

ANNEXURE 'C' TO THE DIRECTORS' REPORT CORPORATE GOVERNANCE

The Board of directors present the Company's Report on Corporate Governance.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE :

The Company believes in setting the highest standard of good and ethical corporate governance practices to enhance the long-term shareholder value and protect the interest of shareholders, customers and others.

The main objectives of Corporate Governance are:

1. Maximizing long-term shareholder value in a legal and ethical manner.
2. Ensuring fairness, courtesy and dignity in all transactions within and outside the Bank with customers, investors, employees, competitors, government and the general public.
3. Open, transparent and merit-based management.

The Company is committed to following high standards of transparency, accountability and propriety. The Company has formed various committees of the Board of Directors to monitor the various aspects of the business.

internal control systems and suggest improvements for strengthening them. The Company has strong Management Information System which is an integral part of control mechanism.

2. BOARD OF DIRECTORS:

a) COMPOSITION OF THE BOARD :

The Company's Board of Directors comprises of Ten Directors. There are five Executive Directors on the Board of the Company, namely, Shri C. N. Doshi (Chairman and Managing Director) Shri R. N. Doshi (Joint Managing Director), Shri K. P. Aghera, (Wholetime Director) Shri J. P. Aghera (Wholetime Director) & Shri Sunil B. Jain (Executive Director). There are five non-executive Directors namely Shri Gopalich Harish, Shri Ramesh A. Shah, Shri Kishor R. Doshi, Shri Mahasukh S. Mehta and Shri Manharlal V. Kamdar.

b) MEETINGS :

Since the beginning of the financial year 2006-2007, till the date of end of the financial year, a total of 4 Board Meetings were held on the following dates viz., 30th June, 2006, 31st July, 2006, 30th October, 2006 and 31st January, 2007.

All Directors, except Shri Gopalich Harish, Shri Sunil B. Jain, Shri Manharlal V. Kamdar have not attended the last Annual General Meeting held on 15th September, 2006.

Name of Directors	Designation	No. of Share Held in Company #	Directorship in all Public Companies #	Membership in Committee in all public limited Companies #	Chairmanship of Committee in all Public limited Companies #
Mr. C. N. Doshi	Chairman and Managing Director	249100	02	Nil	Nil
Mr. R. N. Doshi	Jt. Managing Director	266820	02	Nil	Nil
Mr. K. P. Aghera	Wholetime Director	46490	02	Nil	Nil
Mr. J. P. Aghera	Wholetime Director	41200	01	Nil	Nil
Mr. Sunil B. Jain	Executive Director	1700	01	Nil	Nil
Mr. Ramesh A. Shoh	Non-Executive & Independent	Nil	01	03	01
Mr. Gopialah Horish	Non-Executive & Independent	700	01	Nil	Nil
Mr. Kishor R. Doshi	Non-Executive & Independent	2200	01	02	01
Mr. Mahasukh S. Mehta	Non-Executive & Independent	700	01	03	01
Mr. Manoharl V. Kamdar	Non-Executive & Independent	Nil	01	01	Nil

Includes Directorship/Membership or Chairmanship of Committee in Rajoo Engineers Limited but excludes Directorship in or Membership or Chairmanship of any Committee in any Private Limited Companies/Foreign Companies.

3. Remuneration Committee of the Board:

The Company has paid remuneration to executive directors as per table given hereinafter:

Name of Directors	Category	Designation	Salary (Rs. per annum)	Perquisites (Rs. per annum)	Options under the Employees Stock Option Scheme
Mr. C. N. Doshi	Executive	Chairman & Managing Director	Rs. 18,00,000/-	Rs. 83,468/-	Nil
Mr. R. N. Doshi	Executive	Jt. Managing Director	Rs. 12,00,000/-	Rs. 32,935/-	Nil
Mr. K. P. Aghera	Executive	Wholetime Director	Rs. 7,20,000/-	Rs. 7,621/-	Nil
Mr. J. P. Aghera	Executive	Wholetime Director	Rs. 7,20,000/-	Rs. 11,820/-	Nil
Mr. Sunil B. Jain	Executive	Director	Rs. 2,85,000/-	Nil	Nil
TOTAL			47,25,000	1,35,844	

* The Company does not have any Employee Stock Option Scheme at present.

The Company has not paid any salary or perquisites to its non-executive Directors. However, the Company has paid sitting fees to its non-executive independent Directors as under:

Name of the Director	Category	Sitting Fees (Rs.)
Ramesh A. Shah	Non-Executive & Independent	3000/-
Kishor R. Doshi	Non-Executive & Independent	3000/-
Mahasukh S. Mehta	Non-Executive & Independent	3000/-

a) Information placed before the Board of Directors :

The Company circulates alongwith Notice of the Board Meeting, a detailed Agenda which, interalia, contain following items, as and when applicable:

- a) Review of annual business plans of the business, capital budgets and updates.
- b) Quarterly (including periodic) results of the Company.
- c) Minutes of meeting of audit committee, remuneration committee, share holders grievances committee etc.
- d) Information on recruitment and remuneration of senior officers just below the Board level.
- e) Materially important show cause, demand, prosecution and penalty notices, if any.
- f) Fatal or serious accidents or dangerous occurrences.
- g) Any material significant effluent or pollution problems.
- h) Any issue which involves possible public or product liability claims of a substantial nature.
- i) Details of any joint venture or collaboration.
- j) Transaction that involves the substantial payment of goodwill, brand equity or intellectual property.
- k) Significant labour problem and their proposed solutions.
- l) Significant development in the human resources and industrial relations fronts.
- m) Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business.
- n) Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement.
- o) Status of compliance with all regulatory, statutory and material contractual requirements.

The Board of Rajoo Engineers Limited is routinely presented with all information under the above heads whenever applicable and materially significant. These are submitted either as part of the agenda papers well in advance of the Board meetings or are tabled in the course of the Board Meetings.

b) Materially significant related party transactions:

There have been no materially significant related party transaction, pecuniary transaction or relationships between Rajoo Engineers Limited and its directors for the year ended on 31st March, 2007 that may have a potential conflict with the interests of the Company at large.

c) Composition of Various Committees :

Audit Committee :

a) Composition :

Audit Committee consisted of three members - Shri Ramesh A. Shah, Shri Kishor R. Doshi, and Shri Mahasukh S. Mehta all being Non Executive and Independent Director. Shri Kishor R. Doshi being professionally qualified as Chartered Accountant, acted as the Chairman of the Audit Committee.

b) Terms of Reference :

The Terms of reference as stipulated by the Board to the Audit Committee are, as contained in the Clause 49 of the Listing Agreement are as follows:

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information
- 2) Review of Company's financial and risk management policies.
- 3) Review of accounting and financial policies and practices.
- 4) Review of internal control and internal audit systems.
- 5) Discussion with Internal Auditor and Statutory Auditors on any significant findings and follow – up thereon.
- 6) Reviewing the Company's financial statements and risk management policies.

c) Meetings of the Committee :

Total five meetings of the Committee were held during the year 2006-2007

Name of Member	Designation	No. of Committee Meetings attended
Shri Kishor R. Doshi	Chairman	05
Shri Ramesh A. Shah	Member	05
Shri Mansukh S. Mehta	Member	05

Shareholder's Grievance Committee :

a) Terms of Reference :

The Committee has been given responsibility to look after complaints, if any, of investors to redress the same expeditiously. The Committee also approves requests for issue of duplicate share certificates, splitting/consolidation of share certificates, transfer and transmission of shares etc.

b) Composition :

The committee comprises of all Non-Executive Independent Directors, Shri Ramesh A. Shah, Shri Manharlal V. Kamdar, and Shri Mahasukh S. Mehta. Shri Mahasukh S. Mehta is the Chairman of the Committee.

c) Meetings of Committee :

Total Six meetings of the Committee were held during the year 2006-2007

Name of Member	Designation	No. of Committee Meetings attended
Shri Mansukh S. Mehta	Chairman	06
Shri Ramesh A. Shah	Member	06
Shri Manharlal V. Kamdar	Member	06

The Committee has resolved almost all complaints received during the year.

Remuneration Committee :**Composition :**

The committee comprises of Three Non-Executive Independent Directors, Shri Ramesh A. Shah, Shri Kishor R. Doshi and Shri Mahsukh S. Mehta. Shri Ramesh A. Shah is the Chairman of the Committee.

Terms of Reference :

The Committee determines and approves the quantum of remuneration whether by way of salary, commission, special allowances, any other perquisites to the Managing , Joint Managing and Whole time Directors and non-executive Directors. Generally, the Remuneration Committee considers and approves remuneration payable to executive directors subject to final confirmation by Members in the General Meeting. The Company is not paying any remuneration to any non-executive Director as on date.

Meetings of Committee :

The Committee held its Meeting during the year on 07/05/2006, 10/09/2006, 10/12/2006 & 02/03/2007.

Name of Member	Designation	No. of Committee Meetings attended
Shri Ramesh A. Shah	Chairman	04
Shri Mansukh S. Mehta	Member	04
Shri Kishor R. Doshi	Member	04

Communications to Shareholders :

The quarterly results of the Company are published in any two of leading newspapers of English Language and Gujarati Language.

General Body Meetings :

Details of the last three annual general meetings are given below.

Financial Year	Date	Time	Venue
2005-2006	15th Sep. 2006	11:00 a.m.	Junagadh Road, Manavadar, Dist. Junagadh
2004-2005	15th Sep. 2005	11:00 a.m.	Junagadh Road, Manavadar, Dist. Junagadh
2003-2004	15th Sep. 2004	11:00 a.m.	Junagadh Road, Manavadar, Dist. Junagadh

Shareholders Information :**Registered Office :**

Rajoo Engineers Limited, Junagadh Road, Manavadar, Dist. Junagadh.

Plant Location :

- 1) Junagadh Road, Manavadar - 362630
- 2) Survey No. 210, Plot No. 1, Industrial Area, Veraval-Shapar, Dist. Rajkot - 360 002

Annual General Meeting :
The 20th Annual General Meeting (AGM) of the Company will be held on Friday, 28th September, 2007 at 11-00 A.M. at registered office of the Company, Junagadh Road, Manavadar (Dist. Junagadh)

Financial Calender (tentative) :

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|--|------------------------------------|
| 1. Annual General Meeting | : 28 th September, 2007 |
| 2. Results for Quarter ending 30 th June, 2007 | : Last week of July, 2007 |
| 3. Results for Quarter ending 30 th September, 2007 | : Last week of November, 2007 |
| 4. Results for Quarter ending 31 st December, 2007 | : Last week of January, 2008 |
| 5. Results for Quarter ending 31 st March, 2008 | : Last week of June, 2008 |

Dates of Book Closure :

The Company's transfer books will be closed from 13th September, 2007 to 27th September, 2007 (both days inclusive) for purpose of Annual General Meeting and for the purpose of entitlement of Final dividend.

Stock Exchange Listing :

The Company's shares are presently listed on Saurashtra & Kutch Stock Exchange Ltd., Rajkot, the Ahmedabad Stock Exchange Ltd, Ahmedabad, and the Bombay Stock Exchange Ltd, Mumbai.

Stock Code :

Stock Exchange	Stock Code
The Saurashtra Kutch Stock Exchange Ltd.	RAJOO
The Ahmedabad Stock Exchange Ltd.	47821
The Bombay Stock Exchange Ltd.	22257
NSDL / CDSL Code	INE53F010116
ISIN No	

Stock Market Data :

Monthly high and low prices of shares of the Company traded at the Stock Exchange, Mumbai are as under:

Month	BSE	
	High (Rs.)	Low (Rs.)
April '06	58.25	41.00
May '06	59.75	44.00
June '06	46.75	34.00
July '06	57.50	38.10
Aug '06	52.45	43.35
Sep '06	50.20	40.10

Month	BSE	
	High (Rs.)	Low (Rs.)
Oct '06	50.00	41.60
Nov '06	63.00	44.00
Dec '06	52.40	44.15
Jan '06	58.00	51.00
Feb '06	68.95	52.30
Mar '06	57.00	48.60

Registrar and Transfer Agent :

Company has appointed Registrar and Transfer Agent, the name and address is as follow:
 Inlime Spectrum Registry Limited, C-13, Pannalal Silk Mill compound, L.B.S. marg Bhandup(W), Mumbai- 400 078

Share Transfer System :

The processing activities with respect to requests received for share transfer are normally completed within 15 working days from the date of request.

No. of Equity Shares held (Range)	No. of Shareholders	Percentage to total shareholders	No. of shares held	Percentage to total shares held
Upto 500	3034	87.11	432670	14.04
501-1000	191	5.48	160038	5.19
1001-2000	101	2.90	154843	5.03
2001-3000	29	0.83	70678	2.29
3001-4000	27	0.78	95065	3.09
4001-5000	14	0.40	63315	2.06
5001-10000	44	1.26	325227	10.56
Above 10000	43	1.23	1779164	57.75
Total	3483	100.00	3081000	100.00

Dematerialization of Share :

The Company had signed agreements with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) to offer depository services to its shareholders. As on 31st March, 2007, total 17,22,093 equity shares have been dematerialized. Out of these shares dematerialized, 14,69,893 equity shares and 2,52,200 equity shares have been dematerialized with NSDL and CDSL respectively, representing approx. 56% of total issued share capital of the Company. Members are requested to dematerialize their shares as early as possible, if not yet dematerialized, so as to get benefits of electronic & paperless trading of equity shares.

Shareholders seeking any information/solution of any problem of query related to shares, share transfer, dematerialisation of shares etc. may kindly contact the Registrar and Transfer Agent of the Company.

Address for Correspondence :

MR PRAVIN JOSHI
 COMPLIANCE OFFICER
 Rajoo Engineers Ltd
 Junagadh Road,
 MANAVADAR-362 630
 PH. NO. : 91 +2874 +221175/221176
 FAX NO. : 91 +2874 +221326

**CERTIFICATE FROM AUDITORS FOR COMPLIANCE OF CLAUSE 49
DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT (Clause 49(I)(d))**

The Company has laid down and adopted "Code of Conduct" for all Board Members and core management team of the Company. The Company believes that such Code of Conduct is necessary for best Corporate Governance practices, and expects that all Board Members and Core management team adhere to this Code of Conduct.

It is hereby affirmed that all the Directors and Senior Management personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Date : 30th June, 2007

(C.N. Doshi)

Place : Rajkot

Chairman & Managing Director

(R.N. Doshi)

Joint Managing Director

MANAGING DIRECTOR / JOINT MANAGING DIRECTOR CERTIFICATION FOR FINANCIAL STATEMENTS**(CLAUSE 49V OF LISTING AGREEMENT)**

We have reviewed financial statements and cash flow statements for the financial year 2006-2007 ended on 31st March, 2007, and to the best of our knowledge and belief:

- (a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- (b) These statements together present true and fair view of the Company's affairs and in compliance with existing accounting standards, applicable laws and regulations;
- (c) No transactions entered into by the Company during the aforesaid year, which are fraudulent, illegal or in violation of the Company's code of conduct.

Further, we accept that it is our responsibility to establish and maintain internal controls. We have evaluated the effectiveness of internal control system of the Company and have disclosed to the auditors and the Audit Committee, wherever applicable:

- (a) deficiencies in the design or operation of internal controls, if any, which came to our notice and steps have been taken/proposed to be taken to rectify these deficiencies;
- (b) Significant changes in the internal control during the year;
- (c) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements;
- (d) Instances of significant fraud of which we became aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system.

Date : 30th June, 2007

(C.N. Doshi)

Place : Rajkot

Chairman & Managing Director

(R/N. Doshi)

Joint Managing Director

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE
TO THE MEMBERS OF RAJOO ENGINEERS LIMITED**

We have examined the compliance of conditions of Corporate Governance by Rajoo Engineers Limited, for the year ended on 31st March 2007 as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges.

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 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 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 Clause 49 of the above mentioned listing agreement.

We state in respect of investor grievances received during the year ended on 31st March 2007, no investor grievances are pending against the company exceeding one month as per records maintained by the Company which are presented to shareholders/investor 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, M. N. MANWAR & Co.
Chartered Accountants

(M. N. Manvar)
Proprietor
Membership No. 36292

Date : 30th June, 2007
Place : Rajkot