

ANNEXURE TO REPORT ON CORPORATE GOVERNANCE

MANDATORY REQUIREMENTS

1. PHILOSOPHY ON CORPORATE GOVERNANCE

The Company aims at conducting its business efficiently, by following professionally acknowledged good governance policies, thus meeting its obligations to all stakeholders in a balanced and accountable manner.

2. Board of Directors

a) Composition of Board

The Board of Directors of the Company comprises of 10 directors, of which 5 are Executive Directors and all others are Non Executive and Independent Directors and thus, it meets the stipulated requirement of corporate governance.

b) Board Meetings

During the financial year 2005-2006, 5 Board Meetings were held on 30-04-2005, 30-06-2005, 31-07-2005, 30-10-2005 and 31-01-2006

Details of Composition, Status, Attendance at the Board Meetings and the Last Annual General Meeting, Number of other Directorships and other committee position held :

Name of Director	Designation	No. of Board Meetings attended	Attendance at last AGM	Total No. of Directorship in Public Companies	Total No. of Committee Membership	Total No. of Board Chairmanship	Total No. of Committee Chairmanship
Mr. C. N. Doshi	Chairman and Managing Director	05	Yes	01	--	--	--
Mr. R. N. Doshi	Jt. Managing Director	05	Yes	01	--	--	--
Mr. K. P. Aghera	Executive Non-Independent	05	Yes	--	--	--	--
Mr. J. P. Aghera	Executive Non-Independent	05	Yes	--	--	--	--
Mr. G. Harish	Non-Executive Independent	-	No	--	--	--	--
Mr. Sunil Jain	Executive Independent	04	No	--	--	--	--
Mr. R. A. Shah	Non-Executive Independent	-	Yes	--	03	--	01
Mr. M. S. Mehta	Non-Executive Independent	-	Yes	--	03	--	01
Mr. K. R. Doshi	Non-Executive Independent	-	No	--	03	--	01
Mr. M. V. Kamdar	Non-Executive Independent	-	No	--	--	--	--

3. Remuneration Committee of the Board:

The company has set up a Remuneration Committee of directors consisting of Mr. Ramesh A. Shah, Chairman, Mr. Kishor R. Doshi, Member and Mr. Mahasukh S. Mehta, Member on 30.03.2006. The terms of remuneration committee include review and recommendation to the board of directors of the remuneration paid to the directors. The Committee had meeting on 30.03.2006 which was attended by Mr. Ramesh A. Shah, Chairman, Mr. Kishor R. Doshi, Member and Mr. Mahasukh S. Mehta, Member. Details of remuneration paid to the Directors for the year ended on 31st March 2006, is as under:

Name	Designation	Tenure of appointment	Salary	P.F. Contribution	Other perquisites	Gross remuneration
C. N. Doshi	Chairman Managing Director	5 Years	Rs. 12,00,000/-	Rs. 1,44,000/-	63317/-	Rs. 14,07,317/-
R. N. Doshi	Jt. Managing Director	5 Years	Rs. 7,80,000/-	Rs. 93,600/-	39210/-	Rs. 9,12,810/-
K. P. Aghera	Director	5 Years	Rs. 4,50,000/-	Rs. 54,000/-	8938/-	Rs. 5,12,938/-
J. P. Aghera	Director	5 Years	Rs. 4,50,000/-	Rs. 54,000/-	6868/-	Rs. 5,10,868/-
Sunil B. Jain	Director/ President	2 Years	Rs. 2,85,000/-	Rs. 21,600/-	-	Rs. 3,06,600/-

b) Non-Executive Directors

Non-Executive Directors have not been paid any remuneration except fees for attending Board and Committee Meetings, which is as under:

Name of the Director	No. of meetings attended	Sitting Fees Paid (Rs.)
Ramesh A. Shah	3	3000/-
Kishor R. Doshi	3	3000/-
Mahasukh S. Mehta	3	3000/-

4. Audit Committee

The Company has an Audit Committee of Directors consisting of three Non-Executive Independent Directors, who have adequate financial accounting knowledge. The Audit Committee's terms of reference have been specified as per Clause 49 of the Listing Agreement and Companies Act 1956.

Meeting and Attendance :

The details of meetings held during the year and the attendance there at are as follows :

Date of Meeting - 30th June 2005, 31st July 2005, 30th October 2005, 31st January 2006.

Name	No. of meetings attended
Ramesh A. Shah	3
Kishor R. Doshi	4
Mahasukh S. Mehta	3

5. Shareholders / Investors Grievance Committee

The company (Board) has constituted a Shareholders/Investors Grievance committee. The committee looks into the redressal of Shareholders/Investors Grievance, if any, like transfer/Transmission/Demat of Shares; Loss of Share Certificates; Non-receipt of Annual Report; Dividend Warrants. During the year, no complaints were received from the Shareholders. The company has no transfer pending at the close of the financial year. The committee at present consists of three directors.

Name	Designation
Mahasukh S. Mehta	Chairman
Kishor R. Doshi	Member
Ramesh A. Shah	Member

6. Code of Conduct

The Board of Directors has adopted the code of Business Conduct and Ethics for Directors and Senior Management. The said code has been communicated to the Directors and members of the Senior Management.

7. Disclosures

- a) Disclosure on materially significant related party transactions that may have potential conflict with the interests of the Company at large.

There are no materially significant related party transactions made by the Company with its promoters, Directors or Management, etc., that may have potential conflict with the interests of the company at large.

Transactions with related parties as per requirements of Accounting Standard (AS-18) - 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India are disclosed in Note No. 9 of Schedule "O" to the Accounts in the Annual Report.

- b) Disclosure of Accounting Treatment

In the preparation of the financial statements, the Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India. The significant accounting policies which are consistently applied as set out in Schedule "N" to the Accounts.

- c) Risk Management

Business risk evaluation and management is an ongoing process within the company. During the year under review a detailed exercise on 'Risk Assessment and Management' was carried out covering the entire gamut of business operations and the Board was informed of the same.

- d) Details of non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

The Company has complied with all requirements of the Listing Agreements entered into with the Stock Exchange as well as the regulations and guidelines of SEBI, Consequently, there were no strictures or penalties imposed by either SEBI or the stock Exchange or any statutory authority for non-compliance of any matter related to the capital markets during the last three years.

8. Share Transfer System

The company has appointed M/s. Intime Spectrum Registry Limited as Registrar and transfers agent. Valid Share transfer in physical form and complete in all respects as well as transfer in dematerialized form were approved and registered within stipulated period.

9. Dematerialization of Shares and Liquidity

Consequent upon the compulsory demat of the Equity Shares of the Company as notified by SEBI, about 53.78% of the Equity Capital of the Company has been dematerialized as on March 31, 2006. The shares are traded on Ahmedabad, Rajkot and Mumbai Stock Exchanges.

10. Date, time and venue of 19th Annual General Meeting : Friday, 15th September, 2006 at
11:00a.m. at Junagadh Road,
Manavadar-362 630,
Dist. Junagadh.

11. Book Closure Date : 15.09.2006 to 25.09.2006
(Both days inclusive)

12. Dividend Payment date : Latest by 20.09.2006

13. Details of last three Annual General Meeting

Meeting	Year	Venue of AGM	Date	Time
16th AGM	2002-2003	Junagadh Road, Manavadar-362 630	15-09-03	11:00 a.m.
17th AGM	2003-2004	Junagadh Road, Manavadar-362 630	15-09-04	11:00 a.m.
18th AGM	2004-2005	Junagadh Road, Manavadar-362 630	15-09-05	11:00 a.m.

14. Means of Communications

Apart from the publication in leading newspapers, quarterly financial statement as well as annual financial statement are posted on the Company's website www.rajoo.com

Quarterly and Annual Results are published in the following leading newspapers in English and vernacular language
Quarterly Results : Published in Economic Times, Ahmedabad and Jaihind, Rajkot.

15. Financial Calendar (Tentative)

Financial year	1st April 2006 to 31st March 2007
First Quarter Results	Last week of July, 2006
Second Quarter Results	Last week of October, 2006
Third Quarter Results	Last week of January, 2007
Financial Year Results	During June, 2007

16. High / Low of monthly Market Price of the Company's Equity Shares traded on the Mumbai Stock Exchange during the financial year 2005-2006 is furnished below :

Month	BSE	
	High (Rs.)	Low (Rs.)
April '05	27.95	22.65
May '05	48.95	26.10
June '05	47.60	33.85
July '05	43.00	33.65
Aug '05	46.40	39.00
Sep'05	49.80	34.25
Oct'05	42.35	32.10
Nov'05	69.95	35.90
Dec.'05	66.10	58.05
Jan'06	63.95	54.05
Feb'06	52.60	37.95
Mar'06	37.90	33.80

17. Distribution of Shareholding (as on March 31, 2006)

a) On the basis of shares held

No. of Equity Shares held (Range)	No. of Shareholders	Percentage to total shareholders	No. of shares held	Percentage to total shares held
Upto 500	3602	87.42	530291	17.21
501-1000	231	5.61	192284	6.24
1001-2000	121	2.94	187403	6.08
2001-3000	37	0.90	92533	3.00
3001-4000	27	0.65	95831	3.11
4001-5000	11	0.27	51234	1.67
5001-10000	51	1.24	360762	11.71
Above 10000	40	0.97	1570662	50.98
Total	4120	100.00	3081000	100.00

18. Listing on Stock Exchanges at :

The Ahmedabad Stock Exchange Kamdhenu Complex, Panjrapole, Opp. Sahjanand College, Ahmedabad-380 015	The Stock Exchange-Mumbai Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 023
The Saurashtra & Kutch Stock Exchange Ltd. "Popatbhai Sorathia Bhavan" Sadar Bazar, Rajkot-360 001.	

19. Stock Codes

Ahmedabad Stock Exchange 47821
Mumbai Stock Exchange 22257
Saurashtra & Kutch Stock Exchange -
ISIN No. NSDL & CDSL INE535F01016

20. Investor Correspondence

All enquiries, clarifications and correspondence should be addressed to the compliance officer at the following address.

Mr. Pravin Joshi
Rajoo Engineers Limited
Junagadh Road, Manavadar - 362 630.

21. Plant locations

- 1) Junagadh Road, Manavadar - 362 630.
- 2) Survey No. 210, Plot No. 1,
Industrial Area, Shapar-Veraval,
Dist. Rajkot - 360 002. (Gujarat)

22. Address for correspondence

Mr. Pravin Joshi
Rajoo Engineers Limited
Junagadh Road, Manavadar - 362 630.

DECLARATION

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with Rajoo Engineers Limited code of Business conduct and Ethics for the year ended March 31, 2006.

On Behalf of the Board of Directors

Date : 30th June, 2006

Place : Rajkot

(C. N. Doshi)
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 2006 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 2006, 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. Manvar & Co.
Chartered Accountants

Date : 30th June, 2006

Place : Rajkot

(M. N. Manvar)
Proprietor