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Gemini Communication Ltd.

1, Dr. Ranga Road, Alwarpet, Chennai - 600 018.

Attendance Slip

Please complete the attendance slip and hand it over at the entrance of the meeting hall.

Register Folio No./Client ID No. : _____

Name of the Shareholder : _____

Name of the Proxy : _____

No. of shares held : _____

I hereby record my presence at the 11th Annual General Meeting of the Company held on Friday, the 14th July 2006 at 10.15 a.m. at "Bharathiya Vidya Bhavan" (Mini Hall), 18-22, East Mada Street, Mylapore, Chennai - 600 004.

Signature of the shareholder/proxy _____

Gemini Communication Ltd.

1, Dr. Ranga Road, Alwarpet, Chennai - 600 018.

Proxy Form

I/We _____ in the district of _____

_____ being a member(s) of the above name organisation hereby appoint

Mr./Ms. _____ of _____

in the district of _____ or failing him _____ of _____

_____ in the district of _____ or failing him _____

_____ of _____ in the district of _____

as my / our Proxy to vote for me / us on behalf at the 11th Annual General Meeting at the Company to be held on Friday 14th July 2006 at 10.15 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2006.

Re. 1
Revenue
Stamp to be
affixed

Note : (1) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and proxy need not be a member.
(2) The form duly completed should reach the Registered Office of the company not later than forty eight hours before commencement of the meeting.

Statement of Cash Flows for the year ended March 31, 2006

	Rupees in Lakhs	
	2005-2006	2004-2005
B CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	(561.93)	(592.95)
(b)	<u>(561.93)</u>	<u>(592.95)</u>
C CASH FLOWS FROM FINANCING ACTIVITIES		
Increase / (Decrease in Loans) net of repayments	2,277.61	421.68
Issue of Share Capital (including share premium)	-	532.00
Interest Received	27.87	6.30
Dividend Paid	(37.76)	(18.42)
(c)	<u>2,267.72</u>	<u>941.56</u>
Total increase (decrease) in cash and equivalents during the year	(a + b + c) 481.73	32.42
Cash and equivalents at the beginning of the year	171.79	139.37
Cash and equivalents at the end of the year	653.52	171.79

As per Our Report of even date
For CNGSN & ASSOCIATES
CHARTERED ACCOUNTANTS

S. NEELAKANTAN
Partner

R. VIJAYKUMAR
Chairman

R. RAMKUMAR
Managing Director

V. NARAYANAN
Company Secretary

Place : Chennai
Date : 09.05.2006

Board of Directors

R. Vijaykumar	Chairman & Managing Director
R. Ramkumar	Executive Director
B. Sreekrishna	Director (Operations)
B. Srinivasan	Director (Technical)
C.V. Bhaskar	Director
Shankar Chandran	Director
Easwaran Annamalai	Director
P. Kandaiah	Director

Company Secretary V. Narayanan

Auditors CNGSN & ASSOCIATES,
Chartered Accountants, Chennai

Legal Advisor Lis Resolve, Advocates and Solicitors, Chennai

Registered Office 1, Dr. Ranga Road, Alwarpet, Chennai - 600 018.

Bankers Bank of India (Chennai Corporate Banking Branch)
State Bank of India (Industrial Finance Branch)

Depository Registrar Integrated Enterprises (I) Ltd.
2nd Floor, 'Kences Towers', 1 Ramakrishna Street,
T. Nagar, Chennai - 600 017.

Notice to Members

NOTICE is hereby given that the Eleventh Annual General Meeting of the Company will be held at 10.15 a.m. on Friday, the 14th July 2006, at "Bharathiya Vidya Bhavan"(Mini Hall), 18-22, East Mada Street, Mylapore, Chennai - 600 004 to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Profit and Loss Account for the year ended 31st March 2006 and the Balance Sheet as at that date and the Report of Directors' and Auditors' thereon.
2. To declare dividend for the year 2005-06.
3. To elect a Director in the place of Mr. P. Kandaiah, who retires by rotation and being eligible offers himself for re-appointment.
4. To elect a Director in the place of Mr. Easwaran Annamalai, who retires by rotation and being eligible offers himself for re-appointment.
5. To elect a Director in the place of Mr. Shankar Chandran, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Statutory Auditors and fix their remuneration. M/s. CNGSN & Associates, Chartered Accountants, Chennai, the retiring Auditors, being eligible offer themselves for re-appointment.

SPECIAL BUSINESS

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

RESOLVED THAT pursuant to the provisions of Section 94 and other applicable provisions, if any, of the Companies Act, 1956 ("the Act") and the provisions of Article 7(c) of the Articles of Association of the Company and subject to necessary approvals, sanction be and is hereby accorded to sub-divide the nominal value of the Authorised Equity Share Capital of the Company being 60,00,000 equity shares of Rs. 10/- each into 1,20,00,000 equity shares of Rs. 5/- each and that the Memorandum of Association and Articles of Association of the Company be amended as follows :

- (a) Clause V of the Memorandum of Association of the Company be amended in the following manner :

Statement of Cash Flows for the year ended March 31, 2006

	Rupees in Lakhs	
	2005-2006	2004-2005
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit for the year before tax	1,347.90	398.75
Adjustment for Depreciation	214.80	151.59
Interest Paid	191.39	114.51
Interest Received	(27.87)	(6.30)
Miscellaneous Expenditure written off	-	2.33
Operating Profit before working Capital Changes	<u>1,726.22</u>	<u>660.88</u>
Changes in Current Assets & Current Liabilities		
Adjustments for Trade & other receivables		
Decrease (increase) in sundry debtors	(4,286.90)	(516.01)
Decrease (increase) in inventories	(1,113.85)	(150.22)
Decrease (increase) in Other current assets	(52.09)	(84.87)
Decrease (increase) in loans and advances	(1.11)	(23.73)
Increase (Decrease) in current liabilities	2,741.67	(69.99)
Cash Generated from / used in Operating Activities	<u>(986.06)</u>	<u>(183.94)</u>
Interest Paid	(191.39)	(114.51)
Direct Taxes Paid	(46.60)	(17.74)
Net Cash Provided by Operating Activities	(a) <u>(1,224.06)</u>	<u>(316.19)</u>

Balance Sheet Abstract and Company's General Business Profile

(I) Registration Details	Registration No.	0030087
	State Code	18
	Balance Sheet Date	31-03-2006
<hr/>		
(II) Capital raised during the year		Rs. In lakhs
	Public Issue	NIL
	Right's Issue	NIL
	Bonus Issue	NIL
	Private Placement	NIL
	GDR Issue	NIL
<hr/>		
(III) Position of Mobilisation and Deployment of Funds	Total Liabilities	6,386.78
	Total Assets	6,386.78
Sources of Funds	Paid-up Capital	438.40
	Reserves & Surplus	2,489.61
	Secured Loans	3,114.47
	Unsecured Loans	344.30
Application of Funds	Net Fixed Assets	911.92
	Investments	NIL
	Net Current Assets	5,526.38
	Deferred Tax Liabilities	(51.52)
	Misc. Expenditure	NIL
	Accumulated Losses	NIL
<hr/>		
(IV) Performance of Company	Turnover	13,765.11
	Total Expenditure	12,417.21
	Profit Before Tax	1,347.91
	Profit After Tax	1,174.72
	Earnings Per Share in Rs.	26.80
	Dividend Rate %	15%

(V) Generic Names of the Three Principal Products / Services of Company

Item	Code No. (ITC code)	Product Description
1	851730.05	Communication Equipments

As per Our Report of even date
For M/s. CNGSN & ASSOCIATES
CHARTERED ACCOUNTANTS
S. NEELAKANTAN
Partner
Place : Chennai
Date : 09.05.2006

R. VIJAYKUMAR
Chairman
R. RAMKUMAR
Managing Director
V. NARAYANAN
Company Secretary

Notice to Members

The existing Clause V shall be deleted and the following be substituted therefor :

"Authorised Capital of the Company is Rs. 6,00,00,000 (Rupees six crores only) divided into 1,20,00,000 equity shares of Rs. 5/- each."

(b) The existing Article 3 of the Articles of Association of the Company shall be deleted and the following substituted therefor :

"The Share capital of the Company is Rs. 6,00,00,000 (Rupees Six crores only) divided into 1,20,00,000 equity shares of Rs. 5/- each, with power to increase or reduce and to divide shares in the Capital for the time being into several classes and to attach respectively such rights, privileges or conditions in such a manner as may for the time being be provided by Articles of Association of the Company"
RESOLVED FURTHER that each of the existing 43,84,000 equity shares of Rs. 10/- each shall be divided into 87,68,000 equity shares of Rs. 5/- each with effect from such date as may be decided by the Board ("the Board" which expression shall also include a Committee thereof).

RESOLVED FURTHER that the Board be and is hereby authorized to issue new share certificates representing the sub-divided equity shares with new distinctive numbers, consequent to the sub-division of shares as aforesaid and/or credit the shareholders' accounts maintained with the Depositories, subject to the rules as laid down in the Companies (Issue of Share Certificates) Rules, 1960, and the Articles of Association of the company and to inform the Depositories and the Registrar and Transfer Agents of the Company and execute all such documents, instruments and writings as may be required in this connection and to delegate all or any of the powers herein vested in the Board, to any Committee thereof or to any Director(s) or Company Secretary, to give effect to the aforesaid resolution.

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

RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions if any, of the Companies Act, 1956, Mr. B. Srinivasan, be and is hereby appointed as a Director of the Company whose period of office is liable to retirement by rotation".

9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution

Notice to Members

RESOLVED THAT subject to the provisions of Section 269, 198, 309 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956, Mr. B. Srinivasan, be and is hereby appointed as a Director (Technical) of the Company for a period of five years commencing from 1st June 2006 to 31st May 2011 on a salary of Rs. 30,000/- per month including allowances and perquisites".

10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

RESOLVED THAT subject to the provisions of Section 269, 198, 309 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956, Mr. R. Vijaykumar be and is hereby appointed as Chairman and Managing Director of the Company in place of Mr. R. Ramkumar, for a period of five years commencing from 1st April 2006 to 31st March 2011".

RESOLVED FURTHER THAT the consent of the company be and is hereby accorded to the revision in the remuneration payable to Mr. R.Vijaykumar, Chairman and Managing Director of the Company with effect from 1st April 2006 as furnished herein below".

Remuneration Details

Based on the recommendation of the Remuneration Committee, the following are the terms and conditions of Salary and Perquisites of Mr. R. Vijaykumar, Chairman and Managing Director.

Salary - Rs. 11.99 lakhs per annum or Rs. 99,999/- per month including Dearness and other Allowances, subject to TDS and other deductions.

Perquisites

Perquisites will be allowed to Mr. R. Vijaykumar, Chairman and Managing Director of the Company in addition to the Salary, restricted to an amount equal to his Annual Salary of Rs. 11.99 lakhs. For this purpose, Perquisites are classified into three categories as follows :

Category A

Housing I : The expenditure by the Company for hiring furnished accommodation for Mr. R. Vijaykumar will be subject to the following ceiling : 25% of the Salary over and above 10% payable by Mr. R. Vijaykumar.

Accounting Policies and Notes

- 12) The Company has no outstanding dues to small – scale industries and ancillary industries as on 31st March 2006.
- 13) There are no impairment losses to be provided for in the books as on 31.03.2006.
- 14) Contingent Liabilities not provided for as on 31st March, 2006 : NIL
- 15) Bank Guarantees outstanding as on 31.03.2006 is Rs. 516.72 Lakhs.
- 16) a. There are disputed income tax liabilities, which are in appeal before CIT and CIT (A) total amounting to Rs. 24.45 lakhs. Considering the company's chance of success in appeals the disputed amount are not provided for in the books of accounts for the year ended 31.03.2006.
b. The Central Excise department has made an order demanding a sum of Rs. 56.80 Lakhs against which the company has filed an appeal before CCE (A). Considering the company's chance of success in appeal the disputed amount is not provided for in the books of accounts for the year-ended 31.03.2006.
c. Based on the expert opinion obtained, the Company has provided for tax on income considering the exemption U/s. 80IC of I.T. Act on the profits derived from Himachal Pradesh branch. The provision for Income tax is based on the exemption to be claimed on the said income.
d. Obtaining of Confirmation of balances from Sundry Debtors, Sundry Creditors, Loans & Advances, Deposits & Other Current Assets are under progress. In the opinion of the Management, all current assets including Sundry Debtors, Loans & Advances, Deposits and Other Current Assets are realizable in the ordinary course of the business at the values stated.
- 17) **EARNINGS PER SHARE**

Basic	Rs. 26.80 per share
Diluted	Rs. 26.80 per share
- 18) The company has appointed Branch Auditor u/s 228 of the Companies Act to audit the accounts of the overseas branch and Himachal Pradesh Branch. They have submitted their report on the accounts of the branches, which are included in the financials of the company under report.
- 19) Figures for the previous year have been regrouped wherever necessary to conform to the current year's classification.

Accounting Policies and Notes

7) RETIREMENT BENEFITS

A sum of Rs. 2.38 lakhs has been provided towards gratuity to cover eligible employees as on 31.03.2006. However the company is in the process of creating a gratuity fund as required by the provisions of the Payment of Gratuity Act, 1972.

8) AUDIT FEES

	Rupees in Lakhs	
Particulars	2005-06	2004-05
Statutory Audit (inclusive of service tax)	2.81	1.00
Tax Audit (inclusive of service tax)	1.68	0.25
Total	4.49	1.25

9) MANAGERIAL REMUNERATION

Remuneration to Chairman and Managing Director

Nature of Remuneration	Rupees in Lakhs					
	Remuneration Paid to Chairman		Remuneration Paid to Managing Director		Remuneration Paid to Whole-time Director	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Salary	5.99	5.99	6.00	6.00	5.99	5.99
Gratuity Provided	0.78	0.78	0.78	0.78	0.78	0.78
Contribution to Provident and other funds	0.09	0.40	0.09	0.40	0.09	0.40

10) SEGMENT REPORTING

The entire operations of the company relate to one segment viz., network product and services.

11) RELATED PARTY DISCLOSURE

TRANSACTIONS WITH RELATED PARTIES :

Key Management Personnel			Rupees in Lakhs	
Name of the Key Management Personnel	Designation	Nature of Payment	Amount	
			2005-06	2004-05
R. Vijaykumar	Chairman	Salary	5.99	5.99
R. Ramkumar	Managing Director	Salary	6.00	6.00
B. Sreekrishna	Whole time Director	Salary	5.99	5.99
R. Ramkumar	Managing Director	Lease Rent	2.00	NIL

Notice to Members

Housing II : In case the accommodation is owned by the Company, 10% of the salary of the Chairman and Managing Director shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the Chairman and Managing Director shall be entitled to House Rent Allowance subject to the following ceiling laid down in Housing I :

- The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax rules, 1962 as amended up to date. This shall however be subject to a ceiling of Ten Percent of the salary of the Chairman and Managing Director.
- Medical Reimbursement : expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
- Leave Travel Concession : For self and his family once a year incurred in accordance with rules specific by the Company.
- Club Fees : Fees of Club subject to a maximum of Two Clubs. However admission and life membership fee will not be allowed.
- Personal Accident Insurance : Premium not to exceed Rs. 3,000/-

Explanation : For the purpose of Category A, 'Family' means the spouse, the dependent children and dependent parents of the Chairman and Managing Director.

Category B

Company's Contribution to Provident Fund and Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on perquisite to the extent these either singly or put together are not taxable under Income Tax Act, 1961.

Gratuity Payable in accordance with the rules of the Company, not exceeding half-month's salary for each completed year of service.

Encashment of Leave at the end of tenure payable in accordance with the rules of the company. This will not be included in the computation of the ceiling on perquisites.

Category C

The Company shall provide a car with driver and telephone at the residence of the Chairman and Managing Director. Pavilion long distance calls on telephone and use of car for private purposes shall be billed by the Company.

Commission

Remuneration by way of commission may be paid based on the net profits of the Company in a particular year, subject to the overall ceiling limits laid down in Section 198 and 309 of the Companies Act, 1956.

Where in any financial year during the currency of tenure of the Chairman and Managing Director, the Company has no profits or inadequate profits, it may pay him remuneration within the ceiling provided in Section II of Part II of Schedule XIII of the Companies Act, 1956.

11. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

RESOLVED THAT subject to the provisions of Section 269,198, 309 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956, Mr. R. Ramkumar be and is hereby appointed as an Executive Director of the Company for a period of five years commencing from 1st April 2006 to 31st March 2011".

RESOLVED FURTHER THAT consent of the company be and is hereby accorded to the revision in the remuneration payable to Mr. R. Ramkumar, Executive Director of the Company as furnished herein below with effect from 1st April 2006".

Remuneration Details

Based on the recommendation of the Remuneration Committee, the following are the terms and conditions of Salary and Perquisites of Mr. R. Ramkumar, Executive Director.

Salary - Rs. 12 lakhs per annum or Rs. 1,00,000/- per month including Dearness and other Allowances, subject to TDS and other deductions.

Perquisites

Perquisites will be allowed to Mr. R. Ramkumar, Executive Director of the Company in addition to the Salary, restricted to an amount equal to his Annual Salary of Rs. 12 lakhs. For this purpose, Perquisites are classified into three categories as follows :

2) DEFERRED TAX LIABILITY

The provision for deferred tax liability for the period ended March 31, 2006 has been made in accordance with Accounting Standard 22 on Accounting for Taxes on Income issued by ICAI. The Deferred Tax Liability as at March 31, 2006 is on account of Depreciation of Rs. 153.06 Lakhs and there are no Deferred Tax Assets.

3) FOREIGN EXCHANGE TRANSACTIONS

a) The following are the transactions in Foreign Exchange in respect of the Indian Operations :

Particulars	Rupees in Lakhs	
	2005-06	2004-05
F.O.B. Value of imports	397.50	199.65
Earnings in Foreign Exchange	NIL	NIL
Expenditure in Foreign Currency on account of Administrative expenses	4.20	3.68

4) ADVANCES

Advances include Rs. 38 lakhs being the balance of lease advance after the adjustment of lease rent for the year-ended 31.03.2006. The lease agreement was entered into between the Company and Mrs. Vijayalakshmi Ramamurthy. On demise of Mrs. Vijayalakshmi Ramamurthy the lease is settled to Mr. Ramkumar and the advance stands transferred to his name.

5) LEASE

Lease Rentals are charged to the Profit and Loss Account in respect of contractual obligations.

6) CONSUMPTION OF RAW MATERIALS AND COMPONENTS

Materials consumed	Rupees in Lakhs	
	2005-06	2004-05
Particulars		
Value of imported material consumed	397.50	199.65
% of above to total consumption	3.66%	0.03%
Value of indigenous material consumed	10444.00	5986.61
% of above to total consumption	96.32%	99.97%

Information required as per paragraph 3,4C & 4d of part II of Schedule VI are not given as the company deals in numerous items and the nature of business is networking products and services.

6. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted at the exchange rates ruling on the date of transactions. The year-end foreign currency assets and liabilities are restated at the closing exchange rates. The net gain / loss arising on revenue account during the year in respect of foreign exchange transactions is reckoned in the Profit and Loss Account.

The translation gain / loss arising out of foreign currency loan for fixed assets is adjusted against the carrying cost of the relevant fixed asset. Accounting of Foreign Branches have been consolidated as per the Accounting Standard 11 of the Institute of Chartered Accountants of India.

7. LEASE RENTALS

Lease rentals paid as per the contractual obligations are charged to Profit and loss Account.

8. RESEARCH AND DEVELOPMENT

Revenue expenditure is charged under natural heads in Profit and Loss account and Capital expenditure is shown as addition to fixed assets under natural heads.

9. RETIREMENT BENEFITS

Gratuity is provided for, under a defined retirement plan, to cover eligible employees in accordance with the provisions of the Payment of Gratuity Act, 1972.

B. NOTES ON ACCOUNTS**1) A) SECURED LOANS**

The working capital facilities from banks are secured by first charge on the Fixed Assets of the Company and further secured by inventories, book debts and all other assets of the company. The loan is also personally guaranteed and secured by the directors of the company in their personal capacity.

The term loan borrowed from banks is secured against by pari - passu charge on all Fixed Assets, inventories, book debts, and equitable mortgage of land & buildings and other assets of the company.

Vehicle loans from financial institutions are secured by the hypothecation of respective vehicles as per the Hire purchase agreement and the company holds the ownership on those vehicles are subject to the Hire Purchase agreements.

B) UNSECURED LOANS

Unsecured loans represents the loan amount borrowed from World Business Capital Inc, USA in foreign currency loan as per the regulations of ECB rules of RBI.

Category A

Housing I : The expenditure by the Company for hiring furnished accommodation for Mr.R.Ramkumar will be subject to the following ceiling: 25% of the Salary over and above 10% payable by Mr.R.Ramkumar.

Housing II : In case the accommodation is owned by the Company, 10% of the salary of the Executive Director shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the Executive Director shall be entitled to House Rent Allowance subject to the following ceiling laid down in Housing I :

- The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax rules, 1962 as amended up to date. This shall however be subject to a ceiling of Ten Percent of the salary of the Executive Director.
- Medical Reimbursement : expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
- Leave Travel Concession : For self and his family once a year incurred in accordance with rules specific by the Company.
- Club Fees : Fees of Club subject to a maximum of Two Clubs. However admission and life membership fee will not be allowed.
- Personal Accident Insurance : Premium not to exceed Rs. 3,000/-

Explanation : For the purpose of Category A, ' Family' means the spouse, the dependent children and dependent parents of the Executive Director.

Category B

Company's Contribution to Provident Fund and Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on perquisite to the extent these either singly or put together are not taxable under Income Tax Act, 1961. Gratuity Payable in accordance with the rules of the Company, not exceeding half-month's salary for each completed year of service.

Encashment of Leave at the end of tenure payable in accordance with the rules of the company. This will not be included in the computation of the ceiling on perquisites.

Category C

The Company shall provide a car with driver and telephone at the residence of the Executive Director. Pavilion long distance calls on telephone and use of car for private purposes shall be billed by the Company.

Commission

Remuneration by way of commission may be paid based on the net profits of the Company in a particular year, subject to the overall ceiling limits laid down in Section 198 and 309 of the Companies Act, 1956.

Where in any financial year during the currency of tenure of the Executive Director, the Company has no profits or inadequate profits, it may pay him remuneration within the ceiling provided in Section II of Part II of Schedule XIII of the Companies Act, 1956.

12. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution :

RESOLVED THAT subject to the provisions of Section 269, 198, 309 and other applicable provisions if any, read with Schedule XIII of the Companies Act, 1956, Mr. B. Sreekrishna be and is hereby appointed as a Director (Operations) of the Company for a period of five years commencing from 1st April 2006 to 31st March 2011".

RESOLVED FURTHER THAT the consent of the company be and is hereby accorded to the revision in the remuneration payable to Mr. B. Sreekrishna, Director (Operations) of the Company as furnished herein below with effect from 1st April 2006".

Remuneration Details

Based on the recommendation of the Remuneration Committee, the following are the terms and conditions of Salary and Perquisites of Mr. B. Sreekrishna, Director (Operations).

Salary - Rs. 11.99 lakhs per annum or Rs. 99,999/- per month including Dearness and other Allowances, subject to TDS and other deductions.

Perquisites

Perquisites will be allowed to Mr. B. Sreekrishna, Director (Operations) of the Company in addition to the Salary, restricted to an amount equal to his Annual Salary of Rs. 11.99 lakhs. For this purpose, Perquisites are classified into three categories as follows :

SCHEDULE - 19 : NOTES ON ACCOUNTS :

A. SIGNIFICANT ACCOUNTING POLICIES

1. SYSTEM OF ACCOUNTING & REVENUE RECOGNITION

The Company follows mercantile system of accounting and recognizes income and expenditure on accrual basis. Sales are recognized on dispatch of goods and are inclusive of sales tax, but exclude trade discounts.

Revenues in respect of the service activities of the company are recognized on time and materials basis in respect of fixed priced contracts. In respect of other contracts revenue is recognized on the achievement of the milestones set out in the contracts.

2. FIXED ASSETS

Fixed Assets are stated at cost of acquisition less accumulated depreciation. All costs relating to the acquisition and installation of fixed assets are capitalized and includes financing costs relating to borrowed funds attributable to acquisition upto the date the assets are ready for use. Rollover charges on foreign exchange contracts and adjustments arising from exchange rate variations relating to borrowing attributable to these fixed assets are adjusted with the carrying costs of the assets.

3. DEPRECIATION

Depreciation is provided on straight-line method at the rates specified in SCHEDULE XIV to the Companies Act, 1956. The software asset is depreciated at rates higher than that specified in schedule XIV based on useful life of assets, which is estimated as three years by the management. Depreciation is provided on pro-rata basis from the day on which the assets have been put to use and upto the day in which assets have been disposed off.

Depreciation on additions to the value of existing fixed assets on account of revaluation of foreign currency loan is being provided prospectively taking into account the residual life of the assets based on the rates prescribed in Schedule XIV of the Companies Act, 1956.

4. INVESTMENTS

There are no investments as at the year-end. The investments in Mutual Funds are held for short period and are stated at cost. The profit or loss on sale of such investments are recognized in the P & L statement.

5. INVENTORIES

Inventories are valued at lower of cost and net realisable value. Cost is determined on FIFO basis.

Schedules forming part of the Profit & Loss Account
for the year ended 31st March, 2006

	Rupees in Lakhs	
	31.03.2006	31.03.2005
Donation	0.63	NIL
Consultancy Charges	6.57	13.44
Incentive	1.57	2.57
Insurance Premium	5.21	12.83
Legal Fees	3.51	1.73
Office Maintenance	3.82	2.19
Secretarial Expenses	4.59	4.97
Freight Expenses	57.53	3.98
Rates & Taxes	0.54	0.28
Carriage Expenses	5.68	5.66
Sundry Expenses	200.16	37.65
Exchange Rate Difference Loss	10.80	10.08
Bad debts	-	0.55
Gratuity	2.38	8.30
Lease Rent	2.00	2.36
	<u>401.50</u>	<u>190.15</u>
SCHEDULE - 19 : SELLING & DISTRIBUTIONS :		
Advertisement Expenses	5.07	1.14
Implementation Charges	-	0.30
Commission, Discount, etc	26.72	35.46
	<u>31.79</u>	<u>36.90</u>

Notice to Members

Category A

Housing I : The expenditure by the Company for hiring furnished accommodation for Mr. B. Sreekrishna will be subject to the following ceiling : 25% of the Salary over and above 10% payable by Mr. B. Sreekrishna.

Housing II : In case the accommodation is owned by the Company, 10% of the salary of the Director (Operations) shall be deducted by the Company.

Housing III : In case no accommodation is provided by the Company, the Director (Operations) shall be entitled to House Rent Allowance subject to the following ceiling laid down in Housing I :

- The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be valued as per the Income Tax Rules, 1962 as amended up to date. This shall however be subject to a ceiling of Ten Percent of the salary of the Director (Operations).
- Medical Reimbursement : Expenses incurred for self and family subject to ceiling of one month's salary in a year or three months salary over a period of three years.
- Leave Travel Concession : For self and his family once a year incurred in accordance with rules specific by the Company.
- Club Fees : Fees of Club subject to a maximum of Two Clubs. However admission and life membership fee will not be allowed.
- Personal Accident Insurance : Premium not to exceed Rs.3,000/-

Explanation : For the purpose of Category A, 'Family' means the spouse, the dependent children and dependent parents of the Director (Operations).

Category B

Company's Contribution to Provident Fund and Superannuation Fund or Annuity Fund shall not be included in the computation of the ceiling on perquisite to the extent these either singly or put together are not taxable under Income Tax Act, 1961.

Gratuity Payable in accordance with the rules of the Company, not exceeding half-month's salary for each completed year of service.

Encashment of Leave at the end of tenure payable in accordance with the rules of the company. This will not be included in the computation of the ceiling on perquisites.

Notice to Members

Category C

The Company shall provide a car with driver and telephone at the residence of the Director (Operations). Pavilion long distance calls on telephone and use of car for private purposes shall be billed by the Company.

Commission

Remuneration by way of commission may be paid based on the net profits of the Company in a particular year, subject to the overall ceiling limits laid down in Section 198 and 309 of the Companies Act, 1956.

Where in any financial year during the currency of tenure of the Director (Operations), the Company has no profits or inadequate profits, it may pay him remuneration within the ceiling provided in Section II of Part II of Schedule XIII of the Companies Act, 1956.

For and on behalf of the Board
For GEMINI COMMUNICATION LTD

Place : Chennai
Date : 5th June 2006

R. Vijaykumar
Chairman and Managing Director

NOTES :

1. A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote instead of himself and the proxy need not be a member of the company.
2. A Proxy Form is enclosed. The instrument appointing the proxy must be deposited at the registered office of the company, not later than 48 hours before the meeting.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, the 11th July 2006 to Friday, the 14th July 2006, both days inclusive in connection with the dividend being considered for approval in this Annual General Meeting.
4. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed thereto.
5. The Memorandum and Articles of Association of the Company with the proposed amendments are open for inspection at the Registered office of the Company between 10.00 a.m. to 1.00 p.m. on all days, except Saturdays and Sundays.

Schedules forming part of the Profit & Loss Account for the year ended 31st March, 2006

	Rupees in Lakhs	
	31.03.2006	31.03.2005
SCHEDULE - 15 : OTHER INCOMES :		
Interest	27.87	6.30
Commissions & Other Incomes	6.93	2.03
	34.80	8.33
SCHEDULE - 16 : INCREASE / DECREASE IN STOCKS :		
Opening Stock		
Stock in Trade	477.40	327.18
Closing Stock		
Stock in Trade	1,591.24	477.40
	1,113.84	150.22
SCHEDULE - 17 : SALARIES & STAFF WELFARE :		
Salaries, Wages & Bonus	262.92	146.03
PF Contribution, ESI	6.19	6.76
Staff Welfare	18.53	5.93
Directors Remuneration	17.98	17.98
	305.62	176.70
SCHEDULE - 18 : ADMINISTRATION EXPENSES :		
Rent	15.56	18.06
Electricity	7.50	2.83
Travelling & Conveyance	21.47	32.10
Postage & Telephone Charges	33.88	20.14
Repairs & Maintenance - Vehicles	0.63	0.99
Repairs & Maintenance- Others	3.92	3.17
Books & Periodicals	0.18	0.15
Printing & Stationery	5.45	3.59
Training Expenses	3.43	0.93
Audit Fee	4.49	1.60

Schedules forming part of the Balance Sheet as at 31st March, 2006

	Rupees in Lakhs	
	31.03.2006	31.03.2005
SCHEDULE - 11 : LIABILITIES :		
Sundry Creditors	2,931.67	217.03
Other Liabilities	91.07	64.03
	<u>3,022.74</u>	<u>281.06</u>
SCHEDULE - 12 : PROVISIONS :		
Provisions for Dividend	65.76	37.76
Provision for Dividend tax	9.22	4.93
Provision for Income Tax, Wealth Tax and FBT	134.30	41.68
	<u>209.28</u>	<u>84.37</u>
SCHEDULE - 13 : DEFERED TAX LIABILITIES :		
As per last Balance Sheet	(12.63)	(112.36)
Adj : for the year from profit & loss account	(38.89)	99.73
	<u>(51.52)</u>	<u>(12.63)</u>
SCHEDULE - 14 : MISCELLANEOUS EXPENDITURES :		
(Miscellaneous Expenditures to the extent not written off or adjusted)		
Miscellaneous Expenses	-	2.33
Less : written off during the year	-	2.33
	<u>-</u>	<u>-</u>

Notice to Members

6. Members are requested to bring their copies of the Annual Report to the meeting. Members are requested to bring the attendance slip filled in and hand over the same at the entrance of the meeting hall. Members who hold shares in dematerialized form are requested to bring their Client I.D. and D.P.I.D numbers for easy identification of attendance at the meeting.
7. Members are requested to notify immediately any change in their address to the company or its share Transfer Agents and in case their shares are held in dematerialized form this information should be passed on to their respective depository participants without any delay.
8. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the company's unpaid dividend account will be transferred to Investor Education and Protection Fund established by the Central Government as per the amendment to section 205A read with Section 205C of the Companies Act, 1956 and no claims would lie thereafter.
9. Persons whose names appear in the Register of Members of the Company as on 14th July 2006 would be eligible for dividend.

10. INFORMATION REQUIRED TO BE FURNISHED UNDER CLAUSE 49 OF THE LISTING AGREEMENT

As required under the Listing Agreement, the particulars of the Directors seeking appointment / re-appointment are given hereunder

ITEM NO. 3

Reappointment of Mr. P. Kandiah, as Director

Mr. P. Kandiah, aged 52 years is an eminent person in the field of Telecommunication, graduated from the College of Engineering, Chennai. His professional pursuit extended beyond the Indian Frontiers. He has been an active member of the CCCA of CTB, London representing Group 5 countries for two years. He has held the honorable position as Vice Chairman of the CCCA for one year.

He became a Director of Gemini Communication Ltd in the year 2002 and since then he has been contributing significantly towards the growth of the organization. He is not a director or a member of any Committee in any other Public Limited Company.

ITEM NO. 4

Reappointment of Mr. Easwaran Annamalai, as Director

Mr. Easwaran Annamalai is a Post Graduate from USA and has a total working experience of around 18 years in the field of Finance and Information Technology.

Notice to Members

He became a Director of Gemini Communication Ltd in the year 2002 and since then he has been contributing significantly towards the growth of the organization. He is not a director or a member of any Committee in any other Public Limited Company.

ITEM NO. 5

Reappointment of Mr. Shankar Chandran, as Director

Mr. Shankar Chandran, aged 36 years is a Graduate from the Indian Institute of Technology BHU, Post Graduate from the Wharton University and has a total working experience of around 14 years in the field of semiconductors. His experience and knowledge will be of very high value to the Company in its growth initiatives.

He is not a director or a member of any Committee in any other Public Limited Company.

ITEM No. 8

Profile of Mr. B. Srinivasan

Mr. B. Srinivasan, aged 35 years Heads - Support Services at Gemini Communication Limited. He has been with Gemini since April 1995 and has over 13 years of experience in Datacom/Networking Industry having vast knowledge on LAN/WAN/Security/Wireless & Telecom. He is responsible for development of Technology and also building a strong technical team to service Customers with High Quality of Service. He handles especially Large Wide Area/MMDS Wireless/wireline networks & Telecom Products across the country for various Prestigious Customers. He has undergone extensive technical training in diverse technologies from all our leading principles. He is not a director or a member of any Committee in any other Public Limited Company and he does not hold any equity shares in the Company.

ITEM No. 10

Profile of Mr. R. Vijaykumar

Mr. R. Vijaykumar, aged 35 is one of the Founder of Gemini Communication Ltd., He graduated from Madras university in the displine of Mathematics. He is the backbone of entire Finance Activities of Gemini. He is man with a vision and is keen on putting the Company on the international Map. He has also been instrumental in the Company opening its first overseas branch in the United States of America.

Schedules forming part of the Balance Sheet as at 31st March, 2006

	Rupees in Lakhs	
	31.03.2006	31.03.2005
SCHEDULE - 6 : INVENTORIES :		
(Valued at cost or net realisable value and as certified by the Management)		
Stock in Trade	1,591.24	477.40
	<u>1,591.24</u>	<u>477.40</u>
SCHEDULE - 7 : SUNDRY DEBTORS :		
(Considered Good for which the company holds no security other than debtors personal security)		
Oustanding over six months	817.62	162.08
Other debts	5,427.85	1,796.48
	<u>6,245.47</u>	<u>1,958.56</u>
SCHEDULE - 8 : CASH AND BANK BALANCES :		
Cash on Hand	2.10	1.83
Balance with Scheduled Bank		
In Current Accounts	86.63	22.61
In Margin with Bank of India & State Bank of India	516.72	72.35
In Fixed Deposit Accounts	48.07	75.00
	<u>653.52</u>	<u>171.79</u>
SCHEDULE - 9 : OTHER CURRENT ASSETS :		
Deposits & Other Current Assets	157.41	110.33
Advance Income Tax & TDS	26.04	21.04
	<u>183.45</u>	<u>131.37</u>
SCHEDULE - 10 : LOANS AND ADVANCES :		
(Considered Good For which the company holds no security other than personal security)		
Advances recoverable in cash or in kind	84.72	83.61
	<u>84.72</u>	<u>83.61</u>

Schedules forming part of the Balance Sheet as at 31st March, 2006

(Rupees in lakhs)

Particulars	Gross Block			Depreciation Block			Net Block	
	As at 1.04.2005	Additions	Deletion	As at 31.03.2006	For the Year	Deletion	As At 31.03.2006	As at 31.03.2005
Land & Building :								
Land	22.57	149.68	-	172.25	-	-	172.25	22.57
Building (on leasehold land)	15.38	98.18	-	113.56	0.25	-	110.97	13.04
Plant & Machinery :								
Computer Machinery	180.92	49.88	-	230.80	32.84	-	112.69	95.65
Plant & Machineries	-	120.65	-	120.65	1.91	-	118.74	-
Software	372.25	118.42	-	490.67	163.10	-	203.49	248.17
Furnitures & Fixtures :								
Xerox Machine	1.26	-	-	1.26	0.09	-	0.26	0.35
Telephone	1.98	-	-	1.98	0.14	-	0.97	1.11
Furniture & Fixtures	65.49	33.12	-	98.61	4.13	-	80.12	51.13
Electrical Fittings	12.48	2.69	-	15.17	0.88	-	10.47	8.66
Modems	4.63	-	-	4.63	0.33	-	0.91	1.24
Office Equipments	30.02	5.62	-	35.64	2.43	-	23.22	20.03
UPS	41.75	-	-	41.75	2.94	-	31.91	34.85
Dot Matrix Printers	5.90	0.12	-	6.02	0.42	-	4.46	4.76
Vehicles, etc. :								
Vehicles	53.46	3.57	-	57.03	5.34	-	41.46	43.23
TOTAL	808.09	581.93	-	1,390.02	214.80	-	911.92	544.79

Notice to Members

He is not a director or a member of any Committee in any other Public Limited Company and he holds 1115188 Equity Shares of the Company.

ITEM No. 11

Profile of Mr. R. Ramkumar

Mr. R. Ramkumar is one of the founders of Gemini communication Ltd along with his Brother. He completed his BE Computer Science and further Diploma in Business Management. He has vast experience in marketing the Telecom and Networking Products in the IT Industry. His strength also lies in liaising with Overseas Vendors for Business Partnership and for sourcing products at competitive prices. He is the architect of the Company's Expansion plans and was instrumental in successfully establishing Branches at Ban galore, Cochin, Hyderabad, Mumbai and New Delhi.

He is not a director or a member of any Committee in any other Public Limited Company and he holds 312497 Equity Shares of the Company.

ITEM No. 12

Profile of Mr. B. Sreekrishna

Mr. B. Sreekrishna is a Graduate in the field of Information Technology. He has worked various capacities in field Software Development. He has taken care of USA Operation of Gemini and taken care of day today affairs of New Delhi Branch.

He is not a director or a member of any Committee in any other Public Limited Company and he holds 30,000 Equity Shares of the Company.

Annexure to the Notice

Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956

ITEM No. 7

The equity shares of the Company are listed on Madras Stock Exchange Limited (MSE) and Bombay Stock Exchange Limited (BSE). The shares are actively traded on BSE.

To enhance the liquidity of the company's shares on the Stock Exchanges and facilitate easier accessibility to the Company's equity shares by small investors, the Board of Directors of the Company at their meeting held on 9th May 2006 considered it desirable to sub-divide the face value of the equity share capital of the Company.

The Company's equity share currently has a face value of Rs. 10/- each and it is proposed to split each equity share of Rs. 10/- into 2 (two) equity shares of Rs. 5/- each. After obtaining the members approval to the proposed sub-division of shares, the Board of Directors would decide the Record Date for the purpose of sub-division in consultation with the Stock Exchanges.

Sub-division of Equity Shares, warrants amendments to be made to the existing Capital Clause V of the Memorandum of Association and Article 3 of Articles of Association of the Company relating to share capital.

Alteration of Memorandum and Articles of Association requires approval of the share holders in a General Meeting by an Ordinary Resolution and Special Resolution respectively. Hence the special resolution set out in item no 7 of this Notice is intended to get the approval of share holders to the proposed sub-division of shares and the Board recommends adoption of the resolution.

None of the directors are interested in the resolution except as share holders of the Company.

The Memorandum and Articles of Association of the Company, together with the proposed amendments would be available for inspection during business hours on all working days at the Registered Office of the Company.

ITEM No. 8 & 9

Mr. B. Srinivasan was co-opted as an Additional Director on 5th June 2006 by the Board of Directors to hold office upto the date of the 11th Annual General Meeting of the Company. A notice from a member proposing his appointment as Director of the Company has been received along with a deposit of Rs.500/- as required by the provisions of Section 257 of the Companies Act, 1956. The term of office of

Schedules forming part of the Balance Sheet as at 31st March, 2006

	Rupees in Lakhs	
	31.03.2006	31.03.2005
SCHEDULE - 1 : CAPITAL		
SHARE CAPITAL		
Authorised :		
60,00,000 Equity Shares of Rs. 10/- each	600.00	600.00
ISSUED, SUBSCRIBED & PAID-UP :		
43,84,000 Equity Shares of Rs.10/- each	438.40	438.40
	<u>438.40</u>	<u>438.40</u>
SCHEDULE - 2 : RESERVES AND SURPLUS		
a) Capital Profit (On Reissue of Forfeited Shares)	3.79	3.79
Securities Premium Amount	807.00	345.00
Add : Current year receipts	-	462.00
	<u>810.79</u>	<u>810.79</u>
b) GENERAL RESERVE :		
As per Last Year Balance Sheet	23.42	41.53
Add : Transfer from Profit & Loss Account	58.73	23.42
Less: Provision for impairment loss	-	41.53
	<u>82.15</u>	<u>23.42</u>
c) Profit and Loss account as per last year	-	739.88
Less: Provision for impairment loss	-	586.57
	<u>-</u>	<u>153.31</u>
Balance In Profit & Loss Account	<u>1,596.67</u>	<u>555.66</u>
Total (a+b+c)	<u>2,489.61</u>	<u>1,389.88</u>
SCHEDULE : LOAN FUNDS :		
SCHEDULE - 3 : SECURED LOANS		
From Bank - Cash Credit	2,968.20	666.05
- Term Loan	146.27	156.74
	<u>3,114.47</u>	<u>822.79</u>
SCHEDULE - 4 : UNSECURED LOANS		
Car hire purchase loan	32.18	40.16
From Others	312.12	318.23
	<u>344.30</u>	<u>358.39</u>

Profit and Loss Account for the year ended 31st March, 2006

		Rupees in Lakhs	
	Schedule	31.3.2006	31.3.2005
INCOME			
Sales income from Network Product & Services		12,616.47	7,096.31
Other Income	15	34.80	8.33
Increase / (Decrease) in Stock	16	1,113.84	150.22
		<u>13,765.11</u>	<u>7,254.86</u>
EXPENDITURE			
Cost of Materials for Resale		11,272.11	6,186.26
Salaries & Staff Welfare	17	305.62	176.70
Administrative Expenses	18	401.50	190.15
Selling & Distribution Expenses	19	31.79	36.90
Depreciation	5	214.80	151.59
		<u>12,225.82</u>	<u>6,741.60</u>
PROFIT BEFORE INTEREST & TAX		1,539.29	513.26
Less : Interest & Financial Charges		191.39	114.51
PROFIT BEFORE TAX		<u>1,347.91</u>	<u>398.75</u>
Less : Provision for Current Tax		134.29	30.02
Adj : Provision for Deferred Tax		38.89	(99.73)
PROFIT AFTER TAX		<u>1,174.72</u>	<u>468.46</u>
Add : Balance from Last Year		555.66	153.31
Available for Appropriation		<u>1,730.38</u>	<u>621.77</u>
Transfer to General Reserve (5%)		58.73	23.42
Proposed Dividend @ 15%		65.76	37.76
Tax on Dividend @ 14.025%		9.22	4.93
		<u>133.71</u>	<u>66.11</u>
BALANCE OF PROFIT CARRIED TO BALANCE SHEET		<u>1,596.67</u>	<u>555.66</u>
Earnings Per Share in Rs.		26.80	12.11
Notes on Accounts	20		

As per Our Report of even date
For CNGSN & ASSOCIATES
CHARTERED ACCOUNTANTS

S. NEELAKANTAN
Partner

R. VIJAYKUMAR
Chairman

R. RAMKUMAR
Managing Director

V. NARAYANAN
Company Secretary

Place : Chennai
Date : 09.05.2006

Annexure to the Notice

Mr. B. Srinivasan if appointed as Director by the members in this ensuing AGM would be liable to retirement by rotation.

At the same meeting, he was appointed as a Director (Technical) of the Company for a term of five years with effect from 1st June 2006 up to 31st May 2011 on such terms and conditions as is set out in the Special resolution in Item No. 9 of this Notice.

The terms and conditions of the appointment of Mr. B. Srinivasan, Director (Technical) would be available for inspection by any member during business hours on all working days at the Registered Office of the Company.

A brief Profile of Mr. B. Srinivasan as required by revised Clause 49 of the Listing Agreement is furnished in the Notes accompanying the AGM notice.

None of the Directors except Mr. B.Srinivasan is in any way concerned or interested in the resolution. The Board recommends adoption of the said Resolution.

This Notice may also be construed as sufficient compliance of the provisions of Section 302 of the Companies Act, 1956.

ITEM NO. 10

The shareholders of the Company had appointed Mr. R. Ramkumar as the Managing Director of the Company for a period of five years commencing from 23.4.2004 to 22.4.2009 at the Tenth Annual General Meeting held on 28th September 2005. Due to his other pre-occupations, Mr.R.Ramkumar had expressed his inability to devote time as the Managing Director of the Company. Accordingly, the Board of Directors at the Meeting held on 5th June 2006 had approved the appointment of Mr. R. Vijaykumar as the Chairman and Managing Director of the Company in place of Mr. R. Ramkumar for a term of five years with effect from 1st April 2006 up to 31st March 2011 as is set out in the Special resolution in Item No. 10 of this Notice. Mr. R. Ramkumar would however, continue as an Executive Director of the Company. Keeping in mind the valuable contribution made by Mr. R.Vijaykumar during the past few years, towards the growth of the organization, a revision in the remuneration payable to him is proposed for approval of the shareholders.

None of the Directors other than Mr. R. Vijaykumar and Mr. R. Ramkumar is in any way concerned or interested in the said Resolution. The Board recommends adoption of the said Resolution.

Annexure to the Notice

A brief Profile of Mr. R. Vijaykumar as required by revised Clause 49 of the Listing Agreement is furnished in the Notes accompanying the AGM notice.

The terms and conditions of the appointment of Mr. R. Vijaykumar as Chairman and Managing Director would be available for inspection by any member during business hours on all working days at the Registered Office of the Company.

This Notice may also be construed as sufficient compliance of the provisions of Section 302 of the Companies Act, 1956.

ITEM NO. 11

The shareholders of the Company had appointed Mr. R. Ramkumar as the Managing Director of the Company for a period of five years commencing from 23.4.2004 to 22.4.2009 at the Tenth Annual General Meeting held on 28th September 2005. Mr.R.Ramkumar had expressed his inability to continue as the Managing Director of the Company with effect from 1st April 2006. However, he would continue to be an Executive Director and his appointment for a term of five years with effect from 1st April 2006 up to 31st March 2011 is set out in the Special resolution in Item No. 11 of this Notice. Keeping in mind the valuable contribution made by Mr.R.Ramkumar during the past few years, towards the growth of the organization, a revision in the remuneration payable to him is proposed for approval of the shareholders.

None of the Directors other than Mr. R. Ramkumar and Mr. R. Vijaykumar is in any way concerned or interested in the said Resolution. The Board recommends adoption of the said Resolution.

A brief Profile of Mr. R. Ramkumar as required by revised Clause 49 of the Listing Agreement is furnished in the Notes accompanying the AGM notice.

The terms and conditions of the appointment of Mr. R. Ramkumar as Executive Director would be available for inspection by any member during business hours on all working days at the Registered Office of the Company.

This Notice may also be construed as sufficient compliance of the provisions of Section 302 of the Companies Act, 1956.

ITEM NO. 12

The board of Directors at the Meeting held on 5th June 2006 proposed the appointment of Mr. B. Sreekrishna as a Director (Operations) for a term of five years with effect from 1st April 2006 up to 31st March 2011 as is set out in the Special resolution in Item No. 12 of this Notice. Keeping in mind the valuable contribution made by

Balance Sheet as at 31st March, 2006

Rupees in Lakhs

Schedule	31.03.2006	31.03.2005
I SOURCES OF FUNDS		
(1) Shareholder's Funds :		
(a) Capital	1 438.40	438.40
(b) Reserves and Surplus	2 2,489.61	1,389.88
(2) Loan Funds :		
(a) Secured Loans	3 3,114.47	822.79
(b) Unsecured Loans	4 344.30	358.39
TOTAL	6,386.78	3,009.46
II APPLICATIONS OF FUNDS		
(1) Fixed Assets :	5	
(a) Gross Block	1,390.02	808.09
(b) Less: Depreciation	478.10	263.30
(c) Net Block	911.92	544.79
(d) Capital Work In Progress	-	20.00
(2) Investments	NIL	NIL
(3) Current Assets, Loans and Advances :		
(a) Inventories	6 1,591.24	477.40
(b) Sundry Debtors	7 6,245.47	1,958.56
(c) Cash and Bank Balances	8 653.52	171.79
(d) Other Current Assets	9 183.45	131.37
(e) Loans and Advances	10 84.72	83.61
	8,758.40	2,822.73
Less : Current Liabilities and Provisions :		
(a) Liabilities	11 3,022.74	281.06
(b) Provisions	12 209.28	84.37
Net Current Assets	3,232.02	365.43
Less : Deferred Tax Liability	13 (51.52)	(12.63)
(4) Miscellaneous Expenditure	14 NIL	NIL
TOTAL	6,386.78	3,009.46
Notes on Accounts	20	

As per Our Report of even date
For CNGSN & ASSOCIATES
CHARTERED ACCOUNTANTS

S. NEELAKANTAN
Partner

R. VIJAYKUMAR
Chairman

R. RAMKUMAR
Managing Director

V. NARAYANAN
Company Secretary

Place : Chennai
Date : 09.05.2006

Annexure to Auditor's Report

- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution, bank or debenture holders.
- (xii) In our opinion and according to the information and explanations given to us, 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) Amendment Order, 2004 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) Amendment Order, 2004 are not applicable to the company.
- (xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) In our opinion, the term loans 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.
- (xviii) According to the information and explanations given to us, the company has not made any allotment of shares during the year.
- (xix) According to the information and explanations given to us, the company has not issued any debentures during the year and creation of security for issue of debentures does not arise.
- (xx) According to the information and explanations given to us, the company has not raised money by public issues during the financial year and the disclosure of end use of money raised by public issues does not arise.
- (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 CNGSN & ASSOCIATES
CHARTERED ACCOUNTANTS

S. NEELAKANTAN
Partner
Membership No. 28656

Place : CHENNAI
Date : 9th May, 2006

Annexure to the Notice

Mr. B. Sreekrishna, during the past few years, towards the growth of the organization, a revision in the remuneration payable to him is proposed for approval of the shareholders.

None of the Directors other than Mr.B.Sreekrishna is in any way concerned or interested in the said Resolution. The Board recommends adoption of the said Resolution.

A brief Profile of Mr.B.Sreekrishna as required by revised Clause 49 of the Listing Agreement is furnished in the Notes accompanying the AGM notice.

The terms and conditions of the appointment of Mr. B. Sreekrishna as Director (Operations) would be available for inspection by any member during business hours on all working days at the Registered Office of the Company.

This Notice may also be construed as sufficient compliance of the provisions of Section 302 of the Companies Act, 1956.

For and on behalf of the Board
FOR GEMINI COMMUNICATION LTD

Place : Chennai
Date : 5th June 2006

R. Vijaykumar
Chairman and Managing Director

Director's Report

Dear Members,

Your Directors take pleasure in presenting the Eleventh Annual Report of the Company together with the Audited Accounts for the year ended 31st March 2006.

FINANCIAL HIGHLIGHTS

(Rs. in lakhs)

Particulars	2005 - 06	2004 - 05
Total Sales / Income	13765.11	7104.64
Total Expenditure	12417.21	6705.91
Profit before Tax	1347.91	398.75
Provision For Tax	173.18	- 69.71
Net Profit after Tax	1174.72	468.47
Provision for dividend	65.76	37.76
Dividend tax	9.22	4.93
Amount available for transfer to General Reserve	1099.74	425.75

TRANSFER OF GENERAL RESERVES

A sum of Rs. 59.73 lakhs out of the current year profits is being recommended for transfer to the General Reserve Account.

BUSINESS OPERATIONS

Our company is in the verge of a sea change, moving from a small company to a mid sized company. The number of people employed has risen substantially from 150 in the year 2004-05 to more than 350 in 2005-06. A good mix of Government and non Government revenues has given our company the much needed growth and management of our cash flows which is of critical importance in managing a communication company which is working capital intensive. We have a good internal audit system and run ERP to manage our daily operations. We have good internal controls which has been duly certified by our internal auditors. As you may be aware our company is a ISO 9001 company and we follow the best practices which ultimately enables us to work scientifically and with precision there by increasing our revenues.

Annexure to Auditor's Report

informed to us, the Company has initiated steps to ensure strengthening such controls.

- (v) (a) According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements 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 has not accepted any deposits during the year as defined under section 58A of the Companies Act, 1956.
- (vii) In our opinion, the company has an internal audit system, which needs to be strengthened to commensurate with the size and nature of its business.
- (viii) As per the information and explanations given to us the maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956.
- (ix) (a) The company is depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it with some delays.
- (b) According to the information and explanations given to us, no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March, 2006 for a period of more than six months from the date they became payable, except Service Tax Rs. 6.62 Lakhs not paid.
- (c) According to the information and explanation given to us, there are no dues of sale tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute, except a sum of Rs.56.80 lakhs on account of Central Excise in dispute before CCE (A) and Income Tax demand of Rs. 24.45 in dispute before CIT / CIT(A).
- (x) The company has no accumulated losses as at 31st March, 2006 and it has not incurred cash losses during the financial year covered by our audit and immediately preceding financial year.

Re : Gemini Communication Ltd.

Referred to in paragraph 3 of our report of even date

- (i) (a) The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets which needs to be updated.
- (b) The fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) Substantial part of fixed assets have not been disposed off during the year.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) (a) The company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The rate of interest and other terms and conditions of loans are not applicable.
- (c) The receipt of principal and interest on loans granted are not applicable.
- (d) The overdue amount of loans granted is not applicable.
- (e) The company has not taken any loans, Secured or unsecured from the Company, Firms and other parties covered in the register maintained under section 301 of the companies Act 1916.
- (f) The rate of interest and other terms and conditions of loans are not applicable.
- (g) The payment of principal and interest on loan taken are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the internal control procedures needs to be strengthened to commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. As

FUTURE PROSPECTS

State Wide Area Network which are funded by the Government of India will be a growth enabler for the next couple of years. As per Government sources an estimated Rs. 2500 Crores is sanctioned for states to get connected to the rural villages to help the common man use the digital media for any and every information that he may need.

RFID will be the next big wave and our company is India's first manufacturer of RFID range of products and only company in India to have completed more than 60 client installations across India. We strongly believe that RFID will take Gemini global and we are putting up a manufacturing plant to manufacture RFID Tags which will cater to the global markets.

The Company is in the process of acquiring an US based company named Point Red Technologies Inc engaged in manufacturer of wireless broadband equipments. Our company is the only company in India to be in this space after the take over and our aims are to be the biggest in the Broad Band space in the world. PointRed is a silicon Valley company and funded by Acer Venture's to the tune of \$ 9 Million. The company has a manufacturing base at Taiwan and R&D set up in India and US. They also have testing facility in India which enables the company to give a quick response to any queries of its Indian customers. The way forward is to build on the experience of this company and to build Wimax products that will cater to every single person who wants to be connected all the time.

DIVIDEND

Your Directors have pleasure in recommending a dividend of 15% on paid-up Equity Share Capital (Rs. 1.50 per equity share) for the financial year ended 31st March 2006 subject to the approval of the members in the 11th Annual General Meeting.

PUBLIC DEPOSITS

Your company has not accepted or invited any deposits from the public during the year.

DISCLOSURES

- A "Management Discussion and Analysis Report" highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc has been furnished separately and the same forms part of this Report.

Director's Report

- No employee was in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with the Companies Particulars of Employees Rules, 1975.

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

Your Company is maintaining minimum level of electricity and other power consumption and continues to ensure reduction in wastage and other losses during usage. During the year there were no foreign exchange earnings and there was an outflow of foreign exchange of Rs. 4.20 lakhs.

DIRECTORS

Mr. P. Kandaiah, Mr. Easwaran Annamalai and Mr. Shankar Chandran, Directors retire by rotation in the ensuing Annual General meeting and being eligible offer themselves for re-appointment. Their Profile, nature of expertise are furnished in the Note accompanying the Notice convening the Annual General Meeting.

Mr. B. Srinivasan was co-opted as an Additional Director pursuant to Section 260 of the Companies Act, 1956 at the Board Meeting held on 5th June 2006 and also as the Director (Technical) for a period of five years from 1st June 2006. The Company has received a notice from a member signifying his intention to propose the appointment of Mr. B. Srinivasan as a Director of the Company and the same is included in the notice convening the Annual General Meeting.

Mr. R. Vijaykumar was appointed as the Chairman and Managing Director of the Company at the Board Meeting held on 5th June 2006 in place of Mr. R. Ramkumar who had expressed his inability to continue as the Managing Director of the Company. The Special resolution seeking approval of the shareholders to the appointment of Mr. R. Vijaykumar as the Chairman and Managing Director of the Company along with the terms and conditions of revision of his remuneration is included in the notice convening the Annual General Meeting.

The appointment of Mr. R. Ramkumar as Executive Director and Mr. B. Sreekrishna as Director (Operations) on a revised remuneration package with effect from 1st April 2006 is also included in the Notice convening the AGM for the approval of the shareholders.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, it is hereby confirmed.

Auditors' Report

- (iv) In our opinion, the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- (v) On the basis of the written representations received from the Directors, as on 31st March, 2006 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2006 from being appointed as a Director in terms of Clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanation given to us, the said accounts give the information required by the Companies Act, 1956 in the manner so required and **subject to pending confirmation of balances as on 31st March, 2006 from Sundry Debtors, Sundry Creditors, Loans & Advances, Deposits and Other Current Assets, wherein the effect on Profit is not quantifiable, and non provision of disputed demands towards Excise Duty and Income tax as stated in note 16 of notes on accounts** give a true and fair view in conformity with the accounting principles generally accepted in India,

- i) in the case of the balance sheet, of the State of Affairs of the Company as at 31st March, 2006;
- ii) in the case of the Profit & Loss Account of the PROFIT of the Company for the year ended on that date; and
- in) in the case of Cash Flow Statement, of the CASH FLOWS of the Company for the year ended on that date.

For CNGSN & ASSOCIATES
CHARTERED ACCOUNTANTS

S. NEELAKANTAN
Partner
Membership No. 28656

Place : CHENNAI
Date : 9th May, 2006

Auditors' Report

To
The Members
Gemini Communication Ltd
Chennai - 600 018.

1. We have audited the attached Balance Sheet of GEMINI COMMUNICATION LTD as at 31st March, 2006 and the Profit & Loss Account and also the Cash Flow Statement of the Company for the year ended on that date annexed thereto, in which are incorporated the returns of branches as audited by other auditors. 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 also 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Amendment Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph above, we report that :
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of audit.
 - (ii) In our opinion, proper books of accounts as required by Law have been kept by the Company so far as it appears from our examination of such books and proper returns adequate for the purposes of our audit have been received from the branches not audited by us. The Branch Auditors reports have been forwarded to us and have been appropriately dealt with.
 - (iii) The Balance Sheet and the Profit & Loss Account dealt with by this report are in agreement with the books of account and audited returns from the branches.

Director's Report

- (i) That in the preparation of the annual accounts for the financial year ended 31st March 2006, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- (ii) That the directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 and loss account of the company for the year under review.
- (iii) That the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) That the directors had prepared the accounts for the financial year ended 31st March 2006 on a 'going concern' basis.

AUDITORS

M/s. CNGSN & Associates, Chartered Accountants, Chennai, retire at the ensuing Annual General Meeting and are eligible for re-appointment. A Certificate under Section 224(1B) of the Companies Act 1956 has been received from them.

EXPLANATION TO QUALIFICATION / REMARK IN THE AUDITOR'S REPORT

With regard to Auditors remarks on the confirmation of balances from Sundry Debtors and the sundry creditors, the Board wish to inform that most of the Debtors are Government clients and obtaining the confirmation poses considerable difficulties. However the process of obtaining the confirmation from all the clients had already been started and would be completed soon. With regard to Auditors remarks on Excise duty and Income tax, no provision had been made as the demands were made on flimsy grounds and the company is confident of winning in the appeals.

CORPORATE GOVERNANCE

Your Company had always endeavored to adhere to high standards of Corporate Governance and ensured its compliance both in spirit and law. A detailed Report on Corporate Governance together with the Certificate from Mrs. Jayashree Sridhar, Company Secretary in Practice, Chennai, conforming compliance of the Corporate Governance is attached to this Report as required under Clause 49 of the listing agreement entered into with the stock exchanges.

Director's Report

HUMAN RESOURCES

The company maintained all its industrial relations cordially. The company has a very good team of personnel. The company has always focused on the improvement of the quality of its human capital. Good training and development programmes achieve this.

ACKNOWLEDGEMENTS

Your Board of Directors are grateful to the stake holders, Bankers, Financial Institutions, Government, Local Authorities and all business associates and customers for their continuous support and enthusiastic cooperation.

Your Board of Directors also places its appreciation and thanks to the employees at all levels for their untiring efforts put in for the benefit of the company.

For and on behalf of the Board of Directors

V. Narayanan	R. Vijaykumar	R. Ramkumar
Company Secretary	Chairman & Managing Director	Executive Director

Chennai, 5th June 2006

Management Discussion & Analysis Report

Our threats are competition and Government policies. On the latter we are quite sure that the Government cannot back track on its initiatives and on competition we will have to continuously update our skill sets for us to meet the competition, which we are currently doing religiously.

7. CONCERNS

Attrition is the only concern and we have been able to do better than the Industry average on it.

8. FUTURE OUTLOOK

The future is connectivity and convergence and that is where we are now. We believe that with RFID we will be a global company in the near future with installed base across the world.

For and on behalf of the Board
For GEMINI COMMUNICATION LTD.

R. Vijaykumar
Chairman & Managing Director

5. INDUSTRY OUTLOOK

The Network integration market is expected to gather steam in the current financial year with more organizations going in for networking their businesses. All verticals are expected to maintain their contribution to the integration business.

On the technology side, IP networks are already being rolled out and after year of hype we might finally see convergence of voice, data, and video happening on a single network. Bandwidth prices have crashed and they are expected to go down further. So, band width intensive applications would be implemented and for this networks would have to be made more resilient and secure. VoIP is also expected to make inroads and conferencing equipments would be included in the networking deals. High-speed networks, with multimedia applications running over them, would be deployed.

On the last-mile side, wireless networks and access points have proved their usefulness, Deployment and implementations of Wi-fi on the last mile and WiMax as the backhaul is expected to take place. However, Wi Fi deployment on the existing networks would have an incremental effect on the revenue side. With the government taking up rural connectivity in a big way and wireless networks having proved their efficiency in places like Mallapuram, more such networks are expected to come up. Educational institutions with large campuses are also opportunity areas.

Services go beyond just maintenance of network. Consultancy and design of the networks would gain traction. Remote management will remain the mantra for the years to come. However, it would be wrong to derive from all this that equipment or hardware sales would come down drastically. For services to exist, equipment has to be there. A build-operate - manage - transfer (BOMT) model is expected to evolve.

6. OPPORTUNITIES AND THREATS

Our opportunities are many, with RFID and SWAN apart from the regular inflow of new corporate into India and the existing ones expanding there presence.

The next big wave will certainly be in RFID and we believe that RFID will not just replace Bar Codes but also value add in a lot of places which are virgin markets for any technology.

Swan or State Wide Area Networks are huge projects funded by the central Government to assist states get connected till the rural villages.

1. CORPORATE GOVERNANCE PHILOSOPHY

The Company is committed to the highest standards of corporate governance in all its activities and processes besides tooling Corporate Governance as cornerstone for sustained superior financial performance, for serving all its stakeholders and for instilling pride of association. The key elements in corporate governance are transparency, disclosure, supervision and internal controls, risk management, internal and external communications and high standards of safety, health, accounting fidelity, product and service quality.

The following is a report on the status and progress on major aspects of Corporate Governance.

2. BOARD OF DIRECTORS

Board Composition

During the year ended 31st March 2006, the Board comprised of three executive Directors namely Mr. R. Vijaykumar, Chairman, Mr. R. Ramkumar, Managing Director and Mr. B. Sreekrishna Wholetime Director and the other four directors are non-executive independent directors. Mr. R. Vijaykumar and Mr. R. Ramkumar represent the Promoters Group. One half of the Board comprises of Non-executive Independent Directors meeting the criteria for independence under the Listing Agreement with the stock exchanges. The Business of the Company is carried on by the Chairman, Managing Director and Whole time Director under the supervision and control of the Board of Directors.

The Company did not have any material pecuniary relationship or transactions with the non-executive directors during the year ender review.

Category of Directors	No.of Directors	Name of Directors
Promoter	2	Mr. R. Vijaykumar Mr. R. Ramkumar
Whole time Director	1	Mr. B. Sreekrishna
Non-Executive & Independent	4	Mr. Shankar Chandran Mr. C.V. Bhaskar Mr. Eswaran Annamalai Mr. P. Kandaiah
Total	7	

Report on Corporate Governance

Board Meetings

Board Meetings are held at least four times a year with one for each quarter with a maximum time gap of four months between two meetings. During the year ended 31st March 2006 the Board of Directors met eight times. The Board Meetings were held on 28th May, 2005, 29th July, 2005, 16th August, 2005, 28th September, 2005, 28th October, 2005, 21st December, 2005, 18th January, 2006 and 3rd March, 2006 during the year.

The composition of board and attendance of directors at the Board Meetings is as follows :

Name of Director	Status	Attendance in Board Meetings		Attendance in last AGM held on 28th Sept. 2005	Other Directorships*
		Held	Attended		
R. Vijaykumar	Chairman	8	8	Yes	Nil
R. Ramkumar	Managing Director	8	8	Yes	Nil
B. Sreerishna	Whole time Director	8	8	Yes	Nil
Shankar Chandran	Director	8	6	No	Nil
Eswaran Annamalai	Director	8	7	Yes	Nil
P. Kandaiah	Director	8	7	No	Nil
C. V. Bhaskar	Director	8	8	Yes	Nil

* in other Public Limited Companies only.

None of the directors of the company holds directorship in any other Public Limited Company. The directors keep the company duly informed of any changes in their Directorships or Committee holdings as and when they take place.

Directors Seeking Appointment / Re-Appointment

A brief profile of the Directors seeking appointment / re-appointment are furnished to the members in the note accompanying the Notice convening the Annual General Meeting.

Management Discussion & Analysis Report

network management services grew by 19 percent to reach Rs. 1,041 crore. Except for VSATs, storage, voice solutions, and structured cabling, all other enterprise network equipment segments witnessed more than 30 percent growth. The highest growth was registered by WLANs, followed by modems and switches.

3. INDUSTRY PERFORMANCE

Product Categories	Revenue (Rs. Crore)		Growth (%Age)
	2004-05	2003-04	
LAN Switch	1,302.00	993.00	31
Network Security	299.00	219.00	37
Router	860.50	634.00	36
Structured Cabling	406.00	326.00	25
VSAT	327.00	263.00	24
Modem	207.00	145.00	43
WLAN	82.50	51.50	60
Others	472.00	350.00	35
Total datacom Product	3,956.00	2,981.50	33
Voice Solutions	832.00	702.00	19
Network Storage	430.00	377.00	14
Audio-Video Conferencing	43.00	33.00	30
Total Enterprise Product	5261.00	4093.50	29
NI Services	1041.00	872.00	19
Grand Total	6302.00	4966.00	27

4. GOVERNMENT POLICIES

The Ministry of Information Technology has got a 10 point agenda where in the PC penetration to enable cyber connectivity to every citizen there by giving convergence of Data, Voice and Video. The Government of India has a plan in place for every state to be connected till its villages and the project is known as State Wide Area Network. Only 4to 5 states have taken up this initiative till date and the remaining will follow in the next couple of years. Overall the Government is very positive on this industry and feels that this Industry will bridge the urban rural divide when it comes to information flow.

CAUTIONARY STATEMENT

This Report contains forward-looking statements which may be identified by the use of words like 'plans', 'expects', 'anticipate', 'believes', 'intends', 'projects' etc and other words of similar meaning. These statements are based on certain assumptions and expectations of future events. The Company cannot guarantee that these assumptions and expectations are accurate or will materialize. Actual results may differ materially from those expressed or implied. The Company assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent developments, information or events.

1. COMPANY PROFILE

Historically the company has been giving solutions on Networking and communication with products of world famous companies like Cisco, Nortel, Avaya, etc. Today as we specialize in solutions we have been adventurous in creating products on our own in the RFID space. We have also got into Mergers & Acquisitions for growing inorganically. The company specializes in creating infrastructure for corporate, ISP, Telcos, etc to cater to their networking and communication needs.

2. INDUSTRY PROFILE

Growth wasn't the only story of 2004-05. Indian enterprise networking market witnessed a number of other changes as well. Enterprises began to look at networking as a strategic investment and networking and communications now appeared on many a CEO's Agenda. This was also reflected in the increasing size and complexity of the networking deals. The complexity of deals brought in more services revenue for vendors and their partners. Network integrators too continued to change track by focusing more on services.

Two factors played a key role in the growth and expansion of enterprise networks. One was the substantial drop in prices of PCs and laptops and the growing ubiquity of networks, the other was the increasing desire among Indian enterprises to compete at both domestic and international levels.

Driven by a continuous adoption of technology across all verticals –service providers, manufacturing, banking, BPO, education –the networking market including services registered a 27 percent growth. As per V&D estimates, the total market size was Rs. 6,302 crore. Registering a 29 percent growth, enterprise networking equipment market reached Rs. 5261 crore in 2004-05. Network integration services including

A Management Discussion and Analysis Report which forms part of this Report is appended as a separate annexure and is attached to the Directors' Report.

Code of Conduct

Your company has adopted a Code of Conduct for all its Board members and members of the Senior Management. This code is derived from the principles viz., good corporate governance, good corporate citizenship and high ethical standards and is applicable to all Directors, Senior Management and Employees of the company. A declaration by the CEO of the company that all Board members and senior management have affirmed compliance with the Code of Conduct is attached to this report.

3. AUDIT COMMITTEE

A system of good corporate governance promotes relationships of accountability between the constituents of sound financial reporting. The company has a qualified and an independent Audit Committee.

Terms of Reference

- Oversight of the company's financial reporting process and the disclosure of its financial information, Recommending the appointment and removal of external auditor, approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the Board, focusing primarily on - Any changes in accounting policies and practices, Major accounting entries based on exercise of judgment 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 transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems, 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, Discussion with internal auditors of any significant findings and follow-up thereon, Reviewing the findings of any internal investigations by the

Report on Corporate Governance

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, Discussion with external auditors before the audit commences, of the nature and scope of audit. Also post-audit discussion to ascertain any area of concern, Reviewing the company's financial and risk management policies, Looking into the reasons for substantial defaults in the payments to the depositors, debenture holders, share holders (in case of non-payment of declared dividends) and creditors.

Powers

- The powers of the Audit Committee includes - to investigate any activity within the terms of reference, to seek information from any employee, to obtain outside legal or other professional advice, to secure attendance of outsiders with relevant expertise, if it considers necessary.
- to make such statement in any Document, Advertisement or Announcement that may be issued, released or published in connection with the functions for which this committee is formed.

The Committee comprises 3 members, all of them being Independent. All the members are financially literate and Mr. C. V. Bhaskar is the Chairman of the Audit Committee. Mr. Easwaran Annamalai, has, the requisite financial management expertise.

1. Mr. C. V. Bhaskar - Chairman
2. Mr. Easwaran Annamalai - Member
3. Mr. P. Kandaiah - Member

Mr. Narayanan S, Company Secretary acts as the Secretary to the meetings of the Committee. The Chairman of the Audit Committee was present at the last AGM.

During the year ended 31.3.2006, the Committee met on four occasions on 28th May, 2005, 29th July, 2005, 28th October, 2005 and 24th January, 2006.

Name of the Committee Member	No. of meetings held	Attendance of Members
Mr. C. V. Bhaskar	4	4
Mr. Easwaran Annamalai	4	4
Mr. P. Kandaiah	4	4

Certificate on Compliance with the conditions under clause 49 of the listing agreement of Corporate Governance

To

The shareholder of Gemini Communication Ltd.

I have examined the compliance of conditions of corporate governance by Gemini Communication Ltd, for the year ended 31st March 2006 as stipulated in revised 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. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of the information informing and according to the explanations given to me, I certify that except clause 49 IV(F) & (G) the Company has generally complied in all material respects with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

I 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.

Jayashree Sridhar

Company Secretary in Practice

C.P.No. 4248

Place : Chennai

Date : 9th May 2006

Report on Corporate Governance

dematted or returned within the time prescribed by the authorities. All the information relating to the shares of the company are available on line.

Integrated Enterprises India Limited, Registrar and Share Transfer Agent registered with SEBI are the Share Transfer Agents of the company for processing the transfer of securities of the company. The address of the Share Transfer Agent is as follows :

M/s. Integrated Enterprises India Ltd,
Unit : Gemini Communication Limited, 2nd Floor, "Kences Towers", 1, Ramakrishna Street, T. Nagar, Chennai - 600 017. Phone : 044-2814 0801 Fax : 044 -2814 2479

11. ADDRESS FOR CORRESPONDENCE

Mr. K. Kumar
Compliance Officer
Gemini Communication Ltd, 1, Dr. Ranga Road, Alwarpet, Chennai - 600 018.
URL : www.gcl.in www.kumark@gcl.in
Phone : +91-044-2499 6422 Fax : +91-044-2499 5062

CEO'S DECLARATION ON CODE OF CONDUCT

I R. Vijaykumar, Chairman & Managing Director of the Company hereby confirm that the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct during the year ended 31st March 2006 as stipulated by Clause 49 (1) (D) (ii) of the Listing Agreement with Stock Exchanges.

Place : Chennai
Date : 5th June, 2006

R. VIJAYKUMAR
Chairman & Managing Director

Report on Corporate Governance

4. REMUNERATION COMMITTEE

The Committee was formed to decide the company's policy on specific remuneration packages for executive and non-executive directors on the Board. The Committee has also been empowered to recommend the periodic increments in salary and annual incentives of the Executive directors all being Independent directors.

At present the Committee comprises 3 members namely

Mr. Easwaran Annamalai - Chairman
Mr. C. V. Bhaskar - Member
Mr. P. Kandaiah - Member

The Committee met only once on 12th April 2005 during the year.

Remuneration Policy

Payment of Remuneration to the Chairman and Managing Director is governed by the terms and conditions approved by the Remuneration Committee, the Board and the shareholders. The remuneration structure comprises salary, commission linked to profits, perquisites and allowances, contributions to Provident Fund, Superannuation and Gratuity as per Schedule XIII of the Companies Act, 1956. The non-executive directors do not draw any remuneration from the company other than sitting fees.

Remuneration Package

Details of remuneration paid to the Executive Directors during the year ended 31st March 2006 is as follows :

Nature of Remuneration	Rs. in lakhs					
	Remuneration paid to Chairman		Remuneration paid to Managing Director		Remuneration paid to Whole-time Director	
	2005-06	2004-05	2005-06	2004-05	2005-06	2004-05
Salary	5.99	5.99	6.00	6.00	5.99	5.99
Gratuity Provided	0.78	0.78	0.78	0.78	0.78	0.78
Contribution to Provident and other funds	0.09	0.40	0.09	0.40	0.09	0.40

Report on Corporate Governance

The number of shares and convertible instruments held by Non-Executive directors as on 31st March 2006 are as follows :

Name of the Director	Number of shares held	No. of convertible instruments held
Shankar Chandran	Nil	Nil
C.V. Bhaskar	Nil	Nil
Eswaran Annamalai	700	Nil
P. Kandaiah	500	Ni

5. SHAREHOLDERS COMMITTEE

The Board of Directors constituted the Committee to specifically look in to the redressing of investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

The Committee ensures that the grievances of the investors are redressed promptly. The Committee comprises three members. During the year the committee was re-constituted in line with the requirements of the revised Clause 49 of the Listing Agreement and Mr.Easwaran Annamalai, a Non-executive and Independent Director was appointed as the Chairman of the Committee in place of Mr. R. Vijaykumar, Executive Director. Now the composition of the Committee is as follows :

1. Mr. Easwaran Annamalai - Chairman
2. Mr. R. Vijaykumar - Member
3. Mr. C.V. Bhaskar - Member

The terms of reference of the committee interalia include the following :

1. To consider, approve or reject, the Share Transfer, transmission, consolidation, splitting, transposition, demat & remat of shares and to carryout other related functions and to carry out all documentation and procedures in connection with the same.
2. To monitor the redressal of Investor Complaints like non-registration of share transfers, transmission, consolidation, transposition, splitting, demat, remat etc., non-receipt of Annual Reports, issue of duplicate certificates and to deal with all other matters in respect of investor complaints.
3. To make such statement in any document, advertisement or announcement that may be issued, released or published in connection with the functions for which the committee is formed.

Report on Corporate Governance

9. SHAREHOLDING PATTERN AS ON MARCH 31, 2006

Category	No. of shares held	% of shareholding
A PROMOTERS' HOLDING		
1. Promoters		
- Indian Promoters	1427685	32.57
- Foreign Promoters	-	-
2. Persons acting in concert	219200	05.00
Sub Total (1+2)	1646885	37.57
B NON-PROMOTER'S HOLDING		
3. Institutional Investors		
a) Mutual Funds and UTI	1400	00.03
b) Banks, Financial Institutions, Insurance Co. (Central / State Govt. Institutions / Non-government Institutions)	-	-
c) Foreign Institutional Investors	7000	00.16
Sub-Total (3)	8400	00.19
4 Others		
a) Private Corporate Bodies	607475	13.86
b) Residential Individual	2112742	48.19
c) NRIs	7998	00.18
d) OCBs	-	-
e) Foreign Companies	-	-
f) Foreign Collaborators	-	-
g) Trusts	500	00.01
Sub Total (4)	2728715	62.24
Sub Total (1+2+3+4)	4384000	100.00

10. Registrar And Share Transfer Agents

As per SEBI guidelines, the handling of physical share transfers have also been delegated to a common share transfer registrars / agents. Shares held in physical mode which are lodged for transfer are processed and subject to exercise of option under compulsory transfer cum demat procedure. Share certificates are either

Report on Corporate Governance

7. Stock Market Data

Monthly high and low quotations along with the volume of shares traded at Bombay Stock Exchange Limited are furnished hereunder. There were no transactions in Madras Stock Exchange Ltd.

Month	Bombay Stock Exchange Limited		
	High (Rs)	Low (Rs)	Volume (Nos)
Apr'05	130.50	95.15	49722
May' 05	117.35	89.00	41955
Jun' 05	126.90	85.00	170766
Jul' 05	139.90	103.00	307299
Aug' 05	152.00	104.00	340631
Sep' 05	194.25	134.00	87991
Oct' 05	145.90	112.55	84453
Nov' 05	199.70	127.00	168781
Dec' 05	256.30	185.00	201401
Jan' 06	334.10	257.50	146861
Feb' 06	331.90	272.15	120568
Mar' 06	379.35	285.10	77681

8. DISTRIBUTION OF SHAREHOLDING AS ON 31st MARCH, 2006

Number of equity Shares held	No. of Shares	% of shares	No. of Shareholders	% of shareholders
Upto 500	189344	4.32	1370	86.27
501 - 1000	76124	1.74	93	5.86
1001 - 2000	53678	1.22	34	2.14
2001 - 3000	46856	1.07	18	1.13
3001 - 4000	34979	0.80	10	0.63
4001 - 5000	27960	0.64	7	0.44
5001 - 10000	85131	1.94	13	0.82
Over 10000	3869928	88.27	43	2.71
Total	4384000	100.00	1588	100.00

Report on Corporate Governance

Mr. K. Kumar is the Compliance Officer of the Company and takes care of the day-to-day activities of the Secretarial Department.

The Committee met four times on 30th June 2005, 30th September 2005, 31st December 2005 and 27th March 2006 during the year ended 31st March 2006.

As a policy, the Company approves transfers of shares within 30 days from the date of receipt and redresses complaints within 7 days of receipt. The Company conforms that there were no share transfers pending as on 31st March 2006 and all requests for dematerialization and re-materialization of shares as on that date were confirmed/rejected in to the NSDL and CDSL system.

Status of Investor Complaints

No. of correspondences / queries / complaints received from Shareholders / investors from 1st April 2005 to 31st March 2006	152
No. of correspondences / queries / complaints resolved /redressed	152

The company endeavors to settle all shareholder complaints in the minimum possible time. The average period of settlement may vary from 7 days to 10 days except in the event of disputed matters / cases, which are kept pending till the same are mutually settled with the shareholders or are finally disposed off by the Court.

6. DETAILS OF GENERAL BODY MEETINGS

The last three Annual general meetings of the Company were held as under :

Financial Year	Date	Time	Venue
2004-05	28-09-2005	10.30 a.m.	"Bharathiya Vidya Bhavan" (Mini Hall) East Mada Street, Mylapore, Chennai - 600 004.
2003-04	27-09-2004	10.15 a.m.	"Bharathiya Vidya Bhavan" (Mini Hall) East Mada Street, Mylapore, Chennai - 600 004.
2002-03	11-07-2003	11.00 a.m.	"Bharathiya Vidya Bhavan" (Mini Hall) East Mada Street, Mylapore, Chennai - 600 004.

During the year the company did not conduct any Postal Ballot process and did not hold any Extra-Ordinary General Meeting.

7. DISCLOSURES

Materially significant related party transactions

There were no material significant related party transactions with the Promoters, the Board of Directors, one level below the Board, relatives of directors, senior management during the year having potential conflict with the interests of the company. The register of Contracts in which directors are interested is placed before the Board regularly for its approval.

There has been no non-compliance on the part of the company and no penalty or strictures were imposed on the Company by the Stock Exchange or SEBI or any other Statutory Authority, on any matter related to capital markets during the last three years.

The company maintains a web site, namely www.gclsite.in which is used to display all quarterly results, official releases, shareholding pattern, etc for information of all concerned.

8. MEANS OF COMMUNICATION

The company ensures that Quarterly Results are published in widely circulated newspapers for information to the various stakeholders.

Details of publication of Quarterly Results during the year 2005-06 is as follows :

Quarter	News Paper	Date of Publication
31/03/2005	News Today / Malai Sudar	28/05/2005
30/06/2005	News Today / Malai Sudar	30/07/2005
30/09/2005	News Today / Malai Sudar	28/10/2005
31/12/2005	News Today / Malai Sudar	18/01/2006

GENERAL SHAREHOLDERS' INFORMATION

1. Date of Book Closure

The Register of Members and Share Transfer books will remain closed from 11/07/2006 to 14/07/2006 (both days inclusive).

2. Venue of the 11th Annual General Meeting (AGM)

11th Annual General Meeting will be held at Bharathiya Vidya Bhavan, (Mini Hall) 18-22, East Mada Street, Mylapore, Chennai - 600 004 at 10.30 a.m.

3. Particulars of Financial Calendar

Financial Year : 1st April 2006 to 31st March 2007

First quarter results : On or before 31st July 2006

Second Quarter Results : On or before 31st October 2006

Third Quarter Results : On or before 31st January 2007 and

Fourth Quarter Results : On or before 30th April 2007

4. Listing on Stock Exchanges

The shares of the company are listed on Bombay Stock Exchange and Madras Stock Exchange. The Annual Listing fees in respect of the shares of the company for the financial year 2006-2007 has been paid by the company promptly. During the year, the shares of the Company were delisted from the Delhi Stock Exchange Association Limited vide their letter No. DSE/LIST/182 dated 20th March 2006.

5. Dematerialisation / Rematerialisation of Shares

The Securities and Exchange Board of India (SEBI) mandated compulsory dematerialization of shares for all purpose of trading through registered channels. As on 31/03/2006 Shares of the company held by the shareholders in demat form aggregating 80.10% of the total equity Paid up Capital and the balance 19.90% of shares are in the physical mode.

No of Shares	% of Shares	No of Shareholders	% of Shareholders
3511774	80.10	1072	67.50

6. Stock Code

STOCK EXCHANGE	STOCK CODE
BOMBAY STOCK EXCHANGE LIMITED	532318
MADRAS STOCK EXCHANGE LIMITED	GNC