-of-pocket expenses actually incurred by them.

### **SPECIAL BUSINESS :**

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. Pathik Chandrakant Shah, the Director of the Company who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 29<sup>th</sup> December, 2005, and who holds office as such upto the date of twelvth Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 have been received from him proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation."

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. Vijay Ravjibhai Parsana, the Director of the Company who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 26<sup>th</sup> June, 2006, and who holds office as such upto the date of twelvth Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 have been received from him proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation subject to permission of the Honorable High Court of Bombay and Asset Reconstruction Company (India) Ltd."

7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution.

"RESOLVED THAT Mr. Purshottam Bachubhai Pitroda, the Director of the Company who was appointed as an Additional Director in the meeting of the Board of Directors of the Company held on 26<sup>th</sup> June, 2006, and who holds office as such upto the date of twelvth Annual General Meeting and in respect of whom notice under section 257 of the Companies Act, 1956 have been received from him proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation subject to permission of the Honorable High Court of Bombay and Asset Reconstruction Company (India) Ltd."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions



if any, of the Companies Act, 1956, and subject to the approval of the Central Government, consent be and is hereby accorded to the appointment and remuneration, perquisites and allowances payable to Mr. Sharad C. Jariwala, as the Whole Time Director of the Company for a period of three years with effect from 27th June, 2006, on the terms and conditions contained in the Agreement between the Company and Mr. Sharad C. Jariwala and as set out in the explanatory statement of the notice of this Annual General Meeting.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to increase, alter and/or vary the remuneration and perquisites including the monetary value thereof as specified in the said Agreement to the extent, as the Board of Directors may consider appropriate, and as may be permitted or authorised in accordance with any provisions under the Companies Act, 1956, for the time being in force, provided however, that the remuneration payable to Mr. Sharad C. Jariwala, shall be subject to the limits as approved by the Central Government and the members in the General Meeting of the Company and the terms and conditions of the aforesaid Agreement between the Company and Mr. Sharad C. Jariwala, shall be suitably modified to give effect to such variation or increase as the case may be.

RESOLVED FURTHER THAT either of Mr. Vikram V. Bhatt or Mr. Prahlad S. Patel, the Directors be and is hereby authorised to execute and sign the Agreement and other documents and take such steps as may be necessary and desirable to implement and give effect to the foregoing resolution."

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

"RESOLVED THAT pursuant to Guidelines issued by Securities and Exchange Board of India for delisting of equity shares, approval of the members of the Company be and is hereby accorded to delist its equity shares from Ahmedabad Stock Exchange Ltd.

Resolved further that for the purpose of giving effect to the above resolution the Board of Directors of the Company be and are hereby authorized to take all actions including to apply to the above referred Stock Exchange, for obtaining their permission to delist equity shares of the Company, as and when they deem fit."

**Date : 26<sup>th</sup> June, 2006**

**By Order of the Board of Directors**

**Place : Ahmedabad**

**(HARISH N. MOTWANI)  
COMPANY SECRETARY**

## NOTES

1. A Member entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member. The instrument appointing a proxy should be deposited at the Registered Office of the Company not less than Forty Eight Hours before the commencement of the Meeting.
2. The Explanatory Statement as required by Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto and forms part of the notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 5<sup>th</sup> August, 2006 to 12<sup>th</sup> August, 2006 (both days inclusive).
4. Members are requested to notify changes in their address, if any, to Karvy Computershare Private Limited (Unit Shree Rama Multi-Tech Limited).
5. Members seeking any information with regard to Annual Accounts are requested to write to the Company at least one week in advance, so as to enable the Company to keep information ready.

**Date : 26<sup>th</sup> June, 2006**

**By Order of the Board of Directors**

**Place : Ahmedabad**

**(HARISH N. MOTWANI)  
COMPANY SECRETARY**



## SHREE RAMA MULTI-TECH LIMITED

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

#### ITEM NO. 5

Mr. Pathik Chandrakant Shah is B. E. Chemical, MBA – Marketing. He was appointed as an Additional Director on the Board of Directors of the Company in its meeting dated 29<sup>th</sup> December, 2005. The Company has received notice under section 257 of the Companies Act, 1956 from him proposing his candidature for the office of Director of the Company. He has a wide experience of more than 10 years in Marketing in the polymer industry with various national and multinational Companies. At present he is working with Rajiv Petrochemicals Pvt. Ltd., Ahmedabad as the Senior Manager, Marketing. His expert advises and services will be of immense use to the Company.

Your directors recommend the resolution no. 5 as an ordinary resolution. Except Mr. Pathik Chandrakant Shah, no other director is concerned or interested in the resolution.

#### ITEM NO. 6

Mr. Vijay Ravjibhai Parsana was appointed as an Additional Director on the Board of Directors of the Company in its meeting dated 26<sup>th</sup> June, 2006. The Company has received notice under section 257 of the Companies Act, 1956 from him proposing his candidature for the office of Director of the Company. He has experience of more than 8 years. His expert advises and services will be of immense use to the Company. He holds directorship in several other companies. The approval of the Shareholders of the Company is required subject to permission of the Honorable High Court of Bombay and Asset Reconstruction Company (India) Ltd. in view of the order of the Honorable High Court of Bombay dated 27/02/06.

Your directors recommend the resolution no. 6 as an ordinary resolution. Except Mr. Vijay Ravjibhai Parsana, no other director is concerned or interested in the resolution.

#### ITEM NO. 7

Mr. Purshottam Bachubhai Pitroda was appointed as an Additional Director on the Board of Directors of the Company in its meeting dated 26<sup>th</sup> June, 2006. The Company has received notice under section 257 of the Companies Act, 1956 from him proposing his candidature for the office of Director of the Company. He has experience of more than 30 years in the field of construction, fabrication work and mining work. His expert advises and services will be of immense use to the Company. He holds directorship in Sureel Enterprise Pvt. Ltd. The approval of the Shareholders of the Company is required subject to permission of the Honorable High Court of Bombay and Asset Reconstruction Company (India) Ltd. in view of the order of the Honorable High Court of Bombay dated 27/02/06.

Your directors recommend the resolution no. 7 as an ordinary resolution. Except Mr. Purshottam Bachubhai Pitroda, no other director is concerned or interested in the resolution.

#### ITEM NO. 8

Taking into account, the wide experience of Mr. Sharad C. Jariwala and having regard to his age, qualifications and ability, the Board of Directors in its meeting held on 26<sup>th</sup> June, 2006 have appointed Mr. Sharad C. Jariwala as the Whole Time Director of the Company for a period of three years w.e.f. 27<sup>th</sup> June, 2006, subject to necessary approvals.

The approval of the Central Government in terms of the Companies Act, 1956 is also required and the members are requested to approve the following principal terms and conditions including the payment of remuneration, perquisites and allowances proposed to be paid to him :

1. Period of Agreement : three years with effect from 27<sup>th</sup> June, 2006.
- (a) Salary : Rs.1,00,000/- per month. Regular Increments to be decided by the Board of Directors from time to time.
- (b) Perquisites and Allowances :  
In addition to the above, Mr. Sharad C. Jariwala shall be entitled to the following perquisites and allowances.
  - (a) Housing : House Rent Allowance of Rs. 30,000/-per month.
  - (b) Medical reimbursement : Medical expenses for self and the family including premium paid on Mediclaim Policy shall be reimbursed by the Company upto Rs. 25,000/- per annum.



- (c) Leave travel concession : The Company shall provide leave travel fare to Mr. Sharad C. Jariwala and his family once in a year upto Rs.40,000/- per annum
- (d) Gratuity : Half months salary for each completed year of service.
- (e) Leave : Six weeks leave with full pay and allowances for every 46 weeks of completed service with effect from 27<sup>th</sup> June, 2006 and one incremental additional week of leave for each 45 weeks of completed service for each subsequent year, with a ceiling of 10 weeks of leave per year. Such leave shall be with full pay and allowances. He shall be entitled to encash unavailed leave.

Free use of a car with driver and provision of telephones and other necessary communication facilities at his residence at Company's costs.

He shall however, not be entitled to any sitting fees.

He shall be liable to retire by rotation as per the provisions of Companies Act, 1956.

The remuneration as mentioned above, be paid to Mr. Sharad C. Jariwala as minimum remuneration notwithstanding that in any financial year of the Company, the Company has made no profits or the profits made are inadequate.

Mr. Sharad C. Jariwala shall also be entitled for reimbursement of entertainment expenses incurred in the course of business of the Company.

Subject to provisions of section 318 of the Companies Act, 1956, Mr. Sharad C. Jariwala shall be paid compensation for the loss of the Office being an amount which shall not exceed the remuneration which he would have earned if he had been in Office for the unexpired residue of his term or for three years whichever is shorter calculated on the basis of the average remuneration actually earned by him during a period of three years immediately preceding the date on which he ceases to hold his office or where he has held the office for a lesser period than three years, during such period.

The above may be treated as the abstract of the Memorandum of Interest of appointment of Mr. Sharad C. Jariwala as the Whole Time Director pursuant to Section 302 of the Companies Act, 1956.

Mr. Sharad C. Jariwala may be treated as interested to the extent the resolution relates to his appointment.

#### ITEM NO. 9

The Company's equity shares are listed at The National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Ahmedabad Stock Exchange Ltd. It has been witnessed that the trading of equity shares of the Company on Ahmedabad Stock Exchange Ltd. in the past few years has been negligible. The Securities and Exchange Board of India has issued necessary guidelines on delisting of equity shares, which permits the companies desirous of delisting its equity shares to do so without offering exit route to the investors provided the company has listing of its equity shares on Stock Exchanges having nationwide trading terminals.

Now with the nationwide connectivity available to the investors of the Company, with terminals of NSE & BSE in every State and City and also as part of Company's cost reduction measures, the Board of Directors of the Company has proposed to delist the equity shares of the Company from Ahmedabad Stock Exchange Ltd. at an appropriate time in future. This will not jeopardize the interest of the investors in Ahmedabad, since the city is connected with NSE & BSE.

The proposed resolution is for the approval of the members to meet this objective.

None of the Directors of the company is in any way interested or concerned in this resolution.

**Date : 26<sup>th</sup> June, 2006**

**Place : Ahmedabad**

**By Order of the Board of Directors**

**(HARISH N. MOTWANI)  
COMPANY SECRETARY**



## DIRECTORS' REPORT

To the Members,

The Directors have pleasure in presenting their Report for the year ended on 31<sup>st</sup> March, 2006.

### Financial Results :

(Rs.in Lacs)

Particulars	2005 – 2006	2004 – 2005 15 Months
Sales and Other Income	5858.00	7299.40
Profit before write off of fixed assets, Debtors, Loss on sale of raw materials, interest, depreciation & tax	819.06	1847.41
Interest	6.96	153.49
Depreciation	2972.59	3527.11
Profit before write off and Tax	(2161.50)	(1833.19)
Write off of Fixed Assets & Debtors and loss on sale of Raw Materials	-	-
Profit/ (Loss) Before Tax	(2161.50)	(1833.19)
Provision for Tax	9.00	0.00
Deferred Tax [As per AS-22]	0.00	0.00
Profit after Tax	(2170.50)	(1833.19)
Prior Period Adjustments and Extraordinary Items	0.66	(25482.45)
Profit for the year	(2169.84)	(27315.64)
Add: Balance of Profit and Loss Account	(37001.27)	(9685.63)
<b>Amount available for Appropriations</b>	<b>(39171.11)</b>	<b>(37001.27)</b>
<b>Appropriations :</b>		
General Reserve	0.00	0.00
Debenture Redemption Reserve	0.00	0.00
Capital Redemption Reserve	0.00	0.00
Dividend on Equity Shares	0.00	0.00
Dividend on Preference Shares	0.00	0.00
Tax on Dividends	0.00	0.00
Balance Carried Forward	(39171.11)	(37001.27)
<b>Total</b>	<b>(39171.11)</b>	<b>(37001.27)</b>

### Reserves and Dividend :

Your Directors request you to note that no amount is being transferred to the Reserves and no dividend on Equity shares for the year ended on 31<sup>st</sup> March, 2006, is being recommended, taking into account the losses incurred by the Company.

### Operations :

During the year under review, systematization of various functional areas has ensured greater operational efficiency. There has been a focus on improving efficiency in utilization of 4 M's i.e. Manpower, Machinery, Money and Materials.





There has been a strategy to control unnecessary expenses, curb wastages of materials and pruning of excess manpower. All these measures have manifested in the improved functioning of the Company with a focus on business with higher contribution/value addition.

However, the liquidity constraints arising out of the lack of working capital have been major deterrents in scaling up the operations of the Company to higher levels, thus constraining further improvement of the operational performance of the Company.

In order to streamline the working of the Company, it was decided to phase out the manufacturing of unproductive product lines as well as suspend operation of inefficient plants. Therefore, the operation of the Karannagar Plant (Unit-I), Kadi was temporarily suspended. Similarly all the machineries, plants and equipments lying at the Pondicherry Unit were transferred to the Ambaliyara unit of the Company.

#### **Future prospects :**

The Company's constant endeavors to face the financial difficulties has enabled the Company to survive. The working of the Company will further improve upon infusion of addition working capital into the Company. Since the packaging industry is poised for growth, the Company sees promising future for its products.

#### **Directors :**

During the year under review Mr. Vikram R. Patel has resigned as the Chairman of the Board of Directors and from the office of the Managing Director of the Company w.e.f 19<sup>th</sup> November, 2005. Mr. Vikram R. Patel has resigned as the Director of the Company w.e.f. 19<sup>th</sup> June, 2006.

During the year under review Mr. Sharad C. Patel has resigned as the Executive Director of the Company w.e.f 19<sup>th</sup> November, 2005. The office of Mr. Sharad C. Patel as the Director of the Company has been vacated w.e.f. 8<sup>th</sup> May, 2006 under section 283(1)(i) of the Companies Act, 1956 on account of non-disclosure of interest under section 299 of the Companies Act, 1956.

Mr. Paresh N. Vasani who has been appointed as Director on the Board of Directors of the Company on 29.12.05 has resigned as the Director of the Company w.e.f. 22<sup>nd</sup> June, 2006. Mr. Vijay Ravjibhai Parsana and Mr. Purshottam Bachubhai Pitroda have been appointed as Directors of the Company w.e.f. 26<sup>th</sup> June, 2006 subject to permission of the Honorable High Court of Bombay and Asset Reconstruction Company (India) Ltd. in view of the order of the Honorable High Court of Bombay dated 27/02/06.

During the year under review Mr. T. V. Bhaskar was appointed as Nominee Director from IBI w.e.f. 26.12.05 and Mr. Pathik C. Shah was appointed as Director on the Board of Directors of the Company on 29.12.05. Mr. Kamal Khara has been appointed as Nominee Director of Asset Reconstruction Company (India) Ltd. on the Board of Directors of the Company w.e.f. 15<sup>th</sup> June, 2006 through resolution passed by circulation.

#### **Debt Restructuring :**

The Petition for confirmation of the Scheme of Compromise and Arrangement between the Company and the Secured Creditors under section 391 of the Companies Act, 1956, was filed with the Hon'ble High Court of Gujarat in June, 2005 and since then has been pending for confirmation. Meanwhile, a shareholder of the Company has filed an affidavit of Objections before the Honorable Court opposing the said Scheme.

The unsecured creditors of the Company rejected the proposed Scheme of Compromise and Arrangement between the Company and them under section 391 of the Companies Act, 1956, at their meeting held on 28.11.05 as per direction of High Court of Gujarat.

#### **Litigation by Asset Reconstruction Company (India) Ltd. (ARCIL) :**

ARCIL filed a suit and notice of motion in the Bombay High Court in February 2006, against the Company and others inter alia seeking specific performance of the covenants contained in the Debenture facility Agreement dated 12.12.2000 relating to the appointment of Nominee Director and change in management. The said matter is pending before the Honorable Court. ARCIL filed an appeal before the Honorable Court against the order passed by the Honorable Court in the said matter. On Company agreeing to induct the Nominee of Arcil on the Board of Directors, said appeal has been disposed off by the Hon'ble High Court of Bombay vide Order dated 12/06/06.

#### **Allotment of Equity Shares arising upon conversion of Warrants :**

During the year under review the Company has allotted 38.50 lacs equity shares on 10.06.05 and 9 lacs equity shares on 17.06.05, on account of the conversion of above said warrants into equivalent number of fully paid up





## SHREE RAMA MULTI-TECH LIMITED

equity shares of the Company, each having the face value of Rs. 5/- and a premium of Rs. 3/-. Similarly, the Company has allotted 12.50 lacs equity shares on 06.08.05, on account of the conversion of warrants in to equivalent number of fully paid up equity shares of the Company, each having the face value of Rs. 5/- and a premium of Rs. 3/- Accordingly 60 lakh equity shares have been issued @ Rs.8/- per share.

Thereafter, a shareholder has filed a Company Application with the Hon'ble High Court of Gujarat, which has issued an injunction restraining the Company from issuing any further equity shares/share certificates to the allottees pursuant to the convertible warrants issued to them in June, 2004.

### **Notice under the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 :**

The Company has received notice dated 25.01.06 from ARCIL under section 13(2) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) to make payment of the aggregate amount of Rs. 260,31,62,881/- within a period of 60 days from the date of the Notice. Against the said Securitisation Notice, the Company has moved a writ before the High Court of Gujarat. The matter is pending before the Hon'ble High Court of Gujarat.

### **Conversion Notice received from ARCIL :**

As per conversion clause contained in the Debt Agreement with ICICI Ltd., ARCIL has vide its letter dated 28/12/05 given a notice of their decision to convert a sum of Rs. 3.75 Crores being a portion of the total interest and charges overdue and payable under the said Agreement, into 75 Lacs fully paid up equity shares of Rs. 5/- each at par as from 28/12/05. ARCIL has prayed for the said conversion as a part of the suit and notice of motion filed by it and the matter is pending before the Bombay High Court.

### **Reference to the Board for Industrial & Financial Reconstruction :**

A Reference filed before the Board for Industrial and Financial Reconstruction (BIFR) was declined registration by BIFR on account of the acquisition of the debt of certain lenders by ARCIL and the taking over of the possession of the one of the office by BNP Paribas under Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

### **Fixed Deposit :**

The Company has not invited fixed deposits during the year under review pursuant to section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.

### **Corporate Governance :**

The Company adheres to sound Corporate Governance practices which enables to maintain transparency and serve the long term interest of the Shareholders. The Management Discussion and Analysis Report as well as report on Corporate Governance are attached hereto as a part of this Annual Report as Annexure - C.

### **Directors' Responsibility Statement :**

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

- (i) that in preparation of the annual accounts for the financial year ended 31<sup>st</sup> March, 2006, the appropriate accounting standards have been followed;
- (ii) that Directors have 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 at the end of the financial year and of the loss of the Company for the year under review;
- (iii) that the Directors have 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;
- (iv) that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2006 on a going concern basis.

### **Personnel :**

The Company has enjoyed cordial relations with the employees of the Company and management has undertaken effective steps to increase the productivity at all levels. The Directors acknowledge and appreciate the determination



and sincere efforts of all their employees.

#### **Particulars of Employees :**

The details of employees drawing remuneration in excess of monetary ceiling prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, during the financial year 2005-06 are annexed hereto as Annexure 'A' and forms the part of this report.

#### **Auditors :**

M/s. H. V. Vasa & Co., the Chartered Accountants, Ahmedabad, had been appointed as the Statutory Auditors during the year under review to hold office till the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Board recommends their appointment as the Statutory Auditors of the Company for the financial year 2006-2007.

#### **Insurance :**

Due to liquidity constraints, the Company had to prioritize fund allocation to primarily meet the needs of production, as many customers are solely dependent on our supplies. In view of the same the fixed assets and the current assets have been insured intermittently during the year.

#### **Subsidiary Companies :**

The Company has established a manufacturing subsidiary in China and a wholly owned subsidiary in Mauritius, which acts as the investment arm for the Chinese subsidiary. Your Company has not been able to obtain the audited accounts of the subsidiary companies in view of the resignation of the key personnel in the Mauritius subsidiary. Shree Rama Multi-Pack (Guangzhou) Limited, has ceased operations and the process of liquidation of the Company has been set in motion by filing the necessary papers with the authorities.

The Chinese subsidiary has been placed under liquidation. There are no material transactions in the year in both the companies and hence, consolidated accounts as per recommendation of Accounting Standard 21 are not presented.

The resident Director of Shree Rama (Mauritius) Ltd. has resigned and the said company has not filed its audited accounts for the year ended 30/09/03 and onwards and the fiscal charges are unpaid which is unascertained.

#### **Accounting Standards and Consolidated Financial Statements :**

Your Company has prepared the accounts in consonance with the accounting standards prescribed by ICAI. The Company has an investment subsidiary in Mauritius, which has invested in the subsidiary Company in China. The operations are not of material nature.

#### **Conservation of Energy, Technology Absorption & Foreign Exchange :**

The Company constantly endeavours reduction in energy consumption in its manufacturing process. The information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 with respect to the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgo is annexed hereto as Annexure 'B' and forms part of this Report.

#### **Acknowledgements :**

The Board expresses its gratitude and appreciates the assistance and co-operation received from the Creditors, Banks, Government Authorities, Customers and Shareholders during the year under review.

For and on behalf of Board

Place:- Ahmedabad

Date:- 26<sup>th</sup> June, 2006

**R. S. Patel**

Chairman & Director