

COMPANY INFORMATION

BOARD OF DIRECTORS

SURESH KUMAR SHARMA (Chairman & NED)
RAGHAV K.SHARMA (Managing Director)
DEEPAK S. DHOTE (JT. Managing Director)
KAILASHCHAND R.SHARMA (Independent Director)
SADANAND B. HAJARE (Independent Director)
V. RAMCHANDRAN (Independent Director)
UNMESH G. DHOTE

AUDITORS

M/S L. B. HAJARE & COMPANY
CHARTERED ACCOUNTANTS
NAGPUR

BANKERS

STATE BANK OF INDIA

REGD OFFICE

**SHAKTI HOUSE, WARDHA ROAD,
NAGPUR – 440 012**

WORKS

U – 116, MIDC Industrial Area, Hingana Road,
Nagpur – 440 016

Kh. No. 49, Tah. Hingna, Vill. Mondha
Kanoli Bara Road, Nagpur (M. S.)

Kh. No. 69, Village - Mondha, Tah. Hingna,
Kanoli Bara Road, Nagpur (M. S.)

REGISTRAR & TRANSFER AGENT

INTIME SPECTRUM REGISTRY LTD
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (W),
Mumbai – 400 078 Ph 2596 3838

NOTICE TO MEMBERS

NOTICE IS HEREBY GIVEN THAT the 13th Annual General Meeting of the members of the Company will be held at **U-116, M.I.D.C. Industrial Area, Nagpur-440016 (Maharashtra)** on Saturday, the **30th December, 2006** at 3.00 P. M. to transact, with or without modification as may be permissible, the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2006 and Profit & Loss Account for the year ended on that date and the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of **Shri Deepak Dhote** who retires from office by rotation and being eligible offers himself for re-appointment.
3. To appoint a director in place of **Shri Suresh Kumar Sharma** who retires from office by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit to pass with or without modification(s) the following resolution as an **Ordinary Resolution** :

"RESOLVED THAT M/s. L. B. Hajare & Co., Chartered Accountants, the retiring auditors be and are hereby re-appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until conclusion of the next Annual General Meeting on such remuneration and reimbursement of expenses as the Board of Directors may fix on the basis of recommendation made by Audit Committee in that behalf in consultation with the said Auditors, in connection with the Company's Audit."

SPECIAL BUSINESS

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

"RESOLVED THAT Shri V. Ramchandran be and is hereby appointed as a Director of the Company and his appointment is confirmed".

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

"RESOLVED THAT the Accounting / Financial year of the Company, for the year 2006-2007 be and is hereby changed and confirmed as from 1st July, 2006 to 31st March, 2007 and the next Accounting to commence from **1st April, 2007 to 31st March, 2008 and so on.**

FURTHER RESOLVED THAT the Accounting Books, records, Papers, documents, etc. **for the current Accounting year shall be of** Nine months (for this period only) which is from 1st July, 2006 to 31st March, 2007.

"FURTHER RESOLVED THAT the authority be and is hereby accorded to the Board of Directors or any committee / person(s), authorised by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

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

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act., 1956, the Securities Contract (Regulation) Act., 1956, the Listing Agreement with the Stock Exchanges and the provisions of the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003, or any amendment or modification thereof and subject to such other approvals, permissions or sanctions as may be necessary and such conditions and modifications as may be prescribed or imposed by any authority while granting such approvals, permissions or sanctions which may be agreed to by the Board of Directors of the Company (the Board) or any other committee/ person(s) authorised by the Board, consent be and is hereby accorded to delist the Equity shares of the Company from the Stock Exchange at Ahmedabad, Delhi and Chennai."

"RESOLVED FURTHER that the authority be and is hereby accorded to the Board of Directors or any committee / person(s), authorised by the Board, to settle all questions, difficulties or doubts that may arise in this regard and to do all such acts deeds and things as may be necessary, expedient and desirable, for the purpose of giving effect to this Resolution."

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

"RESOLVED THAT pursuant to Section 81 (1A) and other applicable provisions, if any of the Companies Act, 1956 or any other Act (including any statutory modification(s) or re-enactment thereof) and in accordance with the provisions of the Articles of Association of the Company and subject to the necessary approvals, permissions and/or sanctions as may be necessary and imposed by Securities and Exchange Board of India (SEBI), Reserve Bank of India (RBI) and any other appropriate authorities, institutions or bodies, if any and subject to such conditions and modifications as may be prescribed by any of them in granting such approvals, permissions and/or sanctions, consent of the members be and is hereby accorded to the Board of Directors of the company (hereinafter referred to as "the Board", which term shall include any Committee of Directors duly authorised in this behalf), to issue, offer and allot such number of securities either in the form of equity shares fully paid up or fully or partly convertible warrants/debentures through preferential offer and/or private placement for an amount covered under Authorised Capital of the Company, to the investors (whether Customers, Strategic Partners, Individuals, Institutions, Banks, Bodies, Foreign Institutional Investors, Mutual Funds, others or any combination thereof or any other category) and whether or not such investors are the existing holders of equity shares of the Company at a price not less than the price determined in accordance with SEBI Guidelines 2000 for Preferential Allotment of Shares and any modification(s) thereof (the said guidelines), on such terms and conditions as the Board of Directors in its absolute discretion may deem fit in accordance with the guidelines, rules and regulations of SEBI/Companies Act, 1956, and other legislation(s) in this regard.

RESOLVED FURTHER THAT for the purpose of giving effect to the resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and things, and execute all such deeds, documents, instruments and writing as they may in their absolute discretion deem necessary or desirable.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to delegate all or any of the powers herein conferred to any Committee of Directors or Chairman and Managing Director or Director of the Company to give effect to the aforesaid resolution".

**By order of the Board
For SHAKTI PRESS LIMITED**

**Place : NAGPUR
Dated : 02.12.2006**

**Raghav K. Sharma
MANAGING DIRECTOR**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The relative explanatory statements pursuant to Section 173 of the Companies Act, 1956 in respect of the businesses under item Nos 5 to 8 set out above are annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **27th December, 2006 to 30th December, 2006** both days inclusive and record date shall be 26th December, 2006.
4. Members holding shares in physical form are requested to notify any change of address, bank mandates, if any to the Registrar & Transfer Agent.
5. Pursuant to Section 205A of the Companies Act, 1956 read with the Investor Education and Protection Fund (Awareness and Protection of Investors) Rules, 2001, all unclaimed / unpaid dividend up to the financial year ended 30th June, 1998 has been transferred to the Investor Education and Protection Fund set up by the Central Government account and no claim can be admitted in respect of this fund. Members are therefore requested to encash their dividend warrants immediately for subsequent financial years. Members are requested to write to the Company and / or Registrar and Share Transfer Agents, if any dividend warrant is due and pending to be paid so that fresh / revalidated warrants could be issued by the Company.
6. As a measure of economy, copies of annual report will not be distributed at the Annual General Meeting.
7. Transfers or inter depository transfers received during the period of Book Closure shall be considered after reopening of the books.

8. Members are requested to quote Folio Numbers, client ID No. and DP ID No. in all correspondences. Members holding shares in identical order of names in more than one folio are requested to write to the Registrar & Transfer Agents to consolidate their holding in one folio.
9. Shareholders seeking to require information about accounts to be explained at the meeting are required to furnish the queries to the Company at least 10 (Ten) days in advance of the Annual General Meeting.
10. Pursuant to the directions of the SEBI the shares of the company are to be compulsorily traded in demat mode w. e. f. 2nd January 2002. Members may therefore requested to convert their equity holdings of the company into demat mode by opening the demat accounts with nearest Depository Participants who are acting as agents to the Depositories viz., NSDL & CDSL. The company has been allotted the ISIN No. **INE 794C01016**.
11. The shares of the Company are listed with the Bombay Stock Exchange, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001, The Stock Exchange - Ahmedabad, Kamdhenu Complex, Near Polytechnic, Panjara Pole, Ahmedabad-380 015, The Delhi Stock Exchange Association Ltd., DSE House, 3/1, Asaf Ali Road, New Delhi-110002, The Madras Stock Exchange Ltd., 11, Second Line Beach, Chennai-600001. Listing fees have been paid to all the four Stock Exchanges up to March 31st 2006.
12. Profile of Shri Deepak Dhote, the Director - As he is one of the promoters of the Company therefore his profile not been added here.
13. Profile of Shri Suresh Kumar Sharma, the Director who is retiring by rotation and eligible for reappointment :

Shri Suresh Kumar Sharma joined the Board of Directors since the incorporation of the Company. After completing his graduation he joined the well-known pharma concern in Central India Shree Baidyanath Ayurved Bhawan Pvt. Ltd. as a Jt. Managing Director and under his able guidance, the Baidyanath Group has scaled a new heights in the business. He holds directorships in many Companies to name a few as under :

Company	Designation
Shree Baidyanath Ayurved Bhawan Pvt. Ltd.	Jt. Managing Director
Siddhayu Ayurvedic Research Foundation Pvt. Ltd.	Director
The Vidarbha Paper Mills Ltd.	Director
Golden Legend Leasing and Finance Ltd.	Director
Alintosch Pharmaceuticals Ltd	Director
Mahalaxmi Commercial Services Ltd	Director
Markdata Power & Energy Limited	Director

14. Profile of Shri V. Ramchandran, appointed as an independent Director :

Shri V. Ramchandran Iyer, commonly known as V. Ramchandran in the Company Secretaries circle is having a vast practical experience as far as the Company Law and allied matters are concerned. He holds a masters degree in Commerce and is an Associate Member of The Institute of Company Secretaries of India. He also holds a degree of CAIIB and has also cleared the Inter Level Examination conducted by The Institute of Cost and Works Accountants of India. He is eligible for sitting fees only and no other remuneration shall be payable to him.

By order of the Board of Directors

Place : NAGPUR
Dated : 02.12.2006

Raghav K. Sharma
MANAGING DIRECTOR

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

Item No. 5:

The Corporate Governance Requirements of Clause 49 of the Listing Agreement, requires the Company to appoint an Independent Director, and accordingly the Company has identified Shri V. Ramchandran, a practicing Company Secretary from Nagpur for being appointed as an Independent Director. The Company has received a notice from Shri V. Ramchandran that is not disqualified pursuant to the provisions of Section 274 (1)(g) of the Companies Act, 1956 from being appointed as a Director. The Company is hopeful of being benefited from his vast practical experience in accounting, finance, and corporate matters.

None of the Directors is interested in the Resolution.

Item No. 6:

The Company was facing lot of problems since the Accounts were required to be prepared on half yearly basis i.e. June and March every year, just for the Income Tax purpose. In order avoid the complexities and to have a coherency as far as the accounts are concerned, the Board of Directors of the Company has vide its meeting dated 29.11.2006 (ext 02.12.2006) decided that the Accounting year of the Company, for the year 2006-07 shall be from 1st July, 2006 to 31st March, 2007 and the next Accounting year to commence from 1st April, 2007 to 31st March, 2008 and so on. As a part of good Corporate Governance, the Board recommends the resolution for consent of the Members.

Item No. 7:

The Securities and Exchange Board of India (SEBI) has issued the Securities and Exchange Board of India (Delisting) Guidelines, 2003, (herein after referred to as the 'Delisting Guidelines") incorporating among other provisions for delisting of securities of a body corporate voluntarily by a promoter or an acquirer or any person other than the Stock Exchanges.

The equity shares of the Company are listed on the following stock exchanges in India:

The Bombay Stock Exchange Limited, Mumbai

The Stock Exchange, Ahmedabad

Madras Stock Exchange, Chennai

The Delhi Stock Exchange Association Limited, New Delhi

With the extensive networking of The Bombay Stock Exchange Limited, Mumbai (BSE) as also the extension of BSE terminals to other cities as well as the investors have access online dealings in equity shares of the Company. The bulk of the trading in the Company's equity shares in any case takes place on the BSE and the trading in the Company's equity shares on all the other stock exchanges were nil. Keeping in view the above facts, the resolution proposed before the members of the Company in the ensuing AGM for delisting of equity shares from Ahmedabad, Delhi and Chennai Stock Exchanges.

The proposed delisting of the Company's equity shares from Ahmedabad, Delhi and Chennai Stock Exchanges as and when takes place will not affect the investor as the BSE has its terminals to other cities in the entire Country through which the investors have access online dealings in equity shares of the Company. The proposed delisting is subject to revocation of suspension of trading in scrip by the Bombay Stock Exchange Limited.

The Directors recommend the resolution for adoption by the members.

None of the Directors of the Company is interested in the resolution.

Item No. 8:

The Company has proposed and passed the Resolution U/s 81(1A) of the Companies Act, 1956 at Last AGM before AGM of 24.12.2005 but not got the in-principle approval from the Bombay Stock Exchange Limited due to suspension of trading. This time Company is expecting to get the revocation of suspension of trading and able to infuse the funds through Private Placement of Equity Shares. The activities of the Company and to structure the financials of the Company viz reshuffle the Capital Structure of the Company through infusing the funds or conversion of unsecured loans into Equity Shares with the consent of the unsecured creditors and/or allotting the Shares for funds provided by the promoters and their associates. The Company is in dire need of funds to infuse and it can be done / possible only by way of preferential issue and for this purpose the resolution u/s 81(1A) of the Companies Act, 1956 is required. To infuse the funds in the company is the need of the day for the Company to have substantive Structure and legal compliances / approval should not be the hurdle for it including the BSE approval or revocation. The terms and conditions to issue such shares are mentioned in the Special Resolution under this item. The aforesaid resolution required only because Board of Directors of the Company are able to mobilise funds for the company easily without any hurdle and for that they can mobilise it through private placement.

Issue of further shares required to follow the procedure under Section 81(1A) of the Companies Act, 1956 and for that offering shares first to existing Shareholders. To offer shares to existing shareholders required high cost and long time span and therefore in accordance with the provision of Section 81 (1A) of the Companies Act, 1956 Special Resolution is recommended for the convenience of the Board of Directors of the company.

With reference to this, Directors hereby desire put up before the Shareholders of the Company the motion for Issue of further shares and requires a Special Resolution in the ensuing Annual General Meetings of the Members of the Company.

Your directors recommend the resolution for your approval.

None of the Directors of the Company is in any way concerned or interested in the said resolution.

On behalf of the Board of Directors

**RAGHAV SHARMA
MANAGING DIRECTOR**

The Board of Directors
SHAKTI PRESS LTD
NAGPUR

CERTIFICATION BY
CHIEF EXECUTIVE OFFICER

I hereby certify that for the financial year 2006 annual accounts, I have reviewed the financial statements and the cash flow and that to the best of my knowledge and belief :

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year 2006 which are fraudulent, illegal or violative.
4. I accept responsibility for establishing and maintaining internal controls and that I have evaluated the effectiveness of the internal control systems of the Company and I have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that I have taken the required steps to rectify these deficiencies.
5. I further certify that :
 - (a) there have been no significant changes in internal control during the year,
 - (b) there have been no significant changes in accounting policies during the year,
 - (c) there have been no instances of significant fraud, of which we have become aware, involving management or an employee having significant role in the Company's internal control systems.

RAGHAV SHARMA

DIRECTOR'S REPORT

TO THE MEMBERS OF SHAKTI PRESS LIMITED

Your Directors are pleased to present the Company's 13th Annual Report on the business and operation of the Company together with the Audited Statement of Accounts for the year ended 30th June, 2006.

PERFORMANCE REVIEW :

Particulars	For the year ended 30 th June, 2006 (Rupees' 000)	Previous Year 30 th June, 2005 (Rupees' 000)
Gross Turnover	169,633.46	1890503.99
Gross Profit.....	57,709.49	58792.79
Depreciation.....	8,899.72	17695.54
Provision for Taxation.....	----	----
Profit for the year.....	115.28	(15314.19)
Balance of Profit and Loss Account brought forward from last year.....	(1,418.14)	13896.05
Provision for dividend.....	---	----
Corporate tax on dividend.....	---	----
Transfer to General Reserve.....	---	---
Balance carried to Balance Sheet	(1,302.85)	(1418.14)

DIVIDEND :

During the year the Company has incurred loss and, therefore your Directors are unable to declare any dividend for the year under review.

MANAGEMENT DISCUSSION & ANALYSIS :

The Company during the year under review has received some good orders from reputed business houses. The Board of Directors are hopeful of completing such orders during the year and earn goodwill amongst such top business houses.

Industry Structure & Development :

The Company is in the field of manufacturing of Paper Based Printed Packaging Material including Labels, Duplex Board, Mono Cartons Corrugated Boxes etc and stationary items. During the year under review the Company was in the process of consolidating its operations after completion of its expansion project. As on date the Company is having three manufacturing units.

- 1) At U-116, M. I. D. C. Industrial Area Hingna (Printing Unit)
- 2) At Khasara No. 49, Mondha (Stationary Unit)
- 3) At Plot No 49, Khasara No 69, Mondha (Packaging Unit)

As the Company is classified as Printing Industry therefore reporting of segment wise performance is not applicable to the Company.

PROSPECTS :

To enhance and marketise the activities of the Company's goods, Company has commenced the showroom for stationary items and paper products under the name of Shakti at Shakti Offset Works and with respect to printing and corrugated activities, the Company is exploring opportunity to export its printing and paper based products other than stationary. In this connection the Company is continuously trying to enter the overseas market for its paper based products. The Company is negotiating with the foreign business proprietors and houses for export of its product. In domestic market, product of the Company has received very encouraging response.

PERFORMANCE REVIEW & OUTLOOK :

PRINTING OPERATION

Since last few years printing & packaging industry under recession. But since last few months some changes in industrial policy & foreign affairs by Government of India, the future and prospects of Printing & Packaging Industry are looking better. Similarly, the Government of India banned plastic products and consequently, it has benefit to the printing packaging products. The printing division has good prospects looking toward overall scenario of printing industries all over India.

STATIONARY DIVISION :

The company has commenced the big showroom in the heart of city for sale and marketing its stationary products and other allied products and company is expecting good response in view of such activities. Having regards to the competition in the market of stationary products, the Stationary products had same fear since last 2 years and because of that the prices of Stationary Products not rised but Cost of Paper and other raw material was rising which affect company's turnover and profit.

PAKAGING OPERATION :

Looking towards the packaging division of Shakti, the Board of Directors like to deliver that due to massive price-cutting by competitors in packaging products, packaging division could not generate estimated turnover. However, your company is expecting the growth of 30% from packaging division.

CORPORATE AFFAIRS :

Finance :

Despite the general rise in interest rates, the interest cost continued to be low due to a judicious mix of rupee / foreign currency borrowing by Our Bankers. We are grateful to our Bankers to extend their co-operation in respect of Borrowing by Company and conversion of Term loan and part of Working Capital into FCNR Loan. In order to protect the Company from financial risks, an exhaustive study was conducted to identify the impact of financial risks on the company's cash flow. During the financial year, the relationship with Bankers are cordial and all the financial activities during the year in control and require some rectifications.

Issue and Allotment of 300000 8% Non-Cumulative Redeemable Preference Shares

During the year the Company has allotted 3,00,000 8 % Non-Cumulative Redeemable Preference Shares vide its Board Resolution dated 25.03.2006 by virtue power / approval given by the Shareholders at Annual General Meeting held on 31st December, 2004. The issue and allotment was the need of the company and such Shares have allotted by conversion of Unsecured Loans of the Unsecured Creditors by their consent. The Board of Directors have decided that such Shares not to be traded on the Stock Exchange and therefore not applied for listing of the same. With respect to Equity Shares to be issued on preferential basis, the Board of Directors proposed the Special Resolution for issue of Equity Shares subject to in-principle approval of the Bombay Stock Exchange Ltd for listing of equity shares and because of no in-principle approval for previous proposed issues of Equity Shares, such proposal not mooted and finalised. This time Board of Directors hoping that with the revocation of suspension, BSE will grant in-principle approval for issue of equity shares.

Trading & BSE Matters :

During the year, the company has been submitting timely information and compliances to Bombay Stock Exchange and other Stock Exchanges. With respect to revocation of trading at BSE, the BSE has rejected the application of the Company for revocation of suspension of trading vide it letter CRD/OT/2006/82 dated June 20, 2006 on the basis of following – The Company is posting minimal profits and has accumulated losses and the financials of the Company do not demonstrate earning capacity of the Company and called for submission of audited financial results for the year ended 30th June, 2006 and Company again requested the BSE for revocation of suspension of trading of scrip by submitting the audited financial results for the year ended 30th June, 2006. As the time for suspension of trading of company's scrip has already been lapsed so long and regards interest of shareholders and liquidity of their investment, Board of Directors of the Company expects revocation of trading at least this time after making request to the Bombay Stock Exchange Ltd and they are regretting the inconvenience caused to the investor & general public.

Voluntary Delisting of Ordinary (Equity) Shares :

The Company's Equity Shares are one of the scrips which the Securities and Exchange Board of India (SEBI) has specified for Settlement only in the dematerialised form by all Investors since 2nd January, 2002. With extensive networking of Bombay Stock Exchange Limited, Mumbai (BSE) and extension of BSE terminals to other cities as well, investors have access to online dealings in the Company's Securities across the country, even if these are not listed on local stock exchanges.

Since the past 3-4 years, there has been nil or negligible trading in equity shares of the Company on the Exchanges at Ahmedabad, Delhi and Madras from where Delisting is proposed and no particular benefit is derived by investors of the Company by continuing listing on these Exchanges.

The Company has applied to the Stock Exchange of Ahmedabad, Delhi and Madras for delisting of its securities which has been approved by the Shareholders at 12th Annual General Meeting. But due to non-revocation of trading of scrip at BSE (Online Terminal), the application could not proceed further. As one of the condition for delisting was to revoke the trading atleast at one online terminal for availability of exit opportunity to the shareholders of the regions covered under the Stock Exchange of Ahmedabad, Delhi and Madras.

The proposed voluntary Delisting will not adversely affect the investors as the Company's equity shares would continue to be listed and traded on BSE. Therefore, the Board of Directors proposed in their meeting held on 29th November, 2006 (Ext. 02.12.2006) to delist the Company's Scrip from Delhi, Madras & Ahmedabad Stock Exchange and proposed a special resolution at ensuing AGM for member's approval. There would be no change in the capital structure and shareholding pattern of the company on account of the proposed voluntary delisting. The Proposed Delisting is subject to revocation of trading of scrip by the Bombay Stock Exchange Limited, Mumbai.

Human Resources :

In line with the defined organisational transformation strategy and policies in respect of HR, your company continued its efforts to align the processes, practices and systems with the organisational objectives. Your company is looking to forwards to transformed HRD systems in the coming years of operation.

INDUSTRIAL RELATIONS :

During the year under review the overall industrial relations of the Company were cordial.

DIRECTORS :

Shri Deepak Dhote and Shri Suresh Kumar Sharma, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment. Shri V. Ramchandran has been appointed on the Board of Directors at Board Meeting held on 29th November, 2006 (ext. 02.12.2006). Shri S. B. Hajare has been resigned from the Board of Directorship of the company which has been noted at the Board Meeting held on 29.11.2006 (ext. 02.12.2006).

DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the provisions of Section 217 (2AA) of the Companies Act, 1956, your directors state as under :-

- i) that in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation.
- ii) that the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
- iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the directors have prepared the Annual Accounts on a going concern basis.

AUDITORS :

M/s. L. B. Hajare & Co., Chartered Accountants, auditors of the Company hold office till the conclusion of the ensuing Annual General Meeting and is eligible for re-appointment. The Company has received a letter from M/s. L. B. Hajare & Co., Chartered Accountants to the effect that their appointment as auditors, if made, would be within the limits u/s 224 (1-B) of the Companies Act, 1956.

SECRETARIAL AUDITOR :

M/s V. Ramchandran & Co., Practising Company Secretaries, Nagpur secretarial auditors of the Company and audited the Demat compliances & Share Transfer compliance including Shareholders records, etc during the financial year ended 30th June, 2006.

AUDITOR'S REPORT:

With reference to the comments made by the Auditors in their report, the Directors wish to state that the relevant notes forming part of the Company's accounts are self-explanatory and the Report to be discussed before the Members of the Company during Question and Answer session.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The statement giving details of conservation of energy, technology absorption, foreign exchange earnings and outgo, in accordance with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is annexed and marked Annexure 'A' which forms part of this Report. Earning and Outgo in respect of foreign exchange mentioned in Schedule 15 of the Balance Sheet of this Annual Report.

PARTICULARS OF EMPLOYEES:

During the year under review there were no employees receiving remuneration in excess of the limit requiring disclosure as per the provisions of Section 217 (2A) read with the Companies (Particulars of Employees) Rules, 1975 during the period under review.

CORPORATE GOVERNANCE :

A report on corporate governance including Auditors Certificate on compliance with the conditions of corporate governance under clause 49 of the Listing Agreement is appended to this Report.

ACKNOWLEDGEMENTS:

The Directors wish to place on record their appreciation for their continued support and co-operation by Bankers, Government Authorities, and other stakeholders. Your Directors also acknowledge the support extended by the Company's Unions and all the employees for their dedicated service. The Directors again very thankful to the Bankers – State Bank of India for extended their co-operation in respect of financial matter during the whole year.

**On Behalf of the Board of Directors,
For SHAKTI PRESS LTD.,**

**PLACE : NAGPUR
DATED: 02.12.2006**

**Raghav Sharma
MANAGING DIRECTOR** **Deepak Dhote
Jt. MANAGING DIRECTOR**

FORM 'A'

FORM OF DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

PARTICULARS	CURRENT YEAR 2005-2006	PREVIOUS YEAR 2004-2005
A. POWER AND FUEL CONSUMPTION :		
1. ELECTRICITY		
a) Purchased		
Units (KWH).....	1312904	1275172
Total Amount (Rs.).....	Rs.54,87,940/-	Rs.53,30,220/-
Rate / Unit (Rs./KWH).....	Rs. 4.18	Rs. 4.18
b) Own Generation		
Through Diesel Generator	N. A.	N. A.
Units (KWH).....		
Units per ltr. of diesel oil.....		
Cost/unit (Rs.).....		
Through Steam Turbine/Generator	N. A.	N. A.
Units.....	--	--
Units per ltr. of fuel oil/gas.....	--	--
Cost/ unit (Rs.).....	--	--
2. Coal for domestic use (B grade for boiler)	N. A.	N. A.
Qty. (M.T)	-	-
Total Cost (Rs.)	-	-
Average Rate (Rs.)	-	-
3. Furnace Oil	N. A.	N. A.
Quantity (K. Litres).....	--	--
Total cost (Rs. in Lacs).....	--	--
Average Rate (Rs./K. Litres).....	--	--
4. Others/Internal Generation.....	N. A.	N. A.
(Give Details)	--	--
Total Cost	--	--
Rate/unit	--	--
B. CONSUMPTION PER UNIT OF PRODUCTION :		
PARTICULARS		
	CURRENT YEAR 2005-2006	PREVIOUS YEAR 2004-2005
Electricity (units)	N.A.	N.A.
Coal (B Grade)	N. A.	N.A.
Furnace Oil	N. A.	N.A.
Other (specify)	N.A.	N.A.
Own power		

COPORATE GOVERNANCE REPORT

1. Company's Philosophy on code of corporate Governance:

The vision and mission statement of the Company is to be a world class printing industry. Your corporation believes that Corporate Governance is a key element in improving the economic efficiency of a firm. Good Corporate Governance also helps to ensure that organisation takes into account the interests of a wide range of constituencies, as well as communities. Your Company is abide by transparency and full accountability of Management on various issues pertaining to the Company's business thereby protecting the interest of the shareholders.

2. Board of Directors

Composition of Board of Directors :

The Composition of Board of Directors of Shakti Press Limited as on 30th June, 2006 as under :

3 Non-executive Directors (Including Chairman & 2 Independent Director)

3 Executive Directors (including Managing Director)

The Composition of Board of Directors of the Company is in conformity with Clause 49 of the Listing Agreement.

Sr No	Name of the Director	Category	Attendance		Other Directorship/Membership	
			Board Meeting	Last AGM	Other BoDs	Committees
1.	SureshKumar Sharma	Non-Executive	04	Yes	07	05
2.	Raghav K. Sharma	Executive	06	Yes	01*	NIL
3.	Deepak S. Dhote	Executive	06	Yes	NIL	01
4.	Unmesh G. Dhote	Executive	04	Yes	NIL	01
5.	Sadanand B. Hajare	Non-Executive	04	Yes	01*	02
6.	Kailaschand Sharma	Non-Executive	06	Yes	NIL	03

* Directorship in **The Vidharbha Paper Mills Limited**, Nagpur & excludes directorship in private companies.

Directorship of **Shri Suresh Kumar Sharma** in other Companies excluding private companies are as under :

-	Alintosch Pharmaceuticals Limited
-	Mahalaxmi Commercial Services Limited
-	Baidyanath Horti Agro & Plantation Limited
-	Golden Legend Leasing & Finance Limited
-	Baidyanath Power & Mining Limited
-	Vidharbha Paper Mills Limited
-	Markdata Power & Energy Limited

The Board met Six times on the following dates during the financial year 2005-2006 and maximum time gap did not exceed four months.

29th Day of July, 2005

30th Day of August, 2005

31st Day of October, 2005

28th Day of November, 2005

24th Day of January, 2006

30th Day of April, 2006

3. Audit Committee :

The following Directors were the members of the Audit Committee for the year under review:

Sr No	Name of the Director	Category	Nos. of meeting Attended
1.	Sadanand B. Hajare	Non-Executive (Independent)	03
2.	Shri S. K. Sharma	Non-Executive	03
3.	Kailaschand Sharma	Non-Executive (Independent)	03

The term of reference of the Audit Committee which are in accordance with Clause 49 of the Listing Agreement, are as under :

- a) Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

- b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other service.
- c) Reviewing with Management, the annual financial statements before submission to the Board, focusing primarily on :
- Any change in accounting policies & practices,
 - Major accounting entries based on exercise of judgement by Management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with Accounting Standards.
 - Compliance with Stock Exchange and Legal requirements concerning financial statements.
 - Any related party transaction
- d) Reviewing with the Management, external & internal auditors, the adequacy of internal control systems and recommending improvements to the Management.
- e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- f) Discussing with internal auditors any significant findings and follow up there on.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussing with external auditors before the audit commences nature and scope of audit as well as have post audit discussion to ascertain any area of concern.
- i) Reviewing the Company's financial & risk management policies
- j) Initiating investigations into the reasons for substantial defaults in the payments to the depositors, debenture holders, shareholders and creditors.

Shri Sadanand B. Hajare is the person who has strong financial background and qualified Chartered Accountant and acting as a Chairperson of the Audit Committee. The role, powers and functions of the Audit Committee are as stated in Clause 49 of the Listing Agreement and section 292 A of the companies Act, 1956. The Committee reviews the financial Statements before these are placed before the Board. During the period under review, four meetings of the committee were held on 27.11.2005, 22.01.2006 and 25.06.2006. The details of attendance of the Audit Committee are as under:

4. Remuneration Committee

During the year under review the following Directors were members of the remuneration Committee:

Sr No	Name of the Director	Category	Nos. of meeting Attended
1.	Sadanand B. Hajare	Non-Executive (Independent)	03
2.	Shri S. K. Sharma	Non-Executive	03
3.	Shri Kailaschand Sharma	Non-Executive (Independent)	03

The details of remuneration paid to the Directors during the year ended on 30th June, 2006 are as under:

Sr No	Name of the Director	Sitting fees (including Committee Meeting)	Salary, Allowances, etc.	Contributions to PF and Superannuation funds, etc
1.	Suresh Kumar Sharma	Rs. 12,000 p.a.	N.A.	N.A.
2.	Raghav K. Sharma	Not paid	20,000 P.M.	N.A.
3.	Deepak S. Dhote	Not paid	20,000 P.M.	N.A.
4.	Unmesh G. Dhote	Not paid	20,000 P.M.	N.A.
5.	Sadanand B. Hajare	-	N.A.	N.A.
6.	Kailaschand Sharma	Rs. 12,000 p.a.	N.A.	N.A.

The remuneration paid to the Executive Directors are in accordance with the Sections 198, 309, 310, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956. The services rendering by the Executive Directors to the Shakti Press Limited justify the remuneration mentioned above having regards to their knowledge, experience, qualification, etc in the field of Printing & Stationary. The remuneration provided by the Company to the Executive Directors are in accordance with the rational & reasonable principles of Company Jurisprudence and they are deserved for the same having regards & interpretation of Schedule XIII to the Companies Act, 1956 because they (Executive Directors) are managing such company with Debt Liability (Risk) including their personal guarantees of the debt borrowed by the Company and holding such risk & manage a company shall deserve such person to be remunerated with handsome amount. Schedule XIII empowers to give remuneration according to slabs of effective authorised capital. The remuneration of Directors is exclusive of other facilities, perks, etc. The figures given are monetary in nature and not mentioned other perks of non-monetary nature.

Each individual Executive Director have special knowledge, 30 years and more experience, expertise, etc in the field of Printing Industry having regards to the history of Shakti Press Limited.

5. Investors Grievance Committee :

The Company has Investors Grievance Committee, the members of the committee are :

Sr No	Name of the Director	Category	Nos. of meeting Attended
1.	Shri Unmesh G. Dhote	Executive	24
2.	Shri Deepak S. Dhote	Executive	24
3.	Shri Kailaschand Sharma	Non-Executive (Independent)	15

Shri Kailaschand S. Sharma, Non-Executive Independent Director of the Company heading the Committee. In all one complaint was received which immediately redressed. No complaint is pending upto the date of this report. Shri J. Shirke is acting as a Compliance Officer for the redressal of the grievances of the Shareholders. There are no complaints from the investor except grievance of suspension of trading. The matter with respect to suspension of trading have been already referred to the Board of Directors and it is in process of revocation.

6. General Body Meeting

Sr.No.	Dates of Last three AGMs	Place
1.	30 th December, 2003	U-116, MIDC, Hingna, Nagpur - 440 006 (Maharashtra)
2.	31 st December, 2004	
3.	24 th December, 2005	

Resolution through postal ballot

No special resolution was required to be passed through postal ballot last year, in terms of the provisions of the Companies Act, 1956 and relevant rules made hereunder.

7. Disclosures :

The details of materially significant related party transaction As disclosed in the enclosed financial statements. The transactions with related parties are in accordance with generally accepted business principles, market trends, rational judgement and by cash at prevalent market rates.

Details of non-compliance, penalties etc. imposed by the stock exchanges, SEBI etc. on any matter related to capital markets, during the last three years.

Due to non-compliances of some Clauses listing agreement, the BSE has suspended the trading of Scrips of the Company on 21st December, 2004. As far as compliances of the listing agreement are concerned all the information & facts in respect of the compliances have been sent to the Stock Exchange.

8. Means of Communication

- Half yearly report sent to each household: No
- Quarterly Results: Which newspaper normally published in: The Indian Express in English and Lok Satta in Marathi.
- Any website, where displayed: www.sebiedifar.nic.in
- Whether it also displays official news releases and the presentation to make to institutional investor or to analyst. : Indian Express (English) & Loksatta (Marathi)

9. General shareholder Information

Sr. No	Particulars	
1.	AGM : Date, Day & time	30.12.2006 Day : Saturday, Time : 3.00. P M
2.	Venue	Plot No. U-116, MIDC, Nagpur – 440 016
3.	Financial Year	1 st July to 30 th June
4.	Book Closure	27th December, 2006 to 30th December, 2006
5.	Dividend Payment	Not Applicable
6.	Listing(Stock Exchange)	BSE, Delhi, Ahmedabad, Madras
7.	Stock Code	526841
8.	Market price Data	As Below mentioned
9.	Registrar & Transfer Agents	M/s Intime Spectrum Share Registry Limited
10.	Outstanding of ADR/GDR	Not Applicable
11.	Plant Locations	U-116, MIDC, Hingna Road, Nagpur, and two units at Mondha Kanoli Bara Road, Nagpur.
12.	Address for Correspondence	Shakti House, Wardha Road, Nagpur – 440012 (M. S.)

MARKET PRICE DATA : BSE QUOTES HAVING NATIONWIDE ONLINE TRADING TERMINALS -

Months	High	Low
July, 2005	Trading Suspended	Trading Suspended
Aug, 2005	Trading Suspended	Trading Suspended
Sept, 2005	Trading Suspended	Trading Suspended
Oct, 2005	Trading Suspended	Trading Suspended
Nov, 2005	Trading Suspended	Trading Suspended
Dec, 2005	Trading Suspended	Trading Suspended
Jan, 2006	Trading Suspended	Trading Suspended
Feb, 2006	Trading Suspended	Trading Suspended
Mar, 2006	Trading Suspended	Trading Suspended
April, 2006	Trading Suspended	Trading Suspended
May, 2006	Trading Suspended	Trading Suspended
June, 2006	Trading Suspended	Trading Suspended

The Market price data - high / low during each month of the financial year in respect of trading of Company's share at Ahmedabad Stock Exchange, Madras Stock Exchange, Chennai and Delhi Stock Exchange Association, Delhi are not available, hence not provided. BSE having nationwide trading terminals so Board of Directors has proposed in the ensuing AGM to delist voluntarily from the Delhi Stock Exchange, Delhi, Ahmedabad Stock Exchange, Ahmedabad & Madras Stock Exchange, Chennai. Voluntary Delisting from such stock exchanges will not affect the trading of the scrips holding by member residing in the areas of such stock exchange as BSE has nationwide trading terminals. The proposed delisting subject to revocation of trading at BSE and approval from such such stock exchanges by complying with the formalities.

Share Transfer System:

The Shareholders Grievance Committee approves and monitors the transfer and transmission of shares and all allied matters. The Company has Registrar and Transfer Agent viz Intime Spectrum Registry Ltd, and acting as a Common Agency and has adequate infrastructure to process the share transfer. The Shares of the Company are traded in compulsory demat mode for all investors.

Distribution of Shareholding:

Shareholding	Shareholders		Shares		
	Numbers	% of total nos.	Numbers	Amount	% of total capital
Upto 5000	2243	89.90	538441	5384410	15.30
5001 to 10000	60	3.53	110485	1104850	3.14
10001 to 20000	40	1.52	285084	2850840	8.10
20001 to 30000	28	1.79	259993	2599930	7.39
30001 to 40000	8	0.15	133799	1337990	3.80
40001 to 50000	6	0.46	148744	1487440	4.22
50001 to 100000	24	0.76	1170523	11705230	33.25
100001 & Above	14	2.25	873131	87313310	24.80

Dematerialisation of Shares : (NSDL & CDSL)

The Company's scrip is under electronic – demat mode and having connectivity with both the Depositories viz: National Security Depository Services Limited (NSDL) and Central Depository Services India Limited (CDSL) through Registrar and Transfer Agent (RTA) M/s Intime Spectrum Share Registry Limited who is acting as a Common Agency. Total **671350 Equity Shares** have been dematerialised as on 30.06.2006 representing of the total issued 3520200 Equity Shares and 300000 Non-Cumulative Preference Shares of the Company. The International Securities Identification Number (ISIN) of the Company is INE 794C01016.

Further Shareholders having physical holdings hereby requested from the Company to dematerlise their holdings for convenience of the company's share transactions.

The 3,00,000 8 % Non-Cumulative Redeemable Preference Shares issued and allotted by the Company during the financial year 2005-06 not to be listed and traded by the Company vide decision taken by the Board of Directors of the Company at their meeting held on 02.12.2006 (Extended meeting – Original 29.11.2006). The same has not been dematerialised yet and the Preference Shareholders hereby intimated to have option for demat.

Auditors Certificate on Compliance of Corporate Governance

We have examined the compliance of conditions of corporate Governance by Shakti Press Limited, for the year ended 30th June, 2006 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanation given to us, we certify that the Company has complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

We further state that in respect in respect of investor grievances received during the year ended 30th June, 2006, no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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

**For L. B Hajare & Co.
Chartered Accountants**

**Place : Nagpur
Dated: 28.11.2006**

**L. B. Hajare
Proprietor**

AUDITORS' REPORT

To The Members of
SHAKTI PRESS LIMITED
NAGPUR.

1. We have audited the attached Balance Sheet of **Shakti Press Limited** as at 30th June, 2006 and also the Profit and Loss Account and The Cash Flow Statement of the Company for the year ended on that date annexed thereto. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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. We believe that our audit provides a reasonable basis for our opinion, and report that:
3. As required by the Companies (Auditors' Report) Order, 2003 as amended by 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 matter specified in the paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in the paragraph 3 above, we report that:
 - a) We have obtained all the information and explanation which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) The Balance Sheet and Profit and Loss Account and Cash flow referred to in this report are in agreement with the books of account;
 - c) In our opinion, subject to item (iv) & (vii) of Annexure to this report & Note No.1 (c) of Schedule 15, the Balance Sheet & the Profit and Loss Account and the Cash Flow Statement complies with the mandatory Accounting Standards referred to in Sub-section 3C of Section 211 of the Companies Act, 1956;
 - d) On the basis of written representations received none of the directors is disqualified as on 30th June 2006 from being appointed as a director as referred to section 274(1) (g) of the Companies Act, 1956; and
 - e) For the reasons stated in Note 1(c) of Schedule 15, the savings by calculation of, depreciation of plant and machinery on single shift basis, of which, as per explanation received from management, and owing to lack of proper shift working records, it is difficult to comment on the impact of the same on the financial statements of the company.
 - f) Subject to (e) above, in our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.
 - i) in the case of Balance Sheet, of the state of affairs of the Company as at 30th June 2006, and
 - ii) in the case of Profit & Loss Account, of the profit of the Company for the year ended on that date.
 - iii) in case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

For L. B. HAJARE & CO.
CHARTERED ACCOUNTANTS

L.B. HAJARE
(PROPRIETOR)
M.N.39940

Place: Nagpur
Date: 26.10.2006

ANNEXURE TO AUDITOR'S REPORT
Re: SHAKTI PRESS LIMITED
(Referred to in Paragraph No.3 of the Auditor's Report of even date)

- (i)
 - (a) In our opinion and according to the information and explanation given to us. Company is maintaining proper record showing full particulars including quantitative details and situation of fixed Assets.
 - b) Fixed assets have been physically verified by the management at reasonable intervals Any material discrepancies noticed have been properly dealt with.
 - c) In our opinion and according to the information and explanation given to us no substantial part of fixed assets has been disposed off during the year.
- (ii)
 - a) In our opinion and according to the information and explanation given to us physical verification of inventory has been conducted at reasonable intervals by the management
 - b) In our opinion and according to the information and explanation given to us procedure of physical verification followed by the management is reasonable and adequate in relation to size of the company and the nature of its business.
 - c) In our opinion and according to the information and explanation given to us company is maintaining proper record of inventory and no material discrepancy were noticed on physical verification of inventory, except that the company is carrying high level of inventory.
- (iii)
 - (a) The Company had taken loan from other Companies covered in register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 6,09,66,953 and the year end balance of loan taken from such parties was Rs. 3,20,89,726
 - (b) The Company has not given loan to other Companies / firms or other parties listed in the register maintained under section 301 of the companies Act, 1956.
- (iv) In our opinion and according to the information and explanations given to us, there are inadequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to the sale of goods. Further company is carrying very high cash balance not justifying business requirement and prudence and any satisfactory explanation except assurance of its custody, from the management not received. Further the balances of outstanding Debtors and Creditors are unconfirmed but considered good by the management. During the course of our audit except for our remarks on cash balance and Debtors & Creditors, high level of inventory as above, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v)
 - (a) According to the information and explanations given to us, we are of the opinion that all the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - (b) In our opinion, transaction exceeding the value of Rs.5 Lacs have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company complied with the directives issued by Reserve Bank of India and the provisions of Section 58 A and 58 AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under in respect of deposits. As per the information and explanations given to us no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other Tribunal in this respect.
- (vii) In our opinion, the company lacks an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 for any products of the company.
- (ix)
 - (a) Except on few occasions the Company is generally not regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs duty, excise duty and cess were in arrears, as at 30.06.2006 for a period of more than six months from the date they became payable.
 - (c) According to the information and explanation given to us, there is no disputed amount payable in respect of statutory dues.

- (x) In our opinion, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank etc.
- (xii) We are of the opinion that the company has not granted 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 a nidhi mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) Based on information and explanation given to us by the Management, in our opinion, the term loan have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, the company has made 3,00,000 Nos. of 8% Non-Cumulative Redeemable Preference Shares allotment to parties covered in the register maintained under section 301 of the Act. However Share Application Money Account pending allotment continues to remain carried forward since last several years.
- (xix) According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures.
- (xx) There was no public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

**For L.B. HAJARE & CO.,
CHARTERED ACCOUNTANTS,**

**Place : Nagpur
Date : 26.10.2006**

**L.B. HAJARE
(PROPRIETOR)
M.No. 39940**

SHAKTI PRESS LIMITED
BALANCE SHEET AS ON 30TH JUNE, 2006

(Rupees 000)

	Sch.	30th June, 2006	30th June, 2005
A) SOURCES OF FUNDS			
1 Share holder's Funds			
(a) Share Capital	1	76,274.00	46,274.00
(b) Reserves & Surplus	2	<u>63,369.15</u>	<u>63,253.86</u>
		139,643.15	109,527.86
2 Loan Funds :			
(a) Secured Loans	3	158,912.67	179,553.59
(b) Unsecured Loans	4	<u>67,275.05</u>	<u>82,415.17</u>
		<u>226,187.72</u>	<u>261,968.76</u>
TOTAL		<u><u>365,830.86</u></u>	<u><u>371,496.63</u></u>
B) APPLICATION OF FUNDS			
1 Fixed Assets :	5		
(a) Gross Block		277,163.99	274,433.14
(b) Less :Depreciation		<u>80,187.67</u>	<u>71,419.90</u>
(c) Net Block		<u>196,976.32</u>	<u>203,013.24</u>
2 Investments	6	138.23	138.23
3 Current Assets,Loans & Advances	7		
(a) Inventories		61,785.49	65,335.92
(b) Sundry Debtors		74,251.07	66,585.62
(c) Cash and Bank Balances		24,299.57	29,271.50
(d) Deposits		5,453.26	4,406.11
(e) Loans and Advances		<u>50,378.82</u>	<u>46,816.20</u>
		216,168.20	212,415.35
Less: Current Liabilities & Provisions	8		
(a) Liabilities		44,532.65	43,300.08
(b) Provisions		<u>3,632.39</u>	<u>1,610.13</u>
			44,910.21
Net Current Assets		<u>168,003.16</u>	<u>167,505.14</u>
4 Miscellaneous Expenditure (To the extent not written off)	9	713.16	840.02
TOTAL		<u><u>365,830.87</u></u>	<u><u>371,496.63</u></u>
NOTES FORMING PART OF THE ACCOUNTS	15		

As per our report of even date attached,
For L.B. HAJARE & CO.,
CHARTERED ACCOUNTANTS

SURESH K. SHARMA

CHAIRMAN

RAGHAV K. SHARMA

MANAGING
DIRECTOR

L.B. HAJARE
PROPRIETOR
M.No.39940

DEEPAK S. DHOTE

JT. MANAGING
DIRECTOR

Nagpur,
Dated: 26.10.2006

Nagpur,
Dated: 26.10.2006

SHAKTI PRESS LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 2006

(Rupees
000)

	Sch.	30th June, 2006	30th June, 2005
INCOME			
Sale of Products and other Income	10	169,633.46	189,503.99
EXPENDITURE			
Cost of Sales	11	111,923.97	130,711.20
Staff Expenses	12	2,281.15	2,485.13
Operating Expenses	13	17,408.34	17,772.61
Administrative & Selling Expenses	14	9,264.15	14,927.59
Depreciation		8,899.72	17,695.54
Interest		19,740.85	21,226.10
Total Expenditure		169,518.18	204,818.17
Profit before taxation		115.28	-15,314.19
Provision for Taxation		0.00	0.00
Profit after taxation		115.28	-15,314.19
Profit brought forward		-1,418.14	13,896.05
Balance available for appropriation		-1,302.85	-1,418.14
APPROPRIATION			
Transfer to General Reserve		0.00	0.00
Balance carried to Balance Sheet		-1,302.85	-1,418.14
NOTES FORMING PART OF THE ACCOUNTS	15		

As per our report of even date attached,
For L.B. HAJARE & CO.,
CHARTERED ACCOUNTANTS

SURESH K. SHARMA

CHAIRMAN

RAGHAV K. SHARMA

MANAGING
DIRECTOR

L.B. HAJARE
PROPRIETOR
M.NO.39940

DEEPAK S. DHOTE

JT.
MANAGING
DIRECTOR

Nagpur,
Dated: 26.10.2006

Nagpur
Dated: 26.10.2006

SHAKTI PRESS LIMITED
Schedules annexed to and forming part of the Balance Sheet &
Profit & Loss Account for the year ended 30th June, 2006

(Rupees 000)

	30th June, 2006	30th June, 2005
<u>SCHEDULE 1</u>		
SHARE CAPITAL		
AUTHORISED		
3,00,000 Non cummulative redeemable preference		
Shares of Rs 100/- each (Previous year NIL)	30,000.00	30,000.00
80,00,000 Equity Shares of Rs 10/- each	80,000.00	80,000.00
(Previous year 80,00,000 Equity Shares of Rs 10/- each)	110,000.00	110,000.00
ISSUED :		
8% Non - Cumulative Redemable Preference Shares	30,000.00	
35,20,200 Equity Shares of Rs.10/- each Fully Paid	35,202.00	35,202.00
Share Application Money	11,072.00	11,072.00
TOTAL	76,274.00	46,274.00
<u>SCHEDULE 2</u>		
RESERVES AND SURPLUS		
Special Capital Incentive from SICOM	2,900.00	2,900.00
General Reserve:	61,772.00	61772
Profit and Loss Account	-1,302.85	-1,418.14
TOTAL	63,369.15	63,253.86
<u>SCHEDULE 3</u>		
SECURED LOANS		
From SBI, Hingana Indl Estate Br, Nagpur		
Term Loan Account (IR A/c)	24,228.78	0
Term Loan Accounts (FCNR A/c) (N 1)	62,799.53	129,160.83
Cash Credit Accounts (Note 2)	53,471.04	41,243.69
SBI Corpoarte Loan A/c	4,218.76	8,961.13
SBI Clean OveDraft A/c	11,500.00	-
Stand by Line of Credit	50.29	
From ICICI Bank against Vehicle	2,644.29	187.94
TOTAL	158,912.67	179,553.59

NOTES :

1 The term Loan is secured by hypothecation and first charge on all Fixed Assets, now existing and belonging to and in possession and guaranteed by directors.

2 Secured by hypothecation of stocks of raw materials, finished products, book debts, other receivables and guaranteed by directors.

SHAKTI PRESS LIMITED
Schedules annexed to and forming part of the Balance Sheet &
Profit & Loss Account for the year ended 30th June, 2006

	30th June 2006	30th June, 2005
(Rupees 000)		
SCHEDULE 4		
UNSECURED LOANS		
Inter Corporate Deposits from bodies corporate.	67,275.05	82,415.17
	<u>67,275.05</u>	<u>82,415.17</u>
SCHEDULE 6		
INVESTMENTS - LONG TERM		
(a) IN GOVERNMENT SECURITIES : (At Cost)		
(i) National Savings Certificate (Face value		
Rs 3000) (unquoted)	3.00	3.00
(b) TRADE INVESTMENTS : (At Cost)		
(i) 1500 equity shares of Rs 10/- each of		
Berar Housing Finance Ltd., fully paid up		
(Face value Rs 24000) (unquoted)	24.00	24.00
(ii) 50 equity shares of Rs 100 each of		
Samata Sahakari Bank Ltd, fully paid up		
(Face value Rs 5000) (unquoted)	5.00	5.00
(iii) 2000 equity shares of Rs 10/- each of		
Madhya Desh Papers Ltd, fully paid up		
(Face value Rs 20000) (Quoted at Rs 5.90)	16.10	16.10
(iv) 500 equity shares of Rs 10/- each of		
Kedia Distilleries Ltd, fully paid up		
(face value Rs 5000) (Quoted at Rs 8.25)	85.13	85.13
(v) 500 equity shares of Rs 10 each of		
Enbee Plantations Ltd, fully paid up		
(Face value Rs 5000) (Unquoted)	5.00	5.00
TOTAL	<u>138.23</u>	<u>138.23</u>

NOTES:

- | | | |
|--|-------|-------|
| 1 Aggregate value of Quoted Investments : | | |
| (ii) Face value | 25.00 | 25.00 |
| 2 Aggregate Face Value of the Unquoted Investments | 37.00 | 37.00 |
| 3 National Savings Certificate of the Face Value of Rs.3000/- are pledged with Government/ Semi-Government Authorities as security deposits. | | |

SHAKTI PRESS LIMITED
Schedules annexed to and forming part of the Balance Sheet &
Profit & Loss Account for the year ended 30th June, 2006

(Rupees 000)

	30th June 2006	30th June, 2005
SCHEDULE - 7		
CURRENT ASSETS, LOANS & ADVANCES :		
(a) INVENTORIES :		
Raw Material including (Stores, Spares parts & other consumable) (As per inventory taken, valued & as certified by Management)	23,245.30	30,696.21
Stock-in-Trade:		
Work-in-Process (At cost or net realisable value which ever is lower)	32,233.42	18,167.57
Finished Goods (At cost or net realisable value whichever is lower)	6,306.77	16,472.14
	61,785.49	65,335.92
(b) SUNDRY DEBTORS :	74,251.07	66,585.62
(c) CASH AND BANK BALANCES		
Cash in hand	16,488.03	15698.09
With Scheduled Banks :		
In Current Accounts	1,446.52	1,941.46
In Margin Money Accounts	6,365.02	11,631.95
In Dividend Account (as per contra)	-	-
	24,299.57	29,271.50
(d) LOANS AND ADVANCES :		
Advances recoverable in cash or in kind or for Advances to Parties	46,973.94	45,847.24
Advances to Staff	1,871.38	
Prepaid Excise Duty	1,533.50	968.95
	50,378.82	46,816.20
Deposits	5,453.26	4,406.11
TOTAL	216,168.20	212,415.35

SHAKTI PRESS LIMITED
Schedules annexed to and forming part of the Balance Sheet &
Profit & Loss Account for the year ended 30th June, 2006

(Rupees 000)

	30th June, 2006	30th June, 2005
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SCHEDULE 8

CURRENT LIABILITIES AND PROVISIONS

(a) CURRENT LIABILITIES :

Sundry Creditors*	44,099.24	42601.39
Other Liabilities	433.41	698.69
	44,532.65	43,300.08

(b) PROVISIONS :

	3,632.39	1610.13
Total	48,165.03	44,910.21

*The Company has no information as to whether any of its suppliers constitutes small scale industrial undertaking and therefore the amount to such suppliers has not been identified.

SCHEDULE 10

SALE OF PRODUCTS AND OTHER INCOME

Sale	165,092.08	177,217.99
Job work receipts	3,185.11	4,276.64
Packing & Forwarding Charges Recovered	753.29	736.88
Vat Recovered		-
Excise Duty Recovered		7,269.78
	169,030.49	189,501.29

Other Income :

DEFB	590.25	-
Dividend Received	3.00	2.70
Remission	9.73	-
Interest on Income Tax Refund		-
	602.98	2.70

TOTAL

	169,633.46	189,503.99
--	------------	------------

SHAKTI PRESS LIMITED
Schedules annexed to and forming part of the Balance Sheet &
Profit & Loss Account for the year ended 30th June, 2006

(Rupees 000)

	30th June, 2006	30th June, 2005
<u>SCHEDULE 11</u>		
COST OF SALES		
Opening Stock	65,335.92	63,198.69
Add : Purchases	108,373.54	132,848.44
	173,709.46	196,047.13
Less : Closing Stock (At cost)	61,785.49	65,335.92
	111,923.97	130,711.21
<u>SCHEDULE 12</u>		
STAFF EXPENSES		
Wages to Workers	1,581.85	1,632.78
Workers welfare Expenses	357.65	437.62
Contribution to ESI	88.32	232.07
Contribution to PF	251.24	179.97
Contribution to Labour Welfare Fund	2.09	2.69
	2,281.15	2,485.13
<u>SCHEDULE 13</u>		
OPERATING EXPENSES		
Power and Electricity Charges	5,487.94	5,330.22
Office / Factory Expenses	1,309.49	922.05
Repairs and Maintenance to Plant & Machinery	2,985.34	2,112.60
Repairs and Maintenance to Elect Installations	539.05	116.34
Repairs and Maintenance to Factory Bldg	443.18	412.05
Outside Job Charges	2,951.74	5130.4
Process Expenses	420.27	257.36
Transportation & Cartage	2,344.12	2399.42
Water Charges	45.26	58.3
Octri Expenses	270.22	301.21
Repair & Maintenance to Generator	89.99	136.48
Security Service Charges	521.73	596.19
	17,408.34	17,772.62
TOTAL	131,613.46	150,968.96

SHAKTI PRESS LIMITED
Schedules annexed to and forming part of the Balance Sheet &
Profit & Loss Account for the year ended 30th June, 2006 **(Rupees 000)**

	30th June, 2006	30th June, 2005
<u>SCHEDULE 14</u>		
SELLING & ADMN EXPENSES		
1 Salaries to Office Staff	715.02	524.11
2 Printing & Stationery	143.01	103.95
3 Postage & Telegrams	174.00	218.24
4 Telephone Expenses	372.89	912.22
5 Bank Commission & Charges	22.92	3551.22
6 Insurance Expenses	758.63	669.00
7 Advertisement Charges	50.44	103.20
8 Donations	4.20	3.05
9 Sales Promotion Expenses	281.48	716.59
10 Rent Rates & Taxes	203.80	97.29
11 Legal Expenses	483.15	791.55
12 Conveyance Charges	561.49	715.88
13 Travelling Expenses	759.39	965.99
14 Office Expenses	119.20	108.69
15 Membership Subscription	72.35	91.04
16 Newspaper & Periodicals	14.39	6.12
17 Consultancy Charges	314.81	431.02
18 Listing Fees	59.60	7.50
19 Payment to Auditors	112.00	90.00
20 Accounting Charges & Supervision Charges	225.09	239.16
21 Tender Fees	1.85	34.15
22 Computer Expenses	217.39	313.89
23 Repairs & Maintenance to Vehicles	515.51	454.92
24 Repairs & Maintenance to Office Equipment	47.52	24.87
25 Pooja & Functions Expenses	87.82	97.47
26 Licence Fees	0.00	6.49
27 Registration Fees	7.00	35.50
28 Inspection Fees	10.60	10.60
29 Filing Fees	13.40	3.20
30 Reimb.of Medical Exp.(Directors)	113.80	98.65
31 Professional Charges	25.44	190.06
32 Remuneration to Directors	937.00	414.00
33 Excise Duty	0.00	1373.75
34 Technical Supervision	193.38	41.00
35 Supervision Charges	100.00	15.00
36 Retainership Charges	12.00	111.19
37 Commission & Brokerage	105.75	98.63
38 Preliminary Exp. W/o	126.86	126.86
39 Secy. Deptt.Expenses	109.15	138.19
40 Sponsorship Expenses	294.43	486.12
41 Service Tax	95.75	0.00
42 Export Expenses	379.47	397.63
43 Remission	0.00	8.64
44 Fringe Benefit Tax	311.95	0.00
45 Loss on Sale of Vehicls	110.23	100.99
TOTAL	9264.15	14927.59

SCHEDULE 5: FIXED ASSET SCHEDULE AS ON 30TH JUNE, 2006
SHAKTI PRESS LIMITED

Rupees' 000

PARTICULARS	GROSS BLOCK		DEPRECIATION				NET BLOCK			
	As at 01.07.2005	Additions/ Adjustments	Deductions Adjustments	As at 30.06.2006	Upto 30.06.2005	For the Year	On Sales Adjustments	Upto 30.06.2006	As at 30.06.2006	As at 30.06.2005
Land Leasehold	204.57	0.00	0.00	204.57	0.00	0.00	0.00	0.00	204.57	204.57
Land Free hold	1,763.20	-		1,763.20	0.00		0.00	0.00	1763.20	1763.20
Buildings	64,910.95	153.11		65,064.06	9,633.39	1,084.46	0.00	10717.85	54346.21	55,277.56
Plant & Machinery	201,138.86	904.04		202042.90	59,043.00	7,473.11	0.00	66516.11	135526.80	142,154.42
Furniture & Fixtures	1,162.05	8.34		1170.39	476.16	36.89	0.00	513.05	657.34	685.89
Vehicles	4,894.20	2024.67		6918.86	2,135.39	305.27	0.00	2440.66	4131.07	2,758.81
Total	274,073.83	3,090.16	0.00	277,163.98	71,287.94	8,899.72	0.00	80,187.67	196,629.19	202,844.44

SHAKTI PRESS LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH JUNE, 2006 PURSUANT TO CLAUSE 32 OF THE LISTING AGREEMENT

	2005-06	2004-05
(A) CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit before tax and extraordinary items	115.29	(15,314.19)
Adjustment for :		
Depreciation	8,899.72	17695.54
Interest and Dividend Income	-	(2.70)
Interest	19,740.85	21226.1
Loss on sale of Assets	110.23	103.00
Miscellaneous Exp. written off	126.86	126.86
	<u>28,877.66</u>	<u>39148.80</u>
Operating Profit before Working Capital changes	28,992.95	23834.61
Adjustment for :		
Trade and Other receivables	(12,275.22)	4720.00
Inventories	3,550.43	(2139.24)
Trade payables	3,254.83	(1639.62)
	<u>(5,469.96)</u>	<u>941.14</u>
Cash generated from operations	23,522.99	24775.75
Interest paid	(19,740.85)	(21226.10)
Cash flow before extraordinary items	3,782.14	3549.65
Extraordinary items	-	0.00
Net Cash flow from Operating Activities (A)	3,782.14	3549.65
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Expenditure on Assets	(3,090.16)	(193.12)
Sale of Assets	117.13	180.00
Interest and Dividend Income	-	2.70
Net Cash Flow from Investing Activities (B)	(2,973.03)	(10.42)
(C) CASH FLOW FROM FINANCING ACTIVITIES :		
Proceeds from issue of Preferential Share Capital	30,000.00	900.00
Proceeds from promoters, associates, OCB, etc.	-	0.00

Repayment of Long and short term borrowings	(35,781.04)	3,532.91
Dividend Paid		0.00
Net Cash used in Financing Activities (C)	(5,781.04)	4,432.91
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(4,971.93)	7972.14
	(A+B+C)	
Cash and Cash Equivalents (Opening Balance)	29,271.50	21299.36
Less : Cash and Cash Equivalents (Closing Balance)	24,299.57	29271.50
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	4,971.93	(7972.14)

For M/s L. B. Hajare & Co.
CHARTERED ACCOUNTANTS

SURESH K. SHARMA
RAGHAV K. SHARMA
DEEPAK DHOTE

CHAIRMAN
MANAGING DIRECTOR
JT. MANAGING DIRECTOR

(L. B. Hajare)
Proprietor
M.No.39940
Nagpur
Dt.26.10.2006

Schedule - 15

Notes on Accounts

1. Significant Accounting Policies :-

a) General :-

The accounts of the Company are prepared under the historical cost convention using the accrual method of accounting & are in accordance with Mandatory Accounting Standards.

b) Fixed Assets :-

Fixed assets are stated at cost including taxes, freight and other incidental expenses incurred in relation to acquisition and installation of the same. CENVAT credit available under Central Excise Act, 1944 and Custom Act, 1962 if any, are excluded from the value of the fixed assets.

c) Depreciation :-

Depreciation on fixed assets have been provided on the Straight Line Method at the rates and in the manner prescribed in Schedule XIV of the Companies Act, 1956 as amended on single shift basis as the plants have operated on single shift only.

d) Income Tax According to the Accounting standard 22

As there is no taxable profit therefore the provision for Income Tax has not been made.

e) Investments :-

Investments are stated at cost.

f) Sales :-

Sales are recognised, net of returns, on despatch of goods to customers and are reflected in the accounts at gross realizable value i.e. inclusive of freight and packing and forwarding charges recovered but exclusive Excise Duty, Education Cess and Sales Tax / MVAT.

g) Employees Retirement Benefits :-

Company's contribution to Provident Fund is charged to Profit and Loss Account. Provision for gratuity liability and for value of unutilized leave due to employees is not made on the basis of accrual valuation but is accounted for on actual payment basis.

h) Inventories :-

Raw materials, stores, spare parts, loose tools and equipment are valued at cost. Finished products and stock-in-process are valued at lower of cost or market / net realisable value.

i) Miscellaneous / Deferred Revenue / Preliminary Expenses

Preliminary and Share issue expenses are being amortized over a period of ten years.

2. Contingent liability not provided for in respect of :

	(Rupees '000)	
	30.06.2006	30.06.2005
a) Bank Guarantees issued against		
j) Bond Issue to Central Excise department for Removal of goods without payment of Excise Duty.	1500.00	---
ii) Against Machinery Imported under the EPCG Licence, Wherein duty has been paid at Concessional Rates.	18,450.00	---
b) Sales Tax demands pending in appeal	14.86	14.86

3. Depreciation has been charged on Straight Line method at the rates prescribed in Schedule XIV of the Companies Act, 1956.

4. **Related Party Statement as per accounting standard 18.**

(A) Related Party and their relationship

Associates

The Vidarbha Paper Mills limited, Kanhan
Shree Baidyanath Ayurved Bhavan Pvt. Ltd., Nagpur
Shree Baidyanath Ayurved Bhavan Pvt. Ltd., Seoni
Shree Baidyanath Ayurved Bhavan Pvt. Ltd., Jhansi
Shakti Offset Pvt. Ltd., Nagpur
Sri Krsna Cardboards Pvt. Ltd., Nagpur
Super Offset Pvt. Ltd., Nagpur
Shivart, Nagpur
Shakti Offset Works, Nagpur
Sankalp Marketing & Management Services, Nagpur
Swati Enterprises , Nagpur
Siddhayu Ayurvedic Research Foundation Pvt. Ltd., Bahadura
Siddhayu Ayurvedic Research Foundation Pvt. Ltd., Wadsa
Siddhayu Ayurvedic Research Foundation Pvt. Ltd., Nagpur
Albeli Leasing & Finance Pvt. Ltd. Nagpur
Mark Data Advertising Pvt. Ltd., Nagpur
Mahalaxmi Commercial Services Pvt. Ltd., Nagpur
Nova Marketing Pvt. Ltd, Nagpur
Prasidh Commercial Services Pvt. Ltd., Nagpur
Update Marketing Pvt. Ltd., Nagpur
Shri Suresh Kumar Sharma, Nagpur
Mrs Kalpana Sharma, Nagpur
Jayakwadi Pulp & paper Mill Ltd, Kanhan, Distt. Nagpur

(B) Transaction with Related Parties (In Rs)

Purchase of Goods	3,07,30,308.00
Sale Goods	2,04,81,368.00
Amount Paid on their behalf	47,04,073.00
Loan Given	-----
Loan Taken	-----

Amount Paid on our behalf	2,05,56,376.00
Amount Received on our behalf	1,00,09,357.00
Directors Remuneration	10,50,801.00

5. Earning Per Share as per Accounting Standard 20

	30.06.2006	30.06.2005
(a) Weighted average number of equity shares of Rs.10/- each.		
i) Number of shares at the beginning of the year	3520200	3520200
Number of shares at the end of the year	3520200	3520200
Weighted average number of equity shares outstanding		
 During the year	3520200	3520200
b) Net Profit/(Loss) after tax available for equity share Holders (in Rupees in 000)	1,15,280	(15314.87)
(c) Basic and diluted earning per share (in Rupees)	0.032	(4.35)

(Rupees '000)

	30.06.2006	30.06.2005
6. Interest includes :-		
Interest on C/C. A/c. (including commission)	3,741.87	7836.20
Interest on Term Loan	9,703.08	7160.27
Others	6,295.90	6529.93
	19,740.85	21,226.10

	30.06.2006	30.06.2005
7. Payment to Auditors include :-		
For Audit fees (Statutory) :	50.00	50.00
For Tax Audit Fees :	20.00	20.00
For Other matters (Certification & Taxation) :	42.00	20.00
	112.00	90.00

8. The company deals in only one related segment of business i.e. printing, packaging & stationary with manufacturing facilities at three places. Hence segmentwise reporting is not necessary as specified in accounting standard 17.

9. Previous year's figures have been re-grouped wherever necessary.

10. Current / previous year's figures have been taken in rupees thousands.

11. Transactions in Foreign Currencies are recognised at rates existing at the time of transaction. Year end balances of receivables were NIL.

12. Research & Development

There is no expenditure on research & development.

13. Impairment is recognised to the extent that the recoverable amount of the assets is less than its carrying amount & is charged to Profit & Loss A/c. as prescribed by the ICAI in AS-28.

14. Additional information pursuant to Part-II of Schedule-VI of the Companies Act, 1956.

A) Particulars of capacity, Production, Stock & Turnover.

		30.06.2006		30.06.2005	
Class of Goods -		(Million Impression)			
Printing of Packaging & other material.					
i)	Licensed capacity (per annum)	---		---	
ii)	Installed capacity (per annum) (as certified by management)			321.00	
iii)	Production	---		---	
		(Rupees '000)			
		30.06.2006		30.06.2005	
		Qty.	Amt.	Qty.	Amt.
iv)	Sales	---	165,092.08	--	1,85,224.65
	Job Work Receipts	---	3,185.11	--	4,276.64
v)	Stocks				
	PAPER : (in Reams)				
	Opening Stock	59,858	26,038.27	7,5672	32,917.52
	Closing Stock	47,876	20,825.00	59,858	26,038.27
	INK : (in Kgs)				
	Opening Stock	300	779.82	3,118	779.82
	Closing Stock	---	---	300	75.68
	COATING MATERIAL (in Ltrs)				
	Opening Stock	---	---	273	15.02
	Closing Stock	520	28,670	---	----
	WORK IN PROCESS:				
	Opening Stock	---	18,167.57	---	18667.38
	Closing Stock	---	---	---	18167.57
	FINISHED GOODS				
	Opening Stock	---	16,472.14	---	5000.00
	Closing Stock	---	61,785.48	---	16472.14
	OTHERS				
	Opening Stock	---	---	---	---
	Closing Stock	---	---	---	---
B)	<u>Raw material consumed</u>				
	Paper (Reams)	2,28,840	99,545	270064	117478.81
	Ink (Kgs)	360	90,667	3693	923.62
	Coating Material (Ltrs.)	2,531	139	4271	234.89
	Others	---	19,840.30	---	12073.88
		---	2,10,191.45	---	130711.20

	30.06.2006		30.06.2005	
	Amount	%	Amount	%
C) i) Value of Consumption of Imported raw materials	---	---	---	---
ii) Value of Consumption of Indigenous raw materials	---	---	130711.20	100
iii) Value of Consumption of Imported Components and spare parts	---	---	---	---
iv) Value of Consumption of Indigenous components and spare parts	---	---	---	---
	---	---	130711.20	100
			(Rupees '000)	
	30.06.2006		30.06.2005	
14) FOB Value of Exports (Deemed Export)*: (The Company is supporting supplier to Exporter under EPCG Scheme)	---		15796.88	
Direct Export	6,753.48		5522.40	
Deemed Export	13,042.02		---	
15) Expenditure in foreign currency on				
i) Technical know-how	---		---	
ii) Others	---		---	
16) Value of imports calculated on CIF basis.				
i) Raw material.	---		---	
ii) Components & spare parts.	---		---	
Amount remitted during the year in foreign Currencies on account of dividends	---		---	

17) Computation of net profit in accordance with Section 349 of the Companies Act, 1956 for the year ended 30th June, 2006 (Not required since no commission is paid)

AS PER OUR REPORT OF EVEN DATE SURESH K. SHARMA CHAIRMAN
ATTACHED

RAGHAV K. SHARMA MANAGING DIRECTOR

FOR L. B. HAJARE & CO.
CHARTERED ACCOUNTANTS

DEEPAK DHOTE JT. MANAGING DIRECTOR

L.B. HAJARE
PROPRIETOR
M.N.39940

PLACE : NAGPUR
DATE : 26.10.2006

M/s L . B. Hajare & Co.
CHARTERED ACCOUNTANTS

Auditor's Certificate

We have examined the above Cash Flow Statement of Shakti Press Limited for the year ended 30th June, 2006 The Statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement with the Stock Exchanges and is based on and in agreement with the corresponding Profit & Loss Account and the Balance Sheet of the Company covered by our Report of 26th October, 2006 to the members of the Company.

For M/s L. B. Hajare & Co.
CHARTERED ACCOUNTANTS

L.B. HAJARE
(PROPRIETOR)
M.N.39940

Nagpur 26th October, 2006

SHAKTI PRESS LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

I. Registration Details :

Registration No.

7	1	8	8	2
---	---	---	---	---

 State Code

1	1
---	---

Balance Sheet

Date

3	0
---	---

0	6
---	---

2	0	0	6
---	---	---	---

Date Month Year

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

Public Issue	Total Assets
- - - - -	- - - - -
Bonus Issue	Private Issue
- - - - -	- - - - 3 0 0 0 0

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
3 6 5 8 3 0	3 6 5 8 3 0
Sources of Funds Paid up Capital	Reserves & Surplus
7 6 2 7 4	6 3 3 6 9
Secured Loans	Unsecured Loans
1 5 8 9 1 2	6 7 2 7 5
Application of Funds Net Fixed Assets	Investments
1 9 6 9 7 6	1 3 8
Net Current Assets	Misc Expenditure
1 6 8 0 0 3	7 1 3
Accumulated Losses	-
- - - - -	- - - - -

IV. Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
1 6 9 6 3 3	1 6 9 5 1 8
Profit/Loss before tax	Profit/Loss After tax
1 1 5	1 1 5
Earning Per Share in Rs.	Dividend Rate
0. 0 3 2	- -

IV. Generic Names of Three Products/Services of Company (as per monetary terms)

Item Code NO.

-	-	-	-	-	-
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Product Description

P	R	I	N	T	E	D	P	A	C	K	I	N	G	
							M	A	T	E	R	I	A	L

SURESH K. SHARMA CHAIRMAN

RAGHAV K. SHARMA MANAGING DIRECTOR

DEEPAK DHOTE JT. MANAGING DIRECTOR

Place : Nagpur
Dated : 02.12.2006

SHAKTI PRESS LIMITED

Regd. Office: 'Shakti House', Wardha Road, Nagpur - 440012

ATTENDANCE SLIP

(To be handed over at the entrance of the Meeting hall)

Folio No./ Client Id _____

I certify that I am a registered Shareholder/beneficiary of the Company and hold _____ shares.

I hereby record my presence at the THIRTEENTH ANNUAL GENERAL MEETING of the Company, at U-116, M.I.D.C. Hingna, Nagpur to be held on 30th December, 2006 and at any adjournment thereof.

Name of the Member/proxy in Block Letter
signature

Member's/Proxy's

NOTES:

1. A member/proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance duly signed.
2. If you intend to appoint a proxy, please complete the proxy form given below and deposit it at the Company's Registered Office at least 48 hours before the meeting.

SHAKTI PRESS LIMITED

Regd. Office: Shakti House, Wardha Road Nagpur-12

PROXY FORM

I/We _____

of _____ in the district of _____ being a member/members of Shakti
Press Ltd., hereby appoint _____ of

in the district of _____ or failing him/her _____ of

in the district of _____ to act as my/our Proxy to attend and vote for me/us and on my/our behalf at the THIRTEENTH ANNUAL GENERAL MEETING of the Company, to be held on 30th December, 2006 and at any adjournment thereof.

Signed : _____

Place : _____

Dated : _____

Affix 15 Paise Revenue Stamp

NOTE : This proxy form duly completed must be received at the Company's Registered Office at least 48 hours before the commencement of meeting.