



PTC INDUSTRIES LIMITED



PTC INDUSTRIES LIMITED

Annual Report 2005-2006

BOARD OF DIRECTORS

Mr. S. C. Agarwal	<i>Chairman & Managing Director</i>
Mr. A. K. Agarwal	<i>Director (Commercial)</i>
Mr. P. R. Agarwal	<i>Director (Marketing)</i>
Mr. Ajay K. Agarwal	<i>Director (Finance)</i>
Mr. Alok Agarwal	<i>Director (Co-ordination)</i>
Mr. Sachin Agarwal	<i>Director (Corporate-Planning)</i>
Mr. Arun Prasad	<i>Director</i>
Mr. R. K. Pandey	<i>Director</i>
Dr. A. Sahay	<i>Director</i>

AUDITORS

*M/s R. M. Lall & Co.
LUCKNOW 226 001*

BANKERS

STATE BANK OF INDIA

SHARE TRANSFER AGENTS

*M/s INTIME SPECTRUM REGISTRY LTD.
C-13, Panna Lal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
MUMBAI 400 078*

REGISTERED OFFICE

*Malviya Nagar, Aishbagh
LUCKNOW 226 004 (U.P.)*

WORKS:

LUCKNOW PLANT 1

*Malviya Nagar, Aishbagh
LUCKNOW 226 004 (U.P.)*

LUCKNOW PLANT 2

*C-5 Sarojini Nagar Industrial Estate
LUCKNOW 226 008 (U.P.)*

BHIWADI PLANT

*B-480, Industrial Area, BHIWADI
Distt ALWAR 301 019 (RAJASTHAN)*

MEHSANA PLANT

*Vill. & PO : Rajpur -382721
Taluka Kadi,
Ahmd-Mehsana, Highway # 41
Distt. Mehsana (North Gujrat)*



PTC INDUSTRIES LIMITED

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the Forty-Third Annual General Meeting of the Members of PTC Industries Limited will be held on Saturday, the 30th September, 2006 at 2:30 P.M. at the Registered Office of the Company at Malviya Nagar, Aishbagh, Lucknow-226004 (U.P.) to transact the following business:

As Ordinary business

1. To receive, consider and adopt the Audited Annual Accounts for the year ended 31st March 2006, together with the Cash-flow statement for the year ended 31st March, 2006 and the Report of Board of Directors' and Auditors' thereon.
2. To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix their remuneration. M/s R. M. Lall & Co., Chartered Accountants, the retiring Auditors, is eligible for reappointment as Auditors of the Company.
3. To appoint a Director in place of Mr. Sachin Agarwal, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Mr. R. K. Pandey, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Dr. A. Sahay, who retires by rotation and being eligible, offers himself for reappointment.

As special business

6. To consider and, if thought fit, to pass with or without modifications, the following resolution as ORDINARY RESOLUTION:-

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309 (read with Schedule XIII) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactments thereof) for the time being in force, the Company hereby accord its approval and consent to the appointment of Mr. Sachin Agarwal, as Managing Director of the Company on the same terms and conditions.

"RESOLVED FURTHER THAT, Mr. P. R. Agarwal, Director (Marketing), be and hereby authorized to execute documents, papers etc. and to do all such things, which are necessary to give effect of this resolution.

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxies in order to be valid must be lodged with the Company at least 48 hours before the commencement of the meeting and must be duly stamped.
2. The Register of Members and Share Transfer Books of the Company will remain be closed from 22nd September, 2006 to 29th September, 2006 (both days inclusive).
3. Members are requested to provide their Bank Account Numbers, Name and Address of Bank Branch to the Registrars and Share Transfer Agents of the Company.
4. Members/proxies should bring the attendance slips duly filled in for the purpose of attending the meeting and also bring the copies of the Annual Report.
5. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 is annexed.

Registered Office :
Malviya Nagar
Aishbagh
Lucknow 226 004
(U.P.)

Date : July 31, 2006

By Order of the Board
for PTC Industries Limited
Sd/-
(S.C. Agarwal)
Chairman & Managing Director



PTC INDUSTRIES LIMITED

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

Item No. 6

To fill the casual vacancy caused by resignation of Mr. S. C. Agarwal from the post of Managing Director of the Company, the Board of Directors at its meeting held on 31st July 2006 designated Mr. Sachin Agarwal, Whole-Time Director of the Company, as Managing Director of the Company on the prevailing terms and conditions.

Mr. Sachin Agarwal is very well versed in all aspects of Commerce, Marketing, Administration and Finance and he is fully conversant with working of the Company and its relative strength and weakness in deferent functional areas.

None of the Director(s), other than the Director himself, Mr. S. C. Agarwal and Mr. Arun Prasad are interested in the resolution.

Registered Office :
Malviya Nagar
Aishbagh
Lucknow 226 004
(U.P.)

By Order of the Board
for PTC Industries Limited

Sd/-

(S.C. Agarwal)
Chairman & Managing Director

Date : July 31, 2006



PTC INDUSTRIES LIMITED

Auditors Certificates on Corporate Governance

**To the Members of
PTC Industries Limited, Lucknow**

1. We have examined the compliance of conditions of Corporate Governance by PTC Industries Limited, for the year ended 31st March 2006, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchange in India.
2. The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. (a) In case of the Board of Directors, not less than 50% of the Directors are not non-executive Directors and the Chairman of the Board being a executive Director at least half of the Board does not comprise of independent Directors;
- (b) In case of the Audit Committee, at least 2/3rd of the members are not independent Directors and the Chairman is not an independent Director;
- (c) The Share Transfer/Investors Grievance Committee is not headed by a non-executive Director.
- (d) The Company does not have a full-time Company Secretary.
4. Subject to para 3, in our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.
5. We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the Company.
6. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**for R.M. Lall & Co.,
Chartered Accountants**

Sd/-

**(PUNEET KAPOOR)
Partner**

**Lucknow
July 31, 2006**

**PTC INDUSTRIES LIMITED****ANNEXURE****REPORT ON CORPORATE GOVERNANCE****1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :**

The Company is committed to good Corporate Governance ensuring greater transparency, information, independence, accountability, responsibility and fairness to its Shareholders and other stakeholders. The Board of Directors has formulated a comprehensive policy on Corporate Governance issues with the Company. The Company is taking adequate steps to ensure that all the mandatory/statutory provisions of Corporate Governance as prescribed under the Listing Agreement of Stock Exchange are complied with.

2. BOARD OF DIRECTORS :

The Board of the Company consists of nine directors, of which six are Whole-time Directors.

During the F.Y. 2005-06, the Board met Ten times, with at-least one meeting in every quarter and with a gap of less than four months between two meetings on the following dates :

1.	12.04.2005	2.	30.04.2005	3.	07.05.2005	4.	21.05.2005
5.	01.06.2005	6.	30.07.2005	7.	31.10.2005	8.	26.11.2005
9.	30.01.2006	10.	30.03.2006				

The following table gives details of directors, attendance of directors at the board meetings and the last annual general meeting.

Name	Category	Attendance Particulars		Number of other Directorships and Committee Membership/Chairmanship		
		Board Meeting	Last AGM	Other Directorships (including Pvt. Ltd. Companies)	Committee Membership	Committee Chairmanship
Mr. S. C. Agarwal	Executive & Non-independent	7	Attended	2	-	-
Mr. A. K. Agarwal	Executive & Non-independent	5	Not Attended	-	-	-
Mr. P. R. Agarwal	Executive & Non-independent	10	Attended	1	-	-
Mr. Ajay K. Agarwal	Executive & Non-independent	9	Attended	3	-	-
Mr. Sachin Agarwal	Executive & Non-independent	10	Attended	1	-	-
Mr. Alok Agarwal	Executive & Non-independent	9	Attended	-	-	-
Mr. Arun Prasad	Non-executive & Non-independent	6	Not Attended	2	-	-
Mr. R. K. Pandey	Non-executive & Independent	6	Not Attended	10	2	2
Dr. A. Sahay	Non-executive & Independent	1	Not Attended	2	-	-

3. AUDIT COMMITTEE :

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

During the financial year 2005-06, 6 meetings were held on 12th April 2005, 30th April 2005, 30th July 2005, 31st October 2005, 30th January 2006.

The Audit committee was set-up on 14.10.2000 of which the following Directors are office Bearers.

Sr.No.	Name	Designation	Category	No. of meetings attended
1.	Mr. S. C. Agarwal	Chairman	Executive & Non-independent	3
2.	Mr. P. R. Agarwal	Member	Executive & Non-independent	5
3.	Mr. Arun Prasad	Member	Non-executive & Non-independent	4

4. REMUNERATION OF DIRECTORS FOR F.Y. 2005-2006 : (Rs. in Lac)

Name	Salary etc.	Contributions	Sitting Fees	Perquisites/Commission	Total
Mr. S. C. Agarwal	9.60	-	-	3.57	13.17
Mr. A. K. Agarwal	7.20	0.45	-	1.20	8.85
Mr. P. R. Agarwal	7.20	0.45	-	1.20	8.85
Mr. Ajay K. Agarwal	6.98	0.45	-	1.20	8.63
Mr. Sachin Agarwal	7.20	0.45	-	1.20	8.85
Mr. Alok Agarwal	4.20	0.30	-	0.70	5.20
Mr. R. K. Pandey	-	-	0.15	-	0.15
Dr. A. Sahay	-	-	0.03	-	0.03
Total	42.38	2.10	0.18	9.07	53.73

**PTC INDUSTRIES LIMITED****5. DETAILS OF DIRECTORS SEEKING RE-APPOINTMENTS/APPOINTMENTS IN THE 43rd ANNUAL GENERAL MEETING TO BE HELD ON 30th SEPTEMBER, 2006 :****Re-appointment:**

<u>Name</u>	<u>Age</u>	<u>Qualification</u>	<u>Experience</u>	<u>Designation</u>
Mr. Sachin Agarwal	34 Yrs.	M.B.A., M.S. (Finance)	10 Yrs.	
Dr. A. Sahay	64 Yrs.	M.Sc. (Engg.), Ph.D.	44 Yrs.	
Mr. R. K. Pandey	66 Yrs.	M.Com., LL.B., F.C.S., PGDBA	37 Yrs.	

Appointment:

Mr. Sachin Agarwal	34 Yrs.	M.B.A., M.S. (Finance)	10 Yrs.	Managing Director
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6. SHARE TRANSFER/INVESTOR GRIEVANCE COMMITTEE :

A Share Transfer/Investors Grievance Committee has been constituted as sub-committee of the Board on 14.10.2000 to look into redressing investors' grievances related to transfer of shares, dividends, issue of duplicate share certificates and other related matters. Following are the office bearers of the said committee :

1.	Mr. S. C. Agarwal	Chairman
2.	Mr. Ajay K. Agarwal	Member
3.	Mr. Sachin Agarwal	Member

Compliance Officer: Mr. Prakash Rastogi, General Manager-Finance (upto 30.11.2005)
Mr. Manish Bansal, General Manager-Finance (From 17.11.2005)
Mr. Manoj Bhagat (Practising Company Secretary, associated with the Company on part-time basis)

Action required regarding non receipt of the Dividend Warrants

The Company sends letters to investors periodically requesting them to claim the unpaid and unclaimed dividends lying in the unpaid dividend account(s) of the Company before crediting the same to Investor Education and Protection Fund (IEPF). In case of non receipt of the dividend warrants, Members are requested to correspond with the Company, as mentioned hereunder:-

<u>Dividend for F.Y.</u>	<u>Contact Office</u>	<u>Action to be taken</u>
2000-2001	Registered Office	Letter on plain paper.
1999-2000	Registered Office	Letter on plain paper.
1998-1999	Registered Office	Letter on plain paper.

As per the provisions of Section 205A read with Section 205C of the Companies Act, 1956, the Company is required to transfer the unpaid dividends remaining unclaimed and unpaid for a period of 7 years from the due date to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

During the year under review, the Company has not credited any amount to Investor Education and Protection Fund.

COMPLAINTS :

Shareholders Complaints (w.e.f. 01.04.2005 to 31.03.2006) :

No. of complaints received from shareholders	11
No. of complaints solved to the satisfaction of the shareholders	11
No. of complaints pending	Nil
Pending due to (reasons)	N.A.

Pending share transfers, if any (w.e.f. 01.04.2005 to 31.03.2006) :

No. of shares transferred	11950
No. of shares pending for transfer	Nil
Pending due to	N.A.

Exchange of Counter Receipts (CR) to Share Certificates :

There are 69500 equity shares against which shareholders have not claimed share certificates in lieu of Counter Receipts (CR), aggregating to 1.66% of the paid-up Equity Share Capital of the Company.

7. Date, time and location where the last three Annual General Meetings were held :

<u>No. of AGM</u>	<u>Date</u>	<u>Time</u>	<u>Location</u>
42nd	31.08.2005	02:30 P.M.	Registered Office
41st	30.09.2004	02:30 P.M.	Registered Office
40th	29.09.2003	02:30 P.M.	Registered Office

**PTC INDUSTRIES LIMITED**

In the 42nd Annual General Meeting held on 31.08.2005 two Special Resolutions were passed for the appointment of Mr. Alok Agarwal and Mr. Ajay K. Agarwal as whole-time Directors of the Company. And one for authorizing the Board for shifting of the Registered Office of the Company but during the year no such resolution was passed by the Board.

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.

8. DISCLOSURES :

1. There are no transactions during the last year of material nature that have been entered into by the Company with the promoters, directors or the management, their relatives etc., that may have potential conflict with the interest of the Company. Related party disclosure as per Accounting Standards - 18 are as given in point no. 36 on the notes on accounts.
2. There were material changes in the top management of the Company due to resignation by Mr. S. C. Agarwal from the post of Managing Director which has been accepted by the Board at the meeting held on 31.07.2006 and Mr. Sachin Agarwal has been appointed as the Managing Director of the Company in the same meeting. The Board also decided that Mr. S. C. Agarwal shall continue as an executive Director and designated as chairman of the Company.
3. There was no non-compliance during the last three years by the Company on any matter related to capital market. Consequently, there were no penalties imposed or strictures passed on the Company by Stock Exchange, SEBI or any statutory authorities.

9. MEANS OF COMMUNICATION:

- Quarterly/Annual results and various notices published in English and regional newspapers and press releases.
- Management discussions and Analysis Report has been made a part of Directors' Report.

10. Dividend:

Board of Directors of the Company, in their meeting dated 31st July, 2006 decided that no dividend is to be proposed for the financial year ended 31st March, 2006.

11. GENERAL SHAREHOLDER INFORMATION :

Annual General Meeting	:	Date : 30th September, 2006 Time : 02:30 P.M. Venue: Registered Office
Financial calendar(Tentative)	:	Financial Year: April, 2006 to March, 2007 Unaudited financial results for the quarter ending 30th June, 2006: By end of July, 2006 Unaudited financial results for the quarter ending 30th September, 2006: By end of October, 2006 Unaudited financial results for the quarter ending 31st December, 2006: By end of January, 2007 Unaudited financial results for the quarter ending 31st March, 2007: By end of April, 2007
Book Closure	:	22nd September 2006 to 29th September 2006 (both days inclusive)
Listing on Stock Exchange	:	Over the Counter Exchange of India (OTCEI)
Stock Exchange Code	:	B - 1
Market Price data	:	No trading of the equity shares of the Company took place during the last financial year. Therefore, details of high/low prices of each month of the last financial year are not given.
Registrar and Transfer Agent	:	M/s Intime Spectrum Registry Ltd. C-13, Panna Lal Silk Mills Compound L.B.S. Marg, Bhandup (W) Mumbai - 400078 Telephone : 022-55555454 Fax : 91-22-55555353 e.mail : isrl@vsnl.in
Share Transfer System	:	Share Transfer work of physical segment is attended to by the Company's Registrar and Share Transfer agent within the prescribed period under law and the listing agreement. All share transfer etc. are approved by a committee of directors which meets periodically.

**PTC INDUSTRIES LIMITED****Dematerialization of Shares :**

The Company signed a tri-partite agreement with National Securities Depository Limited (NSDL)/Central Depository Services (India) Limited (CDSL) and M/s Intime Spectrum Registry Limited on 15th July 2002 to facilitate dematerialization of shares. The Company's equity shares have been admitted to DMAT form w.e.f. 20th July 2002 and the ISIN is INE596F01018.

No. of shares in physical mode	3441500	82.11
No. of shares in electronic mode	<u>749750</u>	<u>17.89</u>
Total	<u>4191250</u>	<u>100.00</u>

Distribution of Shareholding (31.03.2006):

<u>No. of Shares</u>		<u>No. of Share holders</u>	<u>No. of Shares</u>	<u>% of Total no. of Share</u>
<u>From</u>	<u>To</u>			
1	- 5000	480	92050	2.1960
5001	- 10000	50	41200	0.9830
10001	- 20000	11	16100	0.3840
20001	- 30000	4	11300	0.2700
30001	- 40000	1	4000	0.0950
40001	- 50000	4	19400	0.4630
50001	- 100000	6	48400	1.1550
100001	<	<u>45</u>	<u>3958800</u>	<u>94.4540</u>
Total		<u>601</u>	<u>4191250</u>	<u>100.0000</u>

Shareholding Pattern

	<u>No. of Shares</u>	<u>% of Capital</u>
1. Promoters/Directors (their relatives)	31,99,050	76.3269
2. Corporate Bodies (Other than promoters Co.)	1,38,000	3.2926
3. Indian Public	8,27,300	19.7387
4. NRI's	19,800	0.4724
5. Market Maker	<u>7,100</u>	<u>0.1694</u>
	<u>41,91,250</u>	<u>100.0000</u>

Plant locations**LUCKNOW PLANT- 1**

Malviya Nagar, Aishbagh
LUCKNOW - 226004 (U.P.)

LUCKNOW PLANT - 2

C-5, Sarojini Nagar Industrial Estate
LUCKNOW - 226008 (U.P.)

BHIWADI PLANT

B-480, Industrial Area,
Bhiwadi,
Distt. ALWAR- 301019

MEHSANA PLANT

Village & Post Rajpur,
Taluka Kadi,
Ahmedabad-Mehsana Highway # 41
Distt. MEHSANA-382740 (GUJRAT)

Address for Correspondance:-

Malviya Nagar, Aishbagh,
Lucknow - 226004 (U.P.)
Fax No. : 0522-2265302
E-Mail : ptc@ptcil.com



PTC INDUSTRIES LIMITED

REPORT OF THE AUDITORS**TO THE MEMBERS OF PTC INDUSTRIES LIMITED
LUCKNOW**

1. We have audited the attached Balance Sheet of PTC INDUSTRIES LIMITED, LUCKNOW as at 31st March, 2006, the annexed Profit and Loss Account for the year then ended and also the Cash Flow Statement for the year then ended. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by the Companies (Auditors Report) Amendment Order, 2004 issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that :-
 - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books;
 - (c) The Balance Sheet, Profit & Loss Account and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, Profit & Loss and the Cash Flow Statement dealt with by this Report comply with the Accounting Standards referred to in Section 211(3C) of the Companies Act, 1956.
 - (e) According to the information and explanations given to us and on the basis of written representations made by the Directors of the Company and taken on record by the Board of Directors, we report that *prima facie* none of the directors of the Company were disqualified, as at March 31, 2006 from being appointed as a director in terms of section 274 (1)(g) of the Companies Act, 1956,
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Significant Accounting Policies and Notes on Accounts thereon, give the information required by the Companies Act, 1956 in the manner so required and give true and fair view in conformity with the accounting principles generally accepted in India-
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2006;
 - (ii) in the case of the Profit & Loss Account, of the Profit of the Company for the year then ended; and
 - (iii) in case of the Cash Flow Statement, of the cash flows for the year then ended.

**for R.M. Lall & Co
Chartered Accountants.**

Sd/-

**(PUNEET KAPOOR)
Partner**Lucknow
July 31, 2006

**PTC INDUSTRIES LIMITED****Annexure referred to paragraph 3 of our Report of even date to the members of
PTC Industries Limited on the accounts for the year ended 31st March, 2006**

On the basis of such tests as we considered appropriate to apply and according to the information and explanations given to us by the Company, we report that :

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The Company has a program of physically verifying its fixed assets in a phased manner designed to cover all the items over a period of three years. During the year, the management physically verified the fixed assets in accordance with the program. In our opinion, the interval of physical verification appears reasonable considering the size of the Company and the nature of its business. No material discrepancies were noticed by the Management on such verification.
- (c) The Company has not disposed off substantial part of its fixed assets during the year.
- (ii) (a) The Management has physically verified the inventory, in our opinion, at reasonable intervals during the year.
- (b) In our opinion according to the information and explanations given to us, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion, the Company has maintained proper records of its inventory. Discrepancies noticed on physical verification of inventory by the Management, which were not material having regard to the size of operations of the Company, in our opinion, have been properly dealt with in the books of account.
- (iii) (a) As the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956, the provisions of paragraphs 4 (iii) (a) to (d) of the Order are not applicable.
- (b) The Company has taken unsecured loans from one company and three other parties. The maximum amount involved during the year was Rs. 71.55 lacs and the balance of loans as at the year-end was Rs. 51.84 lacs.
- (c) In our opinion, the rate of interest and other terms and conditions on which the above loans have been taken are *prima facie* not prejudicial to the interest of the Company.
- (d) The Company has been regular in the payment of the principal amount and interest on the above loans, wherever stipulated.
- (iv) In our opinion, there is adequate internal control system commensurate with the size of the Company and nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.
- (v) (a) In our opinion, the Particulars of contracts or arrangements referred to in Section 301 of the Companies Act, 1956 have been entered in the register required to be maintained under that section.
- (b) In our opinion, in case of the above transactions exceeding rupees five lacs in respect of any party during the year, these have been made at prices that are reasonable having regard to the prevalent market prices at the relevant time.
- (vi) The Company has not accepted deposits from the public.
- (vii) Internal Audit is conducted by the staff of the Company. In our opinion, the internal audit system is commensurate with the size and the nature of its business. In view of the growing size of the Company, the internal audit system should be further strengthened.
- (viii) To the best of our knowledge and belief, maintenance of cost records has not been prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956, in respect of any of the activities of the Company.
- (ix) (a) According to the records examined by us, The Company was generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to the Company. There were no undisputed amounts outstanding as at the last day of the financial year concerned for a period of more than six months from the date they became payable.

**PTC INDUSTRIES LIMITED**

(b) The statutory dues that have not been deposited on account of any dispute pending before the appropriate authorities are as under-

Nature of the Statute	Nature of dues	Amount (in lac Rs.)	Forum where the dispute is pending
Income Tax Act, 1961	Interest	4.40	Commissioner Appeals
Central Excise Act, 1944	MODVAT Credit	2.43 3.61 0.28	CESTAT Commissioner Appeals Central Excise Department
Sales Tax Act	Demand	62.31 0.85	Trade Tax Tribunal Appellate
Central Sales Tax Act	Demand	9.25	Trade Tax Tribunal

- (x) The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xi) In our opinion, the Company has not defaulted in repayment of dues to a financial institution or banks.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, The Company is not a chit fund or Nidhi Mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) The Company is not dealing or trading in shares securities, debentures and other investments.
- (xv) The Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the term loans raised by the Company were applied for the purpose for which they were obtained.
- (xvii) On an overall examination of the Balance Sheet of the Company, in our opinion, funds raised on short-term basis have not been used for long-term investment.
- (xviii) During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under 301 of the Companies Act, 1956.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by way of public issue during the year.
- (xxi) To the best of our knowledge and belief and according to the information and explanation given to us, no fraud on or by the Company has been noticed or reported by the Company during the year. Goods valued at Rs. 64.63 lacs received by the Company for salvaging from a foreign customer were kept at a warehouse outside India from where the goods were stolen (vide Note No. 25 of Schedule 'W').

**for R.M. Lall & Co.,
Chartered Accountants**

Sd/-

**Lucknow
July 31, 2006**

**(PUNEET KAPOOR)
Partner**



PTC INDUSTRIES LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2006

	SCHEDULE	AS AT 31-03-2006	(In Rs.)	AS AT 31-03-2005
SOURCES OF FUNDS				
SHAREHOLDERS' FUNDS		3209,81,246		3106,77,142
Share Capital	A	419,12,500		419,12,500
Reserves & Surplus	B	<u>2790,68,746</u>		<u>2687,64,642</u>
LOAN FUNDS		2345,45,271		1991,30,327
Secured Loans	C	2213,61,199		1848,25,639
Unsecured Loans	D	<u>131,84,072</u>		<u>143,04,688</u>
DEFERRED TAX LIABILITY		<u>163,64,000</u>		<u>162,01,000</u>
TOTAL		<u>5718,90,517</u>		<u>5260,08,469</u>
APPLICATION OF FUNDS				
FIXED ASSETS	E	2261,84,858		2314,16,967
Gross Block		3558,20,083		3366,22,723
Less: Depreciation		<u>1302,80,636</u>		<u>1130,38,919</u>
Net Block		2255,39,447		2235,83,804
Add: Capital Work-in-Progress & Advances		<u>6,45,411</u>		<u>78,33,163</u>
INVESTMENTS	F	86,100		1,01,100
CURRENT ASSETS, LOANS & ADVANCES				
Inventories	G	2972,70,254		2501,20,173
Sundry Debtors	H	1754,96,494		1506,18,517
Cash & Bank Balances	I	21,59,340		29,06,565
Loans & Advances	J	<u>245,95,665</u>		<u>190,01,074</u>
		<u>4995,21,753</u>		<u>4226,46,329</u>
LESS: CURRENT LIABILITIES & PROVISIONS				
Liabilities	K	1460,82,842		1221,60,972
Provisions	L	<u>87,67,453</u>		<u>65,72,262</u>
		<u>1548,50,295</u>		<u>1287,33,234</u>
NET CURRENT ASSETS		3446,71,458		2939,13,095
MISCELLANEOUS EXPENDITURE	M	<u>9,48,101</u>		<u>5,77,307</u>
TOTAL		<u>5718,90,517</u>		<u>5260,08,469</u>
SIGNIFICANT ACCOUNTING POLICIES	V			
NOTES ON ACCOUNTS	W			

The Schedules referred to above form an integral part of the Balance Sheet

As per our separate report
of even date

On behalf of the
Board of Directors

Sd/-

Sd/-

for R. M. LALL & CO.
Chartered Accountants

(S.C. AGARWAL)
Chairman & Managing Director

(AJAY K. AGARWAL)
Director-Finance

Sd/-

Sd/-

Sd/-

(PUNEET KAPOOR)
Partner

(A. K. AGARWAL)
Director-Commercial

(SACHIN AGARWAL)
Director-Corporate Planning

Sd/-

Sd/-

Lucknow
July 31, 2006

(P. R. AGARWAL)
Director-Marketing

(ALOK AGARWAL)
Director-Co ordination

**PTC INDUSTRIES LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

	SCHEDULE	CURRENT YEAR	(In Rs.)	PREVIOUS YEAR
INCOME				
Sales	N	4947,14,119		3543,48,412
Other Income	O	2,82,454		7,83,107
Increase in Inventory	P	<u>135,86,017</u>		<u>284,48,928</u>
		5085,82,590		3835,80,447
EXPENDITURE				
Raw Materials	Q	1871,76,698	1531,99,070	
Manufacturing	R	1649,58,245	1059,59,013	
Personnel	S	539,91,645	460,94,485	
Administrative & Selling	T	393,80,572	293,75,445	
Interest & Financial Charges	U	221,52,867	192,27,084	
Depreciation	E	<u>181,83,361</u>	<u>143,61,547</u>	<u>3682,16,644</u>
		4858,43,388		
PROFIT BEFORE EXTRAORDINARY ITEMS & TAX		227,39,202		153,63,803
Less : Extraordinary Items		<u>64,63,797</u>		<u>-</u>
PROFIT BEFORE TAX		162,75,405		153,63,803
Provision for Fringe Benefit Tax		7,51,524	-	
Provision for Tax (<i>Net of adjustment for previous years</i>)		50,56,777	36,30,154	
Provision for Deferred Tax		<u>1,63,000</u>	<u>48,80,000</u>	<u>85,10,154</u>
		59,71,301		
PROFIT AFTER TAX		103,04,104		68,53,649
Balance of Profit & Loss Account as per last Balance Sheet		<u>85,21,711</u>		<u>91,68,063</u>
AVAILABLE FOR APPROPRIATIONS		188,25,815		<u>160,21,712</u>
APPROPRIATIONS				
General Reserve		75,00,000		75,00,000
Balance carried to Balance Sheet		<u>113,25,815</u>		<u>85,21,712</u>
		188,25,815		<u>160,21,712</u>
SIGNIFICANT ACCOUNTING POLICIES	V			
NOTES ON ACCOUNTS	W			
EARNING PER SHARE (Rs.)		2.46		1.64

The Schedules referred to above form an integral part of the Profit and Loss Account

As per our separate report
of even date

for R. M. LALL & CO.
Chartered Accountants

Sd/-

(PUNEET KAPOOR)
Partner

Lucknow
July 31, 2006

On behalf of the
Board of Directors

Sd/-

(S.C. AGARWAL)
Chairman & Managing Director

Sd/-

(A. K. AGARWAL)
Director-Commercial

(P. R. AGARWAL)
Director-Marketing

Sd/-

(AJAY K. AGARWAL)
Director-Finance

Sd/-

(SACHIN AGARWAL)
Director-Corporate Planning

(ALOK AGARWAL)
Director-Co ordination

**PTC INDUSTRIES LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

	(in Rs.)			
	AS AT 31-03-2006		AS AT 31-03-2005	
SCHEDULE : A				
SHARE CAPITAL				
AUTHORISED				
89,75,000 Equity Shares of Rs 10 each	897,50,000		897,50,000	
20,25,000 Cumulative Preference Share of Rs. 10 each	<u>202,50,000</u>	<u>1100.00,000</u>	<u>202,50,000</u>	<u>1100.00,000</u>
		<u>1100.00,000</u>		<u>1100.00,000</u>
ISSUED, SUBSCRIBED & PAID-UP				
41,91,250 Equity Shares of Rs. 10 each, fully paid-up		<u>419,12,500</u>		<u>419,12,500</u>
		<u>419,12,500</u>		<u>419,12,500</u>
SCHEDULE : B				
RESERVES AND SURPLUS				
CAPITAL RESERVE		1,75,200		1,75,200
GENERAL RESERVE				
At the beginning of the year	2375,17,731		2300,17,730	
Add: Transfer from Profit and Loss Account	<u>75,00,000</u>	2450,17,731	<u>75,00,000</u>	2375,17,730
SHARE PREMIUM		225,50,000		225,50,000
SURPLUS IN PROFIT AND LOSS ACCOUNT		<u>113,25,815</u>		<u>85,21,712</u>
		<u>2790,68,746</u>		<u>2687,64,642</u>
SCHEDULE : C				
SECURED LOANS				
Term Loans				
State Bank of India	332,17,670		414,80,812	
Working Capital Loan				
State Bank of India	<u>1864,81,392</u>	2196,99,062	<u>1417,69,473</u>	1832,50,285
Hire Purchase Loan				
ABN Amro Bank N.V.	-		19,160	
HDFC Bank Limited	76,472		1,83,890	
ICICI Bank Ltd.	<u>15,85,665</u>	<u>16,62,137</u>	<u>13,72,304</u>	<u>15,75,354</u>
		<u>2213,61,199</u>		<u>1848,25,639</u>
SCHEDULES : D				
UNSECURED LOANS				
From Directors		20,91,000		31,42,000
From Others		<u>110,93,072</u>		<u>111,62,688</u>
		<u>131,84,072</u>		<u>143,04,688</u>

**PTC INDUSTRIES LIMITED**

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR THEN ENDED

SCHEDULE : E**FIXED ASSETS**

(In Rs.)

PARTICULARS	AS AT 01.04.2005	GROSS BLOCK		AS AT 31.03.2006	UPTO 31.03.2005	DEPRECIATION		UPTO 31.03.2006	NET BLOCK	
		ADDITION DURING THE YEAR	DEDUCTION			ON COST	DEDUCTION		AS AT 31.03.2006	AS AT 31.03.2005
FREEHOLD LAND	73,96,173	-	-	73,96,173	-	-	-	-	73,96,173	73,96,173
LEASEHOLD LAND	344,44,190	16,78,277	-	361,22,467	45,60,711	4,77,443	-	50,38,154	310,84,313	298,83,479
FACTORY BUILDING	441,45,639	7,20,308	-	448,65,947	105,50,066	14,49,812	-	119,99,878	328,66,069	335,95,573
PLANT & MACHINERY	2069,55,781	109,30,644	8,28,253	2170,58,172	726,40,916	118,53,840	3,60,099	841,34,657	1329,23,515	1343,14,864
COMPUTER	106,77,070	2,44,990	-	109,22,060	78,61,390	13,08,172	-	91,69,562	17,52,498	28,15,680
MOULD & BOXES	156,71,178	62,29,616	-	219,00,794	94,85,976	16,58,457	-	111,44,433	107,56,361	61,85,202
VEHICLES	92,59,645	10,95,748	12,48,156	91,07,237	38,42,563	8,46,789	5,81,546	41,07,806	49,99,431	54,17,084
FURNITURE & FIXTURES	44,49,771	46,909	-	44,96,680	24,80,545	2,57,820	-	27,38,365	17,58,315	19,69,226
OFFICE EQUIPMENTS	21,48,783	3,27,276	-	24,76,059	9,29,638	1,47,775	-	10,77,413	13,98,646	12,19,145
MISC. FIXED ASSETS	14,74,494	-	-	14,74,494	6,87,115	1,83,253	-	8,70,368	6,04,126	7,87,378
CURRENT YEAR	3366,22,724	212,73,768	20,76,409	3558,20,083	1130,38,920	181,83,361	9,41,645	1302,80,636	2255,39,447	2235,83,804
PREVIOUS YEAR	3008,71,989	383,25,232	25,74,498	3366,22,723	991,33,179	143,61,547	4,55,807	1130,38,919	2235,83,804	2017,38,808

**PTC INDUSTRIES LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

(In Rs.)

SCHEDULE : F**AS AT 31-03-2006****AS AT 31-03-2005****INVESTMENTS (NON TRADE: LONG TERM)****QUOTED**

5000 Units in Mastergain 1992 of Unit Trust of India (face value Rs 10 each fully paid-up)	50,000		50,000	
150 Equity Shares in State Bank of India (face value Rs 10 each fully paid-up, issued at a premium of Rs. 90 per share)	-		15,000	
1600 Equity Shares in Kailash Structures Ltd. (face value Rs.10 each fully paid-up)	16,000		16,000	
500 (Previous Year 2580) Equity Shares in Valecha Engineering Ltd. (face Value Rs.10 each fully paid-up)	20,100	86,100	20,100	1,01,100
		86,100		1,01,100

SCHEDULE : G**INVENTORIES**

(As taken, valued & certified by the Management)

Stock in Transit	8,69,871		33,80,744	
Direct Raw Materials	1223,17,968		866,33,298	
Indirect Raw Materials, Stores & Spares etc.	85,68,564		82,90,812	
Work-in-Progress	1625,41,288		1499,66,526	
Finished Goods	22,42,129		12,30,874	
Loose Tools	6,07,894		4,82,976	
Miscellaneous Items	1,22,540	2972,70,254	1,34,943	2501,20,173
		2972,70,254		2501,20,173

SCHEDULE : H**SUNDRY DEBTORS**

(Unsecured, considered good)

Outstanding for a period exceeding six months	299,69,149		266,20,030	
Less: Provision for Bad & Doubtful debts	10,37,776	289,31,373	27,70,235	238,49,795
		289,31,373		238,49,795
Others		1465,65,122		1267,68,722
		1754,96,495		1506,18,517

SCHEDULE : I**CASH AND BANK BALANCES**

Cash-in-hand	6,31,282		5,82,410	
Balances with Scheduled Banks in Current Account	2,87,344		9,90,655	
in Fixed Deposits	12,40,714	21,59,340	13,33,500	29,06,565
		21,59,340		29,06,565

**PTC INDUSTRIES LIMITED****SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2006**

	(In Rs.)		
	AS AT 31-03-2006		AS AT 31-03-2005
SCHEDULE : J			
LOANS AND ADVANCES			
(Unsecured, considered good)			
Advance Payment of Income Tax	56,63,051		32,74,989
Advances recoverable in cash or in kind or for value to be received	74,86,767		88,47,198
Less: Provision for Bad & Doubtful Advances	<u>7,06,965</u>	67,79,802	<u>13,91,660</u> 74,55,538
Accrued Interest	10,273		51,064
Balances with Income Tax/Excise/Sales Tax Department	83,62,729		47,45,523
Earnest Money and Security Deposits	<u>37,79,810</u>		<u>34,73,960</u>
	<u>245,95,665</u>		<u>190,01,074</u>
SCHEDULE : K			
CURRENT LIABILITIES			
Creditors			
for Materials	998,81,617		874,04,011
for Expenses and Services	324,55,947		213,03,867
for Capital Goods	46,08,083		33,26,424
Credit Balance in Customers' Account	17,92,396		70,67,244
Credit Balance in Current Account with Scheduled Bank	40,28,985		25,16,500
Credit Balance against Inland Bill Discounting	21,37,061		-
Others	<u>11,78,753</u>	1460,82,842	<u>5,42,926</u> 1221,60,972
		<u>1460,82,842</u>	<u>1221,60,972</u>
SCHEDULE : L			
PROVISIONS			
For Current Tax	53,63,764		36,25,000
For P.F., E.S.I., Leave Encashment, Bonus etc.	<u>34,03,689</u>	87,67,453	<u>29,47,262</u> 65,72,262
		<u>87,67,453</u>	<u>65,72,262</u>
SCHEDULE : M			
MISCELLANEOUS EXPENDITURE			
(to the extent not written off or adjusted)			
Opening Balance			
Public Offer Expenses	-		1,25,377
Share Capital Expenses	59,281		78,562
Product Development Expenses	<u>5,18,026</u>	5,77,307	<u>3,72,499</u> 5,76,438
		<u>5,77,307</u>	5,76,438
Add: Addition during the year			
Product Development Expenses	38,265		1,51,167
Developmental Programme Expenses	<u>3,57,450</u>	3,95,715	<u>-</u> 1,51,167
		<u>9,73,022</u>	<u>7,27,605</u>
Less: Written off during the year			
Public Offer Expenses	-		1,25,377
Share Capital Expenses	19,281		19,281
Product Development Expenses	<u>5,640</u>	24,921	<u>5,640</u> 1,50,298
		<u>9,48,101</u>	<u>5,77,307</u>

**PTC INDUSTRIES LIMITED****SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

	(In Rs.)	
	CURRENT YEAR	PREVIOUS YEAR
SCHEDULE : N		
Gross Domestic Sales :	3613,22,912	1919,22,260
Less : Duties & Taxes:		
Excise Duty	417,98,658	188,87,214
Sales Tax	<u>77,88,199</u>	<u>32,95,500</u>
	495,86,857	221,82,714
Less : Inter Plant Transfer	966,79,122	655,79,873
Domestic Sales (Net of duties & taxes)	<u>2150,56,933</u>	<u>1041,59,673</u>
Gross Export Sales :	2767,06,657	2399,60,791
Less : Freight & Insurance		
Freight	93,55,727	77,98,598
Insurance	<u>3,20,794</u>	<u>3,06,119</u>
	96,76,521	81,04,717
Export Sales (FOB Value)	2670,30,136	2318,56,074
Export Incentives	<u>126,27,050</u>	<u>183,32,665</u>
	<u>2796,57,186</u>	<u>250,188,739</u>
SALES	<u>4947,14,119</u>	<u>3543,48,412</u>
SCHEDULE : O		
OTHER INCOME		
Interest on Deposits/Investments	-	75,126
Income from Dividend	13,372	3,150
Bad Debts Recovered	-	68,677
Profit on Sale of Fixed Assets and Investments	1,63,582	2,68,322
Miscellaneous	<u>1,05,500</u>	<u>3,67,832</u>
	<u>2,82,454</u>	<u>7,83,107</u>
	<u>2,82,454</u>	<u>7,83,107</u>
SCHEDULE : P		
INCREASE / (DECREASE) IN INVENTORY		
CLOSING INVENTORY	1647,83,417	1511,97,400
Work-in-Process	1625,41,288	1499,66,526
Finished Goods	<u>22,42,129</u>	<u>12,30,874</u>
LESS:OPENING INVENTORY	1511,97,400	1227,48,472
Work-in-Process	1499,66,526	1193,82,671
Finished Goods	<u>12,30,874</u>	<u>33,65,801</u>
	<u>135,86,017</u>	<u>284,48,928</u>
SCHEDULE : Q		
RAW MATERIAL EXPENDITURE		
Opening Stock	900,14,042	736,25,943
Add: Purchases during the year	2203,50,495	1695,87,169
	3103,64,537	2432,13,112
Less: Closing Stock	<u>1231,87,839</u>	<u>900,14,042</u>
	<u>1871,76,698</u>	<u>1531,99,070</u>
	<u>1871,76,698</u>	<u>1531,99,070</u>

**PTC INDUSTRIES LIMITED****SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006**

	(In Rs.)		
	CURRENT YEAR		PREVIOUS YEAR
SCHEDULE : R			
MANUFACTURING EXPENSES			
Foundry/Machine-shop Consumables and Expenses	691,06,937		449,95,800
Power and Fuel	442,94,534		337,18,916
Repairs and Maintenance			
Mechanical	48,22,271		29,71,935
Electrical	10,21,612		7,03,537
Factory Building	5,04,719		2,72,644
Packing and General Consumables	47,57,131		38,41,672
Processing and Work Charges	397,24,880		188,71,676
Expenses on Inter-Plant Transfers	<u>7,26,161</u>		<u>5,82,833</u>
	<u>1649,58,245</u>		<u>1059,59,013</u>
	<u>1649,58,245</u>		<u>1059,59,013</u>
SCHEDULE : S			
PERSONNEL EXPENSES			
Salaries, Wages and Bonus	475,09,538		399,82,265
Provident and other Funds	49,25,247		48,79,256
Welfare	<u>15,56,860</u>		<u>12,32,964</u>
	<u>539,91,645</u>		<u>460,94,485</u>
	<u>539,91,645</u>		<u>460,94,485</u>
SCHEDULE : T			
ADMINISTRATIVE AND SELLING EXPENSES			
Rent and Taxes	16,77,135		15,04,962
Insurance & Security Expenses	40,27,493		33,38,232
Legal and Professional	16,14,981		16,43,896
Travelling and Conveyance	31,66,062		32,55,022
Director Sitting Fee	17,500		15,000
Vehicle Running and Maintenance	13,86,005		11,65,262
Communication	23,60,968		22,36,691
Printing and Stationery	8,94,250		7,43,276
Conference, Training and Recruitment	4,71,600		14,00,004
Freight and Clearing	87,85,275		58,89,310
Sales Commission	98,49,592		44,37,612
Advertisement and Promotion	7,09,014		4,59,672
Payment to Auditors	1,42,514		91,067
Wealth Tax	22,078		29,213
Miscellaneous	5,98,232		3,97,193
Loss on Sale of Fixed Assets	5,35,537		5,68,375
Loss due to Foreign Exchange Fluctuation	19,30,764		2,57,527
Bad Debts Written Off (<i>Net of provisions</i>)	11,26,172		88,571
Provision for doubtful debts, loans & advances	40,479		17,04,262
Public Offer Expenses Written-off	-		1,25,377
Share Capital Expenses Written-off	19,281		19,281
Product Development Expenses Written-off	<u>5,640</u>		<u>5,640</u>
	<u>393,80,572</u>		<u>293,75,445</u>
	<u>393,80,572</u>		<u>293,75,445</u>
SCHEDULE : U			
INTEREST AND FINANCIAL CHARGES			
Interest			
On Working Capital Loans	140,40,475		115,62,264
On Term Loans	39,27,473		49,36,192
On Others	<u>6,56,564</u>	186,24,512	<u>2,54,065</u>
Less : Interest Received			
from Bankers	62,988		50,583
from Others	<u>48,331</u>	1,11,319	<u>17,898</u>
	<u>185,13,193</u>		<u>166,84,040</u>
Bank Charges	<u>36,39,674</u>		<u>25,43,044</u>
	<u>221,52,867</u>		<u>192,27,084</u>

**PTC INDUSTRIES LIMITED**

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2006 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR THEN ENDED.

SCHEDULE : V**SIGNIFICANT ACCOUNTING POLICIES****1. Basis of preparation of Financial Statements**

The financial statements are prepared in accordance with generally accepted accounting principles, the provisions of the Companies Act, 1956, applicable mandatory Accounting Standards and relevant presentation requirements.

2. Basis of Accounting

All items of income and expenditure having a material bearing on the financial statements are recognized on Accrual basis.

3. Fixed Assets

Fixed Assets are stated at their cost of acquisition or construction, less accumulated Depreciation. Cost of acquisition or construction includes inward freight, duties and taxes, technical fee for their drawing/design and development and other incidental expenses, and borrowing cost, and is net of MODVAT. However, assets acquired up to 2nd April, 1993 are stated at their net replacement value, less accumulated depreciation.

4. Depreciation

- (a) Depreciation on fixed assets is provided on Straight Line Method at the rates prescribed in Schedule XIV to the Companies Act, 1956.
- (b) Leasehold land is written off over the period of lease.
- (c) Additional depreciation consequent to revaluation is charged to Profit and Loss Account and the corresponding amount is recouped from the Revaluation Reserve.

5. Investments

Long Term Investments are carried at cost. Provision for diminution, other than temporary, in the value of long-term investments is recognized. Current Investments are carried at lower of cost or fair value.

6. Inventories

Inventories are valued at lower of cost and net realizable value. Cost comprises cost of purchase or conversion and other costs incurred in bringing the inventories to their present location and condition. Finished goods are stated net of excise duty. Raw Material, Indirect Material, Stores and Spares etc. are valued on FIFO basis net of MODVAT/CENVAT benefits availed or to be availed.

7. Retirement Benefits for Employees

- (a) Contributions are made to Provident Fund and Pension Fund on actual liability basis.
- (b) Contributions in respect of Gratuity are made to the Life Insurance Corporation of India under the Group Gratuity-cum-Insurance Policy.
- (c) Contributions in respect of Superannuation Scheme for eligible employees are made to the Life Insurance Corporation of India.
- (d) Accumulated Earned Leave is provided for at the end of the year.

8. Research & Development Costs

Revenue expenditure is charged to Profit & Loss Account under respective heads of account in the year in which it is incurred. Capital expenditure is included in fixed assets and depreciated as per policy.

9. Foreign Exchange Conversions

Non-monetary items, other than inventory and monetary items are stated at the exchange rate of forward covers, if any, or the amounts actually realised/paid up to the date on which the financial statements are approved by the Board and in other cases at the exchange rates ruling as at the Balance Sheet date.

Exchange difference arising on booking of forward contract are recognised as income or expense over the life of the contract except in respect of liabilities incurred for acquiring fixed assets in which case such differences are adjusted in the carrying amount of the respective fixed asset.

**PTC INDUSTRIES LIMITED****10. Miscellaneous Expenditure**

Miscellaneous Expenditure is stated to the extent not written off or adjusted.

- (a) Expenses on increase in share capital are amortised over a period of ten years.
- (b) Hire Purchase interest and other expenses thereon are amortised over the period of the underlying agreement.
- (c) The Company's share of expenditure incurred on the offer for sale to public of its equity shares by the co-investors and promoters of the company is amortised over a period of ten years.
- (d) Product development expenses are written-off over a period of three years commencing subsequently to the month in which production of the product is commenced. However incase the product is not accepted, the entire expenditure incurred is written-off in the year of rejection.

11. Sales

- (a) Sales are recognised as and when goods are cleared from factory premises.
- (b) Domestic sales (net) are stated net of returns, sales tax and excise duty. Export sales are stated net of returns at F.O.B. value and includes export incentives.

12. Contingent Liabilities

Contingent Liabilities are stated by way of notes.

13. Taxes on Income :

Tax expense for the year comprises of Tax on current income calculated as per applicable tax rates and tax laws, and deferred tax liability, calculated using tax rates and tax laws enacted by the balance sheet date.

14. Borrowing Costs :

Borrowing Costs that are directly attributable to the acquisition, construction or production of any qualifying asset have been capitalised.

SCHEDULE FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH 2006 AND THE PROFIT AND LOSS ACCOUNT FOR THE YEAR THEN ENDED.**SCHEDULE : W****NOTES ON ACCOUNTS**

1. Share Capital includes 27,60,000 Equity shares of Rs. 10 each allotted as fully paid bonus shares by capitalisation of General Reserve and Revaluation Reserve.
2. Aggregate market value of quoted investments as at the end of the year was Rs.3,05,380 (previous year Rs 2,80,348).
3. Fixed deposit with Bank (Schedule 'I') is "under Bankers lien" as margin money for non-fund based facilities.
4. Advance payment of tax as at the end of the year represents advance payment of Tax and Tax deducted at source for and during the year under review. Advance payment of Income Tax less provision for tax for earlier years, if any, has been included in Balance with Income Tax/ Excise/Sales Tax department (Schedule 'J').

5. Tax deducted at source on receipt of:

	(In Rs.)	
	2005-2006	2004-2005
Interest	23,879	10,000
Other	-	34,189
	<u>23,879</u>	<u>44,189</u>

6. Revenue expenditure pertaining to the Company's Research & Development Division aggregated to Rs. 43,45,272 (previous year Rs 41,78,090).
7. As per method of accounting consistently followed by the Company, excise duty payable on finished goods, other than those meant for exports, is accounted for on clearance of such goods from the factory. The amount of excise duty on such finished goods not cleared from the factory as at 31st March 2006, estimated on the basis of sales price of goods/excise rates prevailing on the said date, at Rs 3,04,240 (previous year Rs 1,76,961) has not been provided for in the accounts and hence not included in the valuation of such goods. Non-provision of this liability has no affect on the profit for the year.

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8. Dues to small scale industrial undertakings included in Sundry Creditors, amounting to Rs. 112,50,694 (previous year Rs. 41,69,494) are on the basis of such parties having been identified from information available with the Company. The list of SSI units having dues of more than Rs. 1 lacs for a period exceeding 30 days is as under:-

Name of Suppliers

- | | |
|------------------------------------|--------------------------------------|
| 1. M/s Fortuna Structure Pvt. Ltd. | 2. M/s N. K. Rubber & Industries |
| 3. M/s Suchi Fastners Pvt. Ltd. | 4. M/s Metal Aids |
| 5. M/s Sangoye Chemicals | 6. M/s HRM Chemicals (P) Ltd. |
| 7. M/s Excel Teknika | 8. M/s Shree Balaji Refractories Co. |
| 9. M/s Super Iron Syndicate | 10. M/s Indian Core Oil Pvt. Ltd. |
| 11. M/s Bee Chems | |

9. During the year, the Company has cleared export shipments without payment of excise duty amounting to Rs. 369,83,079 (previous year Rs. 261,30,992) against undertaking in favour of the Central Excise Department. A few export shipments have been cleared against payment of excise duty amounting to Rs. 55,83,289 (previous year Rs. 148,92,263), refund claims for which been lodged with the appropriate authorities. The Company has received Rs. 141,45,784, related to the financial year 2005-2006 and earlier years, during the year.

10. Amount due from officers of the Company as at the end of the year was Rs.42,877 (previous year Rs. 91,696). Maximum amount due at any time during the year was Rs. 1,17,234 (previous year Rs. 1,50,188).

11. Payment to Statutory Auditors:

	(In Rs.)	
	2005-2006	2004-2005
Audit Fees	1,12,240	82,650
Certification	3,000	-
Outlays	<u>42,514</u>	<u>16,067</u>
	<u>1,57,754</u>	<u>98,617</u>

12. (a) Directors' Remuneration

	(In Rs.)	
	2005-2006	2004-2005
Salary	42,37,863	29,52,558
Contribution to Provident Fund and other Schemes	2,15,181	2,21,569
Commission	1,92,880	1,44,500
Sitting Fees	27,500	15,000
Perquisites	<u>7,10,000</u>	<u>5,90,773</u>
	<u>53,73,424</u>	<u>39,24,400</u>

- (b) Computation of Net Profit in accordance with section 198 of the Companies Act, 1956 and commission paid.

	(Lac Rs.)	
	2005-2006	2004-2005
Profit before tax as per Profit and Loss Account for the year ended 31.03.2005.	153,63,803	102,52,230
Add: Directors' Remuneration charged in Accounts	<u>39,24,400</u>	<u>41,99,975</u>
NET PROFIT	<u>192,88,203</u>	<u>144,52,205</u>
Commission paid to Managing Director @ 1% of the net profit, restricted to 50% of the Annual Salary	1,92,880	1,44,500

13. Term Loans & Working Capital Loans

- Working Capital Loans (Fund/Non Fund based) from State Bank of India are secured by way of :
 - First charge on entire Current Assets of the Company.
 - Second charge on entire Fixed Assets of the Company.
 - Personal guarantee of three directors.
- Term Loans from State Bank of India is Secured by way of :
 - First charge on entire Fixed Assets of the Company.
 - Second charge on entire Current Assets of the Company.
 - Personal guarantee of three directors.
- Hire Purchase Loans from ABN Amro Bank N.V., ICICI Bank Ltd. & HDFC Bank Ltd. are secured by way of hypothecation of vehicles & assets financed.

14. (a) Session Court, Faridabad has given a decision against the Company on a case filed by a supplier amounting to Rs. 1,65,000 (Previous year Rs. 1,65,000). The management of the Company is examining the possibility of appropriate action on the decision.



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(b) In respect of fund-based and non fund-based working capital facilities from State Bank of India:

	(Lac Rs.)	
	2005-2006	2004-2005
Counter guarantees furnished by the Company against various guarantees given by the Bank	15,82,051	49,53,988
Letter of Credit (Inland/ Foreign) opened by the Bank	60,34,463	140,73,915

(c) Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances (as certified by a Director) was Rs. 1,28,301 at the end of year (previous year Rs. 2,90,500).

15. The Income Tax assessment of the Company has been completed for and upto the assessment year 2004-2005. The Income Tax assessments for the assessments years 2001-02, 2002-03, 2003-04 and 2004-05 were subsequently opened during the year and a demand of Rs. 4,15,700 was raised for the A.Y. 2001-02 by the department. The Company has contested the demand and filed an appeal. However, the refund amount of Rs. 3,16,164 of F.Y. 2003-2004 was with held by the department against the the demand. The management is of the opinion that no provision is required to be made for balance demand. The Income Tax assessments of erstwhile Ashman Tool Engineers Pvt. Ltd. (ATEPL) and Sunika Alloys Private Limited (SAPL) has been completed upto the pre-amalgamation period i.e. A.Y. 1997-98. Further an order under section 154 of the Income Tax Act, 1961 was passed on 25.06.2004 for the assessment year 1997-98 in case of erstwhile M/s Ashman Tool Engineers Private Limited subsequently merged with the Company. A demand of Rs. 23,592 towards the charge of interest was raised against the Company. The Company has deposited Rs. 15,028 in compliance to notice of demand.

16. (a) The Sales Tax assessments of the Lucknow Plant -1 have been completed upto the year 2003-2004. The assessment orders for the year from 1987-88 to 2003-2004 have been contested by the Company and the appeals are presently pending with the Appellate authorities. A total demand of Rs. 62,30,531 is pending against U. P. Trade Tax while Rs. 9,25,460 is pending against Central Sales Tax. A sum of Rs. 9,52,878 have been deposited against these demands and the balance demand has been stayed by the competent authorities. In the opinion of the management no provision is required to be made.

(b) Sales Tax Assessment of Bhiwadi Plant have been completed upto the year 2003-2004.

(c) The Sales Tax assessments of the Lucknow Plant-2 have been completed upto the year 2003-2004 except the years 1984-85 to 1989-90 against which a demand of Rs 1,53,212 has been raised by the department. Appeals at different levels are pending and against these demands, a sum of Rs. 68,235 stand provided in the books during earlier years. In the opinion of the management further provision of Rs. 84,977 is not required to be made.

(d) Sales Tax Assessment of Mehsana Plant have been completed upto the year 2003-2004.

17. The Wealth Tax assessment of the Company has been completed upto the assessment year 2004-2005.

18. (a) In the case of Lucknow Plant 1, Show-cause notices against Cenvat credit of Rs. 6,32,446 (previous year Rs. 26,24,112) and Rs. 14,158 (Previous year Rs. 14,158) relating to Service Tax were issued by the Central Excise department the year under review and earlier years. The Company has given replies to all the show cause notice/demands to the department and the appeals are pending with Appellate authorities.

(b) Show Cause Notices/Demands of Rs. 58,921 (previous year Rs. 58,921) has been raised by the Central Excise Department against Cenvat credits claimed by the Bhiwadi Plant on inputs and capital goods up to 31st March, 2006. The Company has given its replies to all Show Cause Notices to the Department and the same are under consideration.

19. The Company's recognition as an EXPORT HOUSE is valid upto 31.03.2009.

20. During the year 2005-2006 Company has captively consumed 67.854 M.T. (Previous year 56.258 M.T.) of Castings for Assembly Production.

21. (a) Inter-Plant transactions relating to sales, purchases, job-work, sundry debtors and sundry creditors have been squared-off. However, the quantitative details as given hereunder with respect to production of castings includes 320.255 M.T. (previous year 338.614 M.T.) transferred inter-plant for further processing.

(b) Bhiwadi Plant has exported castings 480.465 M.T. (Previous year 313.383 M.T.) and Mehsana Plant has exported castings 34.556 M.T. (Previous Year 53.004 M.T.) during the current year on behalf of Lucknow Plant - 1.

22. Capital work in Progress includes capital expenditure incurred and advances paid for :

	<-----2005-2006----->				<-----2004-2005----->			
	Land & Building	Plant & Machinery	Others	Total	Land & Building	Plant & Machinery	Others	Total
Lucknow Plant -1	-	4,30,638	15,000	4,45,638	36,400	31,13,304	18,000	31,67,368
Bhiwadi Plant	-	80,401	-	80,401	-	64,461	-	64,461
Lucknow Plant - 2	-	-	-	-	-	-	-	-
Mehsana Plant	-	-	1,19,372	1,19,372	48,181	44,34,305	1,18,848	46,01,334
Total	-	<u>5,11,039</u>	<u>1,34,372</u>	<u>6,45,411</u>	<u>84,245</u>	<u>76,12,070</u>	<u>1,36,848</u>	<u>78,33,163</u>



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23. Indirect Raw Materials, stores, spares and other consumables are included in the following heads of account.

	(In Rs.)	
	2005-2006	2004-2005
Foundry/Machine-shop Consumables & Expenses	669,88,490	430,97,965
Power & Fuel	125,48,599	75,58,066
Repair & Maintenance		
Mechanical	48,22,271	29,71,935
Electrical	10,21,612	7,03,537
Packing and General Consumables	47,57,131	<u>38,41,671</u>
	901,38,103	<u>581,73,174</u>

24. Particulars of Sales and Stock of Finished Goods.

	<-----2005-2006----->				<-----2004-2005----->			
	Opening Stock	Sales	Captive Consumption	Closing Stock	Opening Stock	Sales	Captive Consumption	Closing Stock
CASTINGS (Stainless Steel)								
Quantity (in MT)	0.759	333.632	47.243	3.338	9.858	421.940	17.170	0.759
Value (In Rs.)	90,998	993,76,229	-	5,57,161	14,37,435	1240,56,219	-	90,998
CASTINGS (Alloy and Non-Alloy Steel)								
Quantity (in MT)	16.696	1480.729	20.551	30.920	27.345	945.177	32.064	16.696
Value (In Rs.)	10,70,359	1912,14,750	-	16,84,968	9,20,230	1090,77,423	-	10,70,359
STRUCTURES/FORGINGS								
Quantity (in MT)	0.060	681.424	0.060	-	1.344	523.620	5.324	0.060
Value (In Rs.)	69,517	1156,47,616	-	-	1,73,222	899,41,182	-	69,517
ASSEMBLY ITEMS								
Quantity (in MT)	-	561.246	-	-	13.384	123.394	1.700	-
Value (In Rs.)	-	732,34,315	-	-	8,34,914	124,79,960	-	-
Tools/Jigs/Fixtures/ Moulds and Dies (In Rs.)	-	-	-	-	-	45,039	-	-
PATTERN DEVELOPMENT & JOB WORK (In Rs.)	-	15,24,000	-	-	-	-	-	-
PACKING (In Rs.)	-	5,27,983	-	-	-	4,15,924	-	-
Un-usable M. S. Scrap (In Rs.)	-	5,62,176	-	-	-	-	-	-
Export Incentive (In Rs.)	-	126,27,050	-	-	-	183,32,665	-	-

25. Finished Goods (Assembly Items) valued at Rs. 64,63,797 were received by the Company from a foreign customer for salvaging. These goods were kept in a ware house outside India but were stolen from the ware house resulting in a loss to the Company. The loss so incurred has been considered as extra ordinary item and shown accordingly in the Profit & Loss Account.

26. Foreign exchange fluctuation Loss includes Rs. 12,28,795 on account of recognition of exchange difference on transaction of foreign currency transactions by applying the closing rates as at the year end.

27. Consumption of Direct Raw Materials, Indirect Materials, Stores and Spares and other Consumables.

Description	2005-2006		2004-2005	
	Quantity (in MT)	Value (Lac Rs.)	Quantity (in MT)	Value (Lac Rs.)
DIRECT RAW MATERIALS				
Scraps and Metals				
Stainless Steel Scrap	357.683	464,06,813	412.098	396,28,120
Iron & Steel Scrap	2147.463	357,40,756	1639.432	229,64,737
Ferrous & Non-ferrous Alloys	48.797	186,61,676	107.529	178,78,235
Structures/Fabrication	741.812	578,02,893	548.009	673,35,995
Raw Castings (including assembly)	460.741	285,52,044	116.761	53,70,970
Raw Materials for Tools/Jigs/Fixtures	-	12,516	-	21,013
INDIRECT RAW MATERIALS, STORES, SPARES AND OTHER CONSUMABLES	-	901,38,103	-	581,73,174

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28. Value and percentage to total consumption of Imported/Indigenous Direct Raw Materials, Indirect Raw Materials, Stores, Spares and other Consumables consumed.

DESCRIPTION	2005-2006		2004-2005	
	IMPORTED	INDIGENOUS	IMPORTED	INDIGENOUS
Direct Raw Materials				
Value (In Rs.)	134,64,735	1737,11,963	36,97,929	1495,01,141
Percentage	7.19%	92.81%	2.41%	97.59%
Indirect Raw Materials, Stores, Spares & Other Consumables				
Value (In Rs.)	-	901,38,103	13,30,699	568,42,475
Percentage	-	100%	2.24%	97.76%

29. The plantwise installed capacity is recognised on the basis of melting capacity of Induction Melting Furnaces at single shift basis. Being of a technical nature has been relied upon by the Auditors.

Lucknow Plant-1	1850.000 MTPA
Bhiwadi Plant	1800.000 MTPA
Mehsana Plant	900.000 MTPA

During the year Lucknow Plant-1 has been operated at double shift basis wherever other plants have been operated at single shift basis.
(Quantity in M.T.)

	2005-2006	2004-2005
PRODUCTION		
Lucknow Plant-1		
Castings (Stainless Steel)	383.455	430.012
Castings (Alloy and Non-Alloy Steel)	407.478	393.182
Structures/Forgings	681.425	527.659
Assembly Items	561.246	111.710
Total	2033.604	1462.563
Bhiwadi Plant		
Castings (Alloy and Non-Alloy Steel)	1637.211	1066.367
Mehsana Plant		
Castings (Alloy and Non-Alloy Steel)	163.206	149.909

The activities of the Lucknow Plant-2 are basically of tool-room and manufacturing job in which different jigs and fixtures are developed for different usages and for different customers as per their specific requirement and job-work on different machines and equipment are done on the goods supplied by the customers. Hence, due to practical difficulties and large number of items, it is not possible to give quantitative information pursuant to para 3, 4C and 4D of Part-II of Schedule VI of the Companies Act, 1956.

30. C.I.F. Value of Imports.

	2005-2006		2004-2005	
	DIRECT IMPORTS	HIGH SEAS	DIRECT IMPORTS	HIGH SEAS
Direct Raw Materials	91,06,043	58,77,825	-	9,20,000
Indirect Materials	-	-	4,63,393	-
Capital Goods	-	-	3,57,450	-
	91,06,043	58,77,825	8,20,843	9,20,000

31. The status of unclaimed dividend lying in the Unclaimed Dividend account with the Company's bankers State Bank of India, Commercial Branch, Lucknow as on 31.03.2006 is as under.

Dividend for the year	Date of payment	Unclaimed dividend
FY 1998-1999	06.11.1999	Rs. 13,170
FY 1999-2000	09.11.2000	Rs. 17,650
FY 2000-2001	28.10.2001	Rs. 32,505

32. Expenditure in foreign currency during the year.

	2005-2006	2004-2005
Travelling	70,095	4,11,264
Testing, Radiography & Rectification charges	27,33,272	2,77,537
Legal & Professional charges	86,040	6,40,891
Freight & Export Warehousing Charges	9,90,517	10,21,901
Others	2,03,972	1,15,813
Total	40,83,896	24,67,406



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33. Earnings in foreign currency.

	2005-2006	(In Rs.) 2004-2005
From Export of Castings & Forgings/Structures	2767,06,657	2399,60,791

34. Calculation of E.P.S.

	2005-2006	(In Rs.) 2004-2005
Total No. of Shares	41,91,250	41,91,250
Profit after tax (In Rs.)	103,04,104	68,53,649
EPS in (Rs.)	2.46	1.64

35. Segment Reporting :

Accounting Standard 17-"Segment Reporting" issued by the Institute of Chartered Accountants of India which requires disclosure of information on the basis of reportable segment. The Company recognizes manufacturing of Stainless Steel Castings, Alloy Steel Castings, Non Alloy Steel Castings and Steel Structure as its primary segment while the Company has presented secondary segmental reporting on the basis of geographical location of customers.

Business Segment :

Performance of Business Segment is as follows :

	Year ended on 31st March, 2006				(In Rs.)
	Lucknow Plant-1	Bhiwadi Plant	Lucknow Plant-2	Mehsana Plant	Consolidated Total
Total Revenue					
Sales to External Customers	3801,50,741	798,79,633	-	346,83,745	4947,14,119
	(2995,08,647)	(395,82,908)	(45,039)	(152,11,818)	(3543,48,412)
Inter segment sales	212,82,948	382,94,974	51,46,607	319,54,593	966,79,122
	(75,54,314)	(269,84,531)	(40,42,319)	(269,98,709)	(655,79,873)
Total Sales	4014,33,689	1181,74,607	51,46,607	666,38,338	5913,93,241
	(3070,62,961)	(665,67,439)	(40,87,358)	(422,10,527)	(4199,28,285)
Segment Results					
Segment results - Profit/(Loss) before depreciation, interest, tax and extraordinary items	447,35,641	112,88,967	3,85,187	66,65,635	630,75,430
	(403,98,380)	(73,56,276)	(-4,46,374)	(16,44,150)	(489,52,432)
Less : Extraordinary Items	64,63,797	-	-	-	64,63,797
	(-)	(-)	(-)	(-)	(-)
Less: Depreciation	117,75,178	17,67,209	4,22,780	42,18,194	181,83,361
	(82,41,841)	(16,85,875)	(4,50,295)	(39,83,536)	(143,61,547)
Less : Interest	168,78,801	22,77,218	3,164	29,93,684	221,52,867
	(127,77,961)	(21,88,974)	(2,320)	(42,57,827)	(192,27,082)
Profit before tax	96,17,865	72,44,540	-40,757	-5,46,243	162,75,405
	(193,78,578)	(34,81,427)	(-8,98,989)	(-65,97,213)	(153,63,803)
Provision for Fringe Benefit Tax	4,75,237	1,04,181	9,835	1,62,271	7,51,524
					(-)
Provision for Tax (Net of adjustment for Previous years)					50,56,777
					(36,30,154)
Provision for Deferred Tax					1,63,000
					(48,80,000)
Profit after tax					103,04,104
					(68,53,649)
Segment Assets and Liabilities					
Segment Assets	6523,65,474	646,65,981	114,13,372	1277,41,463	8561,86,290
	(5792,22,922)	(582,28,122)	(116,41,948)	(996,34,163)	(7487,27,155)
Investment	78,100	-	8,000	-	86,100
	(93,100)	(-)	(8,000)	(-)	(1,01,100)
Less : Inter Segment Assets	1286,03,760	5,65,613	3,62,205	-	1295,31,578
	(937,43,949)	(-)	(3,42,604)	(-)	(940,86,553)
Net Segment Assets	5238,39,814	641,00,368	110,59,167	1277,41,463	7267,40,812
	(4855,72,073)	(582,28,122)	(113,07,344)	(996,34,163)	(6547,41,702)
Segment Liabilities	1068,81,385	258,00,741	13,50,649	1449,85,333	2790,18,108
	(882,31,338)	(243,31,816)	(15,28,634)	(1051,02,999)	(2191,94,787)
Add : Loans	2100,63,933	67,86,677	-	176,94,661	2345,45,271
	(1614,11,043)	(89,58,103)	(-)	(287,61,181)	(1991,30,327)

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Less : Inter Segment Liabilities	-	24,627	4,55,688	1290,51,262	1295,31,577
	(-)	(19,91,769)	(4,77,991)	(916,16,793)	(940,86,553)
Total Segment Liabilities	3169,45,318	325,62,791	8,94,961	336,28,732	3840,31,802
	(2496,42,381)	(312,98,150)	(10,50,643)	(422,47,387)	(3242,38,561)
Add : Unallocable Liabilities					217,27,764
					(198,26,000)
Net Segment Liabilities	3169,45,318	325,62,791	8,94,961	336,28,732	4057,59,566
	(2496,42,381)	(312,98,150)	(10,50,643)	(422,47,387)	(3440,64,561)
Capital Expenditure incurred	118,94,595	16,83,506	14,195	76,81,472	212,73,768
	(346,80,534)	(13,88,284)	(10,052)	(22,46,362)	(383,25,232)
Depreciation and Amortisation	117,85,178	17,79,205	4,25,705	42,18,194	182,08,282
	(83,77,218)	(16,97,871)	(4,53,220)	(39,83,536)	(145,11,845)
Non Cash Expenses included in Segment Expenses	11,52,341	14,311	-	-	11,66,652
	(17,67,745)	(25,088)	(-)	(-)	(17,92,833)

Geographic Segment :

The revenues attributable to countries based on location of customers are as follows :

	Year ended 31st March, 2006	Year ended 31st March, 2005	
United States of America	2019,02,918	1431,37,433	
India	2150,56,933	1041,59,673	
Finland	455,82,307	647,07,726	
United Kingdom	6,42,425	-	
Spain	133,29,633	153,32,168	
Germany	15,00,264	42,00,953	
Switzerland	22,64,695	12,66,560	
France	1,43,039	12,57,379	
Italy	1,70,155	-	
Netherland	-	9,41,903	
Sweden	1,38,812	6,31,467	
Denmark	11,24,988	3,45,613	
Japan	2,30,900	<u>34,872</u>	3360,15,747
Export Incentive	<u>126,27,050</u>	<u>183,32,665</u>	
Total	<u>4947,14,119</u>	<u>3543,48,412</u>	

36. Related Party Disclosure :

As per Accounting Standard (AS-18) on related party disclosure issued by the Institute of Chartered Accountants of India, the disclosure of transactions with the related party as defined in the Accounting Standard are given below:

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

Enterprises controlled by directors/relatives

1. Mapple Commerce Pvt. Ltd.
2. Precision Overseas Pvt. Ltd.
3. Homelike Motels & Resorts Pvt. Ltd.
4. e-Soft Technologies Ltd.
5. Jolen Marketing Pvt. Ltd.

Key Management Personnel of the Company

1. Mr. S.C. Agarwal
2. Mr. A. K. Agarwal
3. Mr. P. R. Agarwal
4. Mr. Ajay K. Agarwal
5. Mr. Sachin Agarwal
6. Mr. Alok Agarwal
7. Mr. Arun Prasad
8. Mr. R. K. Pandey
9. Dr. A. Sahay

Relatives of Key Management Personnel

1. Mrs. Saroj Agarwal
2. Mrs. Kiran Prasad
3. Ms. Kanchan Agarwal
4. Mrs. Suman Agarwal
5. Mr. Jugul Kishore Agarwal
6. Mr. Nawal Kishore Agarwal
7. Mrs. Gyani Devi
8. Mrs. Pratima Agarwal
9. Mrs. Vidya Agarwal

**PTC INDUSTRIES LIMITED**

The following transactions were carried out with the related parties :

	Enterprises Controlled by directors/relatives (In Rs.)	Key Management Personnels (KMP) (In Rs.)	Relatives of KMPs (In Rs.)
1. Interest paid in Inter corporate loans	3,55,426	-	-
2. Unsecured Loans repaid during the year	-	25,26,000	-
3. Service charges	3,00,000	-	-
4. Managerial remuneration	-	53,73,424	-
5. Salary & Allowances	-	-	6,76,356
6. Rent Paid	-	-	66,000

37. Deferred Tax Liability :

As per Accounting Standard (AS-22) on Accounting for Taxes on Income issued by the Institute of Chartered Accountants of India. (ICAI) the deferred tax liability (DTL) as at 31st March, 2006

	As at 31st March 2006	(In Rs.) As at 31st March 2005
A. Deferred Tax Liabilities		
Depreciation	171,37,000	168,08,000
B. Deferred Tax Assets		
Others	<u>7,73,000</u>	<u>6,07,000</u>
Net Deferred Tax Liability (A+B)	<u>163,64,000</u>	<u>162,01,000</u>

38. Figures have been rounded-off to the nearest Rupee and previous year's figures have been recasted and regrouped, wherever necessary, to conform to this year's presentation.

39. Comparative financial information in the respect to preceeding year is included as an integral part of the current year's financial statements and is to be read in relation to the amounts and other disclosure relating to the current year.

**PTC INDUSTRIES LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006**

		(In Rs.)	
		<u>Year ended 31st March, 2006</u>	<u>Year ended 31st March, 2005</u>
Cash Flow from Operating Activities			
I	Net Profit before Tax and Extraordinary Items	(A) 227,39,202	153,63,801
	Adjustment for :		
	Depreciation	181,83,361	143,61,547
	Loss on Sale of Assets (net)	3,71,955	3,00,053
	Miscellaneous Expenses written-off	24,921	1,50,298
	Interest Paid	186,24,512	167,52,521
	Expenses treated as deferred	(3,95,715)	(1,51,167)
	Provisions for doubtful debts, loans & advances	40,479	17,04,262
	Dividend & Other Income	<u>(1,18,872)</u>	<u>(5,14,784)</u>
	Operating Profit before Working Capital Changes	(B) <u>367,30,641</u>	<u>326,02,730</u>
	Adjustment for :		
	Decrease/(Increase) in Trade & Other Receivables	(281,76,244)	146,91,520
	Decrease/(Increase) in Inventories	(471,50,081)	(459,51,986)
	Decrease/(Increase) in Trade & Other Payables	<u>194,47,091</u>	<u>330,30,593</u>
	Cash Generated from Operation	(C) <u>(558,79,234)</u>	<u>17,70,127</u>
	Fringe Benefit Tax Paid	(7,51,524)	-
	Direct Taxes Paid	<u>(56,63,051)</u>	<u>(29,58,989)</u>
		(D) <u>(64,14,575)</u>	<u>(29,58,989)</u>
	Extraordinary Items :		
	Prior year adjustments	(E) (64,63,797)	-
	Net Cash Flow from Operating Activities (A+B+C+D+E)	(F) <u>(92,87,763)</u>	<u>467,77,669</u>
II	Cash Flow from Investment Activities :		
	Purchase of Fixed Assets	(128,04,358)	(150,87,001)
	Sale of Fixed Assets	6,40,881	13,90,500
	Sale of Investments	1,45,164	1,79,118
	Dividend & Other Income	<u>1,18,872</u>	<u>5,14,784</u>
	Net Cash from Investing Activities	(G) <u>(118,99,441)</u>	<u>(130,02,599)</u>
III	Cash Flow from Financing Activities :		
	Proceeds from Long Term Borrowings	(92,96,974)	(172,18,647)
	Proceeds from Short Term Borrowings	483,61,465	15,81,734
	Interest Paid	<u>(186,24,512)</u>	<u>(167,52,521)</u>
	Net Cash from Financing Activities	(H) <u>204,39,979</u>	<u>(323,89,434)</u>
	Net Increase in Cash and Cash Equivalents (F+G+H)	(I) <u>(7,47,225)</u>	<u>13,85,636</u>
	Cash and Cash Equivalents at the beginning of the year	29,06,565	15,20,929
	Cash and Cash Equivalents at the end of the year	21,59,340	29,06,565

As per our separate report
of even dateOn behalf of the
Board of Directors

Sd/-

Sd/-

for R. M. LALL & CO.
Chartered Accountants(S.C. AGARWAL)
Chairman & Managing Director(AJAY K. AGARWAL)
Director-Finance

Sd/-

Sd/-

Sd/-

(PUNEET KAPOOR)
Partner(A. K. AGARWAL)
Director-Commercial(SACHIN AGARWAL)
Director-Corporate Planning

Sd/-

Sd/-

Lucknow
July 31, 2006(P. R. AGARWAL)
Director-Marketing(ALOK AGARWAL)
Director-Co ordination



PTC INDUSTRIES LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details
 Registration No. State Code
 Balance Sheet Date
 Date Month Year

II. Capital raised during the year (Amount in Rs. Thousand)

Public Issue	<input type="text"/>	N	I	L
Bonus Issue	<input type="text"/>	N	I	L
Right Issue	<input type="text"/>	N	I	L
Private Placement	<input type="text"/>	N	I	L

III. Position of Mobilisation and Development of Funds
 (Amount in Rs. Thousand)

Sources of Funds	Total Liabilities	<input type="text"/>	4	0	5	7	6	0
	Paid-up Capital	<input type="text"/>	4	1	9	1	3	
	Secured Loans	<input type="text"/>	2	2	1	3	6	1
Application of Funds	Net Fixed Assets	<input type="text"/>	2	2	6	1	8	5
	Net Current Assets	<input type="text"/>	3	2	8	3	0	7
	Accumulated Losses	<input type="text"/>	N	I	L			
	Investments	<input type="text"/>	8	6				
	Misc. Expenditure	<input type="text"/>	9	4	8			
	Total Assets	<input type="text"/>	7	2	6	7	4	0
	Reserves & Surplus	<input type="text"/>	2	7	9	0	6	8
	Unsecured Loans	<input type="text"/>	1	3	1	8	4	

IV. Performance of the Company (Amount in Rs. Thousand)

Turnover	<input type="text"/>	5	0	8	5	8	3							
Profit/Loss before tax	<input type="text"/>	2	2	7	3	9								
Profit/Loss after tax	<input type="text"/>	1	0	3	0	4								
Earning per Share (in Rs.)	<input type="text"/>	2	.	4	6									
Dividend Rate %	<input type="text"/>	0	0											

+ - + -

(Please tick Appropriate box + for Profit, - for Loss.)

V. Generic Names of Three Principal Products/Services of the Company.
 (as per monetary terms)

Item Code No.
 (ITC Code)
 Product S T R U C T U R E S O F I R O N
 Description A N D S T E E L

Item Code No.
 (ITC Code)
 Product C A S T A R T I C L E S O F
 Description I R O N A N D S T E E L

Item Code No.
 (ITC Code)
 Product F O R G E D A N D S T E E L
 Description I R O N A N D S T E E L



PTC INDUSTRIES LIMITED



PTC INDUSTRIES LIMITED

Regd.Office : MALVIYA NAGAR, AISHBAGH, LUCKNOW

ATTENDANCE SLIP

Mr./Mrs.....Regd. Folio

I certify that I am the registered shareholder/proxy for the registered shareholders of the Company. I hereby record my presence at the FORTY-THREE ANNUAL GENERAL MEETING of the Company held on Saturday, the 30th September, 2006 at 2:30 P.M. at Registered Office at MALVIYA NAGAR, AISHBAGH , LUCKNOW 226004.

Member's /Proxy's name in block letters :.....

Member's/Proxy's signature :.....

Note : Please fill in this attendance slip and hand it cover at the entrance.

-----TEAR HERE-----



PTC INDUSTRIES LIMITED

Regd.Office : MALVIYA NAGAR, AISHBAGH, LUCKNOW

ATTENDANCE SLIP

Mr./Mrs.Regd. Folio.

I/We.....of.....

.....being a member/members of the above named Company,hereby appoint.....of.....

in the district ofor failing him of.....in the district ofas my/our proxy to attend

and vote for me/us and on my/our behalf at the Forty-Three Annual General Meeting of the Company, to be held on Saturday, the 30th September, 2006 or at any adjournment thereof.

Signed thisday of2006.

Signature

Note : The proxy must be returned so as to reach the Registered office of the Company, at MALVIYA NAGAR, AISHBAGH, LUCKNOW 226004 not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.

