



Vinyl Chemicals (India) Ltd.



**BOARD OF DIRECTORS****Shri B.K.Parekh**, Chairman**Shri S.K.Parekh****Shri N.K.Parekh****Shri M.B.Parekh**, Managing Director**Shri R.M.Gandhi****Shri Bansi S.Mehta****Shri K.P.Driver****Smt. Y.J.Mogrelia****Shri A.K.Basu Roy**, Director (Factories Operations)**SENIOR VICE - PRESIDENT & SECRETARY****Shri P.C.Patel****AUDITORS****D.A.Kothari & Co.****Haribhakti & Co.****REGISTERED OFFICE**

7th Floor, Regent Chambers

Jamnalal Bajaj Marg, 208, Nariman Point

Mumbai 400 021

**SOLICITORS****Wadia Ghandy & Co.****CORPORATE OFFICE**

Ramkrishna Mandir Road

Off Mathuradas Vasanji Road

Andheri (East), Mumbai 400 059

**BANKERS**Indian Overseas Bank  
Corporation Bank**PLANT**

Plot No.A-21, M.I.D.C.

Mahad, Dist. Raigad, Maharashtra

**REGISTRAR AND SHARE TRANSFER AGENTS****TSR Darashaw Ltd.**

(formerly Tata Share Registry Limited)

Army &amp; Navy Building

148, Mahatma Gandhi Road

Fort, Mumbai 400 001

**CONTENTS**

Directors' Report .....	2
Annexure I to the Directors' Report .....	4
Corporate Governance Report .....	7
Management Discussion and Analysis Report .....	10
Auditors' Report .....	11
Balance Sheet .....	14
Profit & Loss Account .....	15
Schedules forming part of the Accounts .....	16
Cash Flow Statement .....	29
Information for Shareholders .....	30



## DIRECTORS' REPORT

Your Directors present the Twentieth Annual Report and the Audited Statements of Accounts for the year ended 31<sup>st</sup> March, 2006.

### Financial Results:

The Financial Performance of the Company is summarised as under:

	(Rupees in lac)	
	Current year	Previous year
Profit before Interest and Depreciation	299	174
Less: Interest (Net)	139	154
Depreciation	400	394
Current Taxation (FBT)	8	-
(Add): Deferred Tax Credit	(94)	(142)
Net (Loss) for the year	(154)	(232)
Add: (Loss) Brought forward from the Previous Year	(710)	(478)
(Loss) Carried to Balance Sheet	(864)	(710)

### Dividend:

Due to Net Loss for the year, your Directors do not recommend any dividend.

### Performance:

#### During the year:

- a. The Company recorded sales turnover of Rs.157.66 crore showing growth of 19.17% over the previous year.

Operating profit (before interest and depreciation) increased to Rs.298.54 lac as against Rs.173.23 lac in the previous year.

However, after considering interest and depreciation, there is Net Loss of Rs.154 lac as against Rs.232 lac in the previous year.

Mismatch in the price of Vinyl Acetate Monomer (VAM) and cost of inputs continued to exert pressure on profit margin.

- b. The plant remained closed for 23 days for various reasons, including for 4 days due to non-availability of Ethylene.
- c. The production and sales of VAM in volume were at 25,960 MT and 26,349 MT respectively as against 23,018 MT and 22,385 MT in the previous year.
- d. The Company availed of Sales Tax Incentive of Rs. 46 lac during the year, on investment made in windmills in the year 2001-02.
- e. The Company also availed of Sales Tax Incentive of Rs.266.72 lac during the year on plant expansion under 1993 Scheme of Government of Maharashtra.
- f. The normal capital expenditure incurred during the year amounted to Rs.184.28 lac.
- g. The Company repaid Rs.764.17 lac (US\$ 16.67 lac) being the first instalment of Foreign Currency loan taken from ABN Amro Bank, N.V.

### Outlook:

The prices of main raw materials Ethylene and Acetic Acid have increased substantially. However, the price of VAM has not increased in matching proportion. Further, in the Union Budget of 2006 the import duty on VAM has been reduced to 10% while that of Acetic Acid has been reduced to only 12.5%. These developments have put a severe strain on margins and short term outlook is uncertain.

### Directors:

The Board of Directors has re-appointed, subject to the approval of the members of the Company, Shri M.B.Parekh as Managing Director of the Company, for a further period of 5 years with effect from 1<sup>st</sup> April, 2007.

In accordance with the Articles of Association of the Company, Shri Bansi S.Mehta, Shri A.K.Basu Roy and Shri B.K.Parekh, Directors of the Company retire by rotation and being eligible, offer themselves for re-appointment.

**Directors' Responsibility Statement:****Your Directors confirm:**

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed;
- (ii) that the Directors have selected such accounting policies and applied them consistently and made judgments 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 ended 31<sup>st</sup> March, 2006 and of the loss of the Company for that year;
- (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; and
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

**Corporate Governance:**

Reports on Corporate Governance and Management Discussion and Analysis in accordance with Clause 49 of the Listing Agreements with Stock Exchanges along with a certificate from the Auditors of the Company are given separately in this Annual Report.

**Auditors:**

M/s. D.A.Kothari & Co., Chartered Accountants and M/s. Haribhakti & Co., Chartered Accountants, retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment.

**Information pursuant to Section 217 of the Companies Act, 1956:**

The particulars 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 are attached to this Report as Annexure I.

A statement of particulars pursuant to Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, forms part of this report as Annexure II. As per the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report together with Accounts is being sent to the Shareholders of the Company, excluding the statement of particulars of employees under Section 217(2A) of the Act. Members desiring to have a copy of the same may write to the Company Secretary at the Registered Office of the Company and they will be provided with the same upon such a request.

**Appreciation:**

The Directors hereby place on record their appreciation of the efficient services rendered by the employees of the Company at all levels.

FOR AND ON BEHALF OF THE BOARD

Mumbai  
Date: 20<sup>th</sup> June, 2006

**B.K.PAREKH**  
CHAIRMAN



## ANNEXURE I TO THE DIRECTORS' REPORT

## A. CONSERVATION OF ENERGY

## a. Energy Conservation Measures taken:

1. Reduction in Cooling Water header pressure resulting in reduction of Cooling Water Pumps power consumption.
2. Stopping of Induced Draught Fan Cooling Tower (Thermopack) and streamlining of Natural Draught Cooling Tower
3. Replacement of cooling water pumps of Armac C.T. with pumps from Old C.T. resulting in less power consumption.
4. Installation of VFD for cooling water pump to maintain cooling water header pressure
5. Installation of VFD for Air Chiller Refrigeration Compressors
6. Supply of processed water from R.O. unit directly to D.M. Water tank and stopping of transfer pump
7. Optimisation of Coal Boiler combustion control logic resulting in power and fuel saving
8. Use of Imported coal having high Calorific Value coal resulting in reduction of specific consumption
9. Reduction in Recycle Gas Compressor operating power frequency resulting in increase of IGW opening. Optimisation of Recycle Gas flow
10. Stopping of Ethylene Unloading Compressor used for Horton Sphere ethylene gas compression. Now Ethylene gas from Horton Sphere directly connected to Khosla compressor suction resulting in saving of power
11. Increase in plant generation by 1200 MT resulting in reduction of specific power consumption
12. Running RO plant resulting in reduction of boiler feed water generation
13. Stopping procurement of Zero air cylinders and use of in-house Instrument air for QC Lab analysis purpose

## b. Additional investments and Proposals, if any, being implemented for reduction of consumption of energy:

1. Installation of VFD for Azeo bottom pump
2. Optimisation of Motor rating of ID/FD fan in Boiler
3. Recovery of cold from liquid ethylene for generation of cold water
4. Optimisation of steam pressure utilization there by reducing specific fuel and energy consumption

## c. Impact of the measures at 'a' and 'b' above for reduction of energy consumption and consequent impact on the cost of production of goods:

Estimated yearly saving in energy consumption by incorporating above measures Rs.80.51 Lac.

## d. Total energy consumption and energy consumption per unit of production:

As per Form A.

Form A

Disclosure of particulars with respect of Conservation of Energy

## (A) POWER AND FUEL CONSUMPTION:

		2005-2006	2004-2005
<b>I. A. Electricity - Purchased from MSEB:</b>			
a. Total Units Purchased/Consumed	KWH	1,27,04,462	1,05,08,473
b. Total amount of Electricity Bill	Rs.	4,20,99,534	3,19,99,991
c. Rate per unit	Rs.	3.31	3.05
<b>B. Own Generation through Windmill:</b>			
a. Total Units Generated	KWH	9,76,506	12,94,895
b. Total amount of Electricity Bill	Rs.	25,75,565	33,05,170
c. Rate per unit	Rs.	2.64	2.55
<b>C. Own Generation through Diesel Generator:</b>			
a. Total Units Generated	KWH	1,45,762	1,44,254
b. Cost of 41940 Ltrs. (P.Y.42622 Ltrs.) of Diesel Consumed	Rs.	14,06,569	11,82,404
c. Rate per unit (Average)	Rs.	9.65	8.20
d. Units Generated per Litre of Diesel Oil (Average)		3.48	3.38

		2005-2006	2004-2005
<b>II. Coal:</b>		N. A.	N.A.
<b>III. Steam Generation:</b>			
a. Steam Generated	M.T.	52,787	48,218
b. Consumption of Fuel Oil			
i. Furnace Oil 179.150 KL (P.Y.125.990 KL)	Rs.	23,05,923	13,76,932
ii. L.S.H.S. Nil (P.Y. Nil )	Rs.	—	—
c. Consumption of Coal 6885.607 MT (P.Y.7134.417 MT)	Rs.	2,86,02,926	2,91,78,552
d. Cost per Unit (Kg.) of Steam Generated (Average)	Rs.	0.59	0.63
e. Kg. of Steam per Litre of Furnace Oil/L.S.H.S (Average)		14.18	11.80
f. Kg. of Steam per Kg. of Coal		7.30	6.55
<b>(B) CONSUMPTION PER UNIT OF PRODUCTION:</b>			
a) PRODUCT (Unit in M.T.)		Vinyl Acetate Monomer	
Electricity	(KWH/M.T.)	313	309
	(Rs./M.T.)	1,057	941
Coal	(KGS/M.T.)	265	310
	(Rs./M.T.)	1,102	1,268
Furnace Oil/LSHS	(LITRES/M.T.)	7	5
	(Rs./M.T.)	89	60
b) PRODUCT (Unit in M.T.)		Oxygen / Nitrogen	
Electricity	(KWH/M.T.)	788	796
	(Rs./M.T.)	2,577	2,445
<b>B. TECHNOLOGY ABSORPTION:</b>			
<b>e. Efforts made in technology absorption:</b>			
As per Form B			
<b>FORM B</b>			
Disclosure of particulars with respect to Technology Absorption			
<b>Research and Development (R &amp; D):</b>			
1. Specific areas in which R & D is carried out by the company			
-	R&D work has been carried out for purification/separation of the waste bye-product Diacetates and the applications of the same as solvent for coatings/ adhesives/perfumes in commercial scale is being explored.		
2. Benefits derived as a result of the above R & D			
-	The above work is in progress and benefit is expected in the next year.		
3. Future Plan of Action			
-	In-house facility is planned for recovery of commercial grade Diacetate		
-	Installation of pilot plant for speciality Acetates is complete and new product development activities are in progress		
4. Expenditure on R & D			
-	Rs.5.50 lac		

**Technology Absorption, Adaptation and Innovation:**

N.A.

**Benefits derived as a result of the above efforts:**

N.A.

**Information regarding Technology imported during the last 5 years:**

- |   |  |
|---|--|
| a. Technology Imported  | Engineering design and drawing for Oxygen / Nitrogen Plants. |
| b. Year of Import   | 2001   |
| c. Has technology been fully absorbed   | Yes  |
| d. If not fully absorbed areas where this has not taken place, reasons therefore and future plans of action | Not Applicable   |

**C. FOREIGN EXCHANGE EARNINGS & OUTGO:****f. Efforts:**

The international prices remained unremunerative for export during most of the year. Small quantities were exported during the second quarter of the financial year.

**g. Total Foreign Exchange used and earned:**

	2005-2006	2004-2005
1. Foreign Exchange Used		
i. Expenditure	Rs. 8,96,757	9,47,581
ii. Imports (CIF Basis)	Rs. 10,93,72,099	14,15,707
2. Earnings on account of Export of Goods (FOB)		
i. In Foreign Exchange	Rs. -	77,97,000
ii. Deemed Export	Rs. -	-

## CORPORATE GOVERNANCE REPORT

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the company submits the following report:

### 1. Company's Philosophy on Code of Governance:

The Company is committed to good Corporate Governance and has complied in all material respects with the requirements specified in the Listing Agreement with the Stock Exchanges.

### 2. Board of Directors:

During the financial year 2005-2006, 6 Board Meetings (including one adjourned meeting) were held on 12<sup>th</sup> April, 2005, 13<sup>th</sup> May, 2005 (adjourned to 15<sup>th</sup> June, 2005), 19<sup>th</sup> July, 2005, 21<sup>st</sup> October, 2005 and 20<sup>th</sup> January, 2006.

Details of composition of the Board, category, attendance of Directors at Board Meetings and last Annual General Meeting (AGM), number of other directorships and other committee memberships are given below:

Sr. No.	Name	Category	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships as on 31st March, 2006 * in other companies	No. of committee positions held in other companies	
						Memberships	Chairmanships
1	Shri B.K.Parekh (Chairman)	NED (P)	4	Yes	17	3	-
2	Shri S.K.Parekh	NED (P)	4	Yes	7	1	-
3	Shri M.B.Parekh (Managing Director)	ED (P)	4	Yes	10	-	-
4	Shri N.K.Parekh	NED (P)	4	Yes	7	-	-
5	Shri R.M.Gandhi	NED (I)	5	Yes	4	2	4
6	Shri Bansri S.Mehta	NED (I)	5	Yes	17	7	5
7	Shri K.P.Driver	NED (I)	4	No	1	-	-
8	Smt Y.J.Mogrelia	NED (I)	6	Yes	-	-	-
9	Shri A.K.Basu Roy (Whole Time Director)	ED	5	Yes	-	-	-

ED – Executive Director; ED(P) – Executive Director, Promoter; NED(P) – Non Executive Director, Promoter; NED (I) – Non Executive Director, Independent

\* Including Directorships in Private Limited Companies, Bodies incorporated outside India & Alternate Directorships.

### 3. Audit Committee:

During the financial year 2005-2006, 4 meetings of the Committee were held on 13<sup>th</sup> May 2005; 19<sup>th</sup> July, 2005, 21<sup>st</sup> October, 2005 and 20<sup>th</sup> January, 2006.

Details of composition of the Committee and attendance of the members at the meetings are given below:

Sr. No.	Name	Designation	Category	No. of Meetings attended
1	Shri R.M.Gandhi	Chairman	NED (I)	4
2	Shri S.K.Parekh	Member	NED (P)	2
3	Smt.Y.J.Mogrelia	Member	NED (I)	4
4	Shri K.P.Driver	Member	NED (I)	3

The Managing Director is a permanent invitee to the Meetings. The Company Secretary is the Secretary of the Committee. Head of Accounts and Internal Auditors are also invited to attend to the Meetings. Statutory Auditors are invited when required.

The powers and terms of reference of the Committee are as mentioned in Clause 49 of the Listing Agreement with the Stock Exchanges and Section 292A of the Companies Act, 1956.

### 4. Remuneration Committee:

One meeting of the Remuneration Committee was held on 13<sup>th</sup> May, 2005, which was attended by all the members of the Committee. The terms of reference of the Committee are as specified in Schedule XIII of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

Details of composition of the Committee are given below:

Sr. No.	Name	Designation	Category
1	Shri K.P.Driver	Chairman	NED (I)
2	Shri R.M.Gandhi	Member	NED (I)
3	Smt.Y.J.Mogrelia	Member	NED (I)
4	Shri B.K.Parekh	Member	NED (P)





Executive Directors' remuneration details for the financial year 2005 - 2006 are given below:

Sr. No.	Name	Salary * (Rs.)	Commission (Rs.)	Perquisites (Rs.)	Total (Rs.)	Tenure (No. of years)
1	Shri M.B.Parekh (Managing Director)	18,00,000	Nil	Nil	18,00,000	5
2	Shri A.K.Basu Roy (Whole Time Director)	4,56,000	Nil	75,000	5,31,000	3

\* includes House Rent Allowance

Besides the above, Shri M.B.Parekh is also entitled to Company's contribution to Provident Fund, Superannuation, Gratuity and encashment of leave at the end of tenure as per the rules of the Company.

Notice period for the Executive Directors is as applicable to the senior employees of the Company. No severance fee is payable to the Directors on termination of employment. The Company does not have a scheme for stock options for the Directors or the employees.

The Sitting Fees paid for the financial year ended 31<sup>st</sup> March, 2006 to the Non Executive Directors for attending the Board / Committee meetings are as follows :

Shri B.K.Parekh - Rs.18,500; Shri S.K.Parekh - Rs.18,500; Shri N.K.Parekh - Rs.15,000; Shri R.M.Gandhi - Rs.22,000; Shri Bansi S.Mehta - Rs.12,000; Shri K.P.Driver - Rs.15,500 and Smt. Y.J.Mogrelia - Rs.19,500.

The number of equity shares of the Company held by Non Executive Directors as on 31<sup>st</sup> March, 2006 are as follows:

Shri B.K.Parekh - 45,876; Shri S.K.Parekh - 14,401; Shri N.K.Parekh - 75,951; Shri R.M.Gandhi - 2,700; Shri Bansi S.Mehta - 4,300; Shri K.P.Driver - 1,500 and Smt. Y.J.Mogrelia - 300.

The Company do engage M/s. Bansi S.Mehta & Co., Chartered Accountants, a firm in which Shri Bansi S.Mehta is a partner for legal/tax advice. The services provided by them are purely of professional nature and the fees paid for such services do not result in any material pecuniary benefit to them.

#### 5. Shareholders / Investors Grievance Committee:

During the year 12 meetings of the Share Transfer Committee and 1 meeting of the Shareholders/Investors Grievance Committee was held on 26<sup>th</sup> December, 2005 which was attended by all the Members of the Committee except Shri K.P.Driver.

Details of composition of the Committee is given below:

Sr. No.	Name	Designation	Category
1	Shri K.P.Driver	Chairman	NED (I)
2	Shri B.K.Parekh	Member	NED (P)
3	Shri R.M.Gandhi	Member	NED (I)

Committee has the power to look into redressal of shareholders / investors complaints such as non-receipt of shares sent for transfer, non-receipt of dividends / Annual Reports etc.

The Secretarial Department of the Company, under the supervision of Shri P.C.Patel, Sr. Vice President & Secretary and Shri K.S.Krishnan, Additional Secretary, who is nominated as the "Compliance Officer" as required by SEBI/Listing Agreement and M/s. TSR Darashaw Ltd. (formerly Tata Share Registry Ltd.), Registrar & Share Transfer Agents, attend to all Shareholders/Investors Grievances received directly or through SEBI, Stock Exchanges, Department of Company Affairs and Registrar of Companies.

Barring certain cases pending with Consumer Forum / Court, the Company / TSR Darashaw Ltd. have attended to all the Shareholders/Investors grievances/correspondences generally within a period of 15 days from the date of receipt.

The total number of letters received from the shareholders were 1028, of which 21 were in the nature of complaints. All the letters (except 1) have been replied to and all the complaints have been solved to the satisfaction of shareholders. There was 1 outstanding letter pending as on 31<sup>st</sup> March, 2006 which was replied on 3<sup>rd</sup> April, 2006. 1 request for transfer and 26 requests for dematerialisation were pending for approval as on 31<sup>st</sup> March, 2006, which were dealt with by 6<sup>th</sup> April, 2006 and 7<sup>th</sup> April, 2006 respectively.

The Company has framed a Code of Internal Procedure and Conduct for Prevention of Insider Trading on the lines of the model code specified by SEBI. Shri P.C.Patel, Sr. Vice President & Secretary is the compliance officer for the purpose.

#### 6. General Body Meetings:

Details of Location, Date and Time of the Annual General Meetings held during the last three years are given below :

Financial Year	Venue	Date & Time	Details of Special Resolution passed with requisite majority
2004 - 2005	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021	12 <sup>th</sup> August, 2005 at 11.00 a.m.	Re-appointment of Shri A.K.Basu Roy as Director (Factories Operations)

Financial Year	Venue	Date & Time	Details of Special Resolution passed with requisite majority
2003 - 2004	Kamalnayan Bajaj Hall, Bajaj Bhavan, Jamnalal Bajaj Marg, Nariman Point, Mumbai 400 021	10 <sup>th</sup> August, 2004 at 11.00 a.m. (Adjourned for polling on 11 <sup>th</sup> August, 2004 at 11.00 a.m. at the Registered Office of the Company at Regent Chambers, 7 <sup>th</sup> Floor, Jamnalal Bajaj Marg, 208, Nariman Point, Mumbai 400 021)	Nil
2002 - 2003	M.C.Ghia Hall, Bhogilal Hargovinddas Bldg., 18/20, K.Dubhash Marg, Mumbai 400 001	13 <sup>th</sup> August, 2003 at 11.00 a.m	Delisting of the Company's Equity Shares from Ahmedabad Stock Exchange & Delhi Stock Exchange

No Special Resolution was put through postal ballot during the last year. At the ensuing Annual General Meeting, there is no resolution proposed to be passed through postal ballot.

**7. Disclosures:**

- There were no materially significant related party transactions, which had potential conflict with the interest of the Company at large.
- The Company has complied with all requirements of the Listing Agreements with the Stock Exchanges as well as the regulations and guidelines of SEBI. Consequently, no penalties were imposed or strictures passed against the Company by SEBI, Stock Exchanges or any other statutory authority on any matter related to Capital markets during the last 3 years.
- The Company has complied with all applicable mandatory requirements of Clause 49 and it has also constituted a Remuneration Committee.

**8. Means of Communication:**

- The quarterly results of the Company are normally published in Free Press Journal (English) and Navshakti (Marathi).

**9. Information on Directors:**

Information relating to Directors seeking re-appointment as required under clause 49(IV)(G) of the Listing Agreement is given in the notice of Annual General Meeting.

**10. Information for Shareholders:**

Detailed information in this regard is provided in the "Information for Shareholders" section, appearing in the Annual Report.

**11. Declaration by the Managing Director under Clause 49(1D):**

Declaration by the Managing Director of the Company under Clause 49(1D)(ii) of the Listing Agreement with Stock Exchanges is given below:

"Pursuant to Clause 49(1D)(ii) of the Listing Agreement with Stock Exchanges, I hereby declare that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct for the period ended 31<sup>st</sup> March, 2006."

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

To,

The Members of  
Vinyl Chemicals (India) Limited

We have examined the compliance of conditions of Corporate Governance by Vinyl Chemicals (India) Limited for the year ended 31<sup>st</sup> March, 2006, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Shareholders / Investors Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For and on behalf of  
**D.A.KOTHARI & CO.**  
CHARTERED ACCOUNTANTS

**D.A.KOTHARI**  
PROPRIETOR  
Membership No. 6301

Mumbai  
Dated: 20<sup>th</sup> June, 2006