

ABC

ABC Bearings Limited



47

Annual Report
2007-2008



BOARD OF DIRECTORS	S.M. Patel - Chairman P.M. Patel - Managing Director T.M. Patel - Executive Director C.U. Shah Y.H. Malegam S.K. Diwanji V.C. Vaidya Jal R. Patel
C.E.O.	Sanjiv Kumar
COMPANY SECRETARY	S.B. Desai
AUDITORS	Parikh & Shah Chartered Accountants
COST AUDITORS	B.J.D Nanabhoy & Co. Cost Accountants
SOLICITORS	Desai & Diwanji Advocates & Solicitors
BANKERS	Bank of Baroda Corporation Bank Axis Bank Ltd. Kotak Mahindra Bank Ltd. The Honkong and Shanghai Banking Corporation Ltd. Standard Chartered Bank
REGISTERED OFFICE	402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai-400 018. Phone: 022-24964500, 24964501, 66608851 Fax : 022-24950527 E-mail: regdoff@abcbearings.com
REGISTRARS & TRANSFER AGENTS	Bigshare Services Pvt. Ltd., E-2, Ansa Industrial Estate, Sakivihar Road, Saki Naka, Andheri (E), Mumbai 400 072. Tel.: 022-28470652/28470653 Fax: 022-28475207 E-mail: marketing@bigshareonline.com
WORKS	1. Plot No.1-B, GIDC Industrial Estate, Bharuch - 392 015, Gujarat State. Phone: 02642- 248222/3/4, 246353 Fax : 02642- 248221, 247591 E-mail: mktbrh@abcbearings.com 2. Plot No.109-B, GIDC Industrial Estate, Bharuch - 392 015, Gujarat State. 3. Pandit Jawaharlal Nehru Marg, Lonavla - 410 401, Maharashtra State.

CONTENTS	PAGE NO.
Notice	
Directors' Report	
10 Years' Highlights	
Corporate Governance Report	
Management Discussion & Analysis	
Auditors' Report	
Balance Sheet	
Profit and Loss Account	
Schedules 1 to 16	
Cash Flow Statement	
Balance Sheet Abstract and Company's General Business Profile	

ABC Bearings Limited

NOTICE

NOTICE is hereby given that the Forty-seventh Annual General Meeting of the Members of ABC Bearings Limited will be held on Wednesday, the 16th July, 2008 at 4.30 p.m. at Hall of Culture, Nehru Centre, Dr. Annie Besant Road, Worli, Mumbai – 400 018, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2008 and the Profit and Loss Account for the year ended on that date and the Reports of the Directors and the Auditors thereon.
2. To declare dividend on Equity Shares.
3. To appoint a Director in place of Mr. S.K. Diwanji, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. V.C. Vaidya, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to Section 309(1) and other applicable provisions, if any, of the Companies Act, 1956, consent of the Company, be and is hereby accorded for payment of increased fee of Rs.5,00,000/- (Rupees Five Lacs only) per month to Mr. S.M. Patel, a Director and Financial Advisor of the Company, with effect from 1st April, 2008.”

“RESOLVED FURTHER THAT consent of the Company, be and is hereby accorded for reimbursement of expenses incurred by Mr. S.M. Patel in relation to electricity, telephones, rates and taxes, medical for self and wife, with effect from 1st April, 2008.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps and to do all such acts, deeds and things as may be considered necessary, proper and expedient to give effect to this Resolution.”

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The instrument of proxy should, however be deposited at the registered office of the Company not less than forty-eight hours before the commencement of the meeting.
2. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Wednesday, the 9th July, 2008 to Wednesday, the 16th July, 2008 (both days inclusive).
4. i) Pursuant to Section 205A of the Companies Act, 1956, the unclaimed dividend upto the financial year ended 31st March, 1998 has been transferred to Investor Education and Protection Fund (IEPF) established under Section 205C of the Companies Act, 1956.
 ii) Those members who have not encashed the dividend warrants for the financial years 2003-04 to 2006-07 are requested to return the time barred dividend warrants to the Company's registered office at 402-B, Poonam Chambers, Dr. Annie Besant Road, Worli, Mumbai – 400018 for issue of duplicate dividend warrant.

ABC

5. As per SEBI's Notification dated 16th February, 2000, the equity shares of the Company have been compulsorily dematerialised and sale/purchase of the same is required to take place in dematerialised form only. You are advised to get your shares dematerialised through NSDL or CDSL. They have allotted ISIN Number INE 779A01011. Members are requested in their interest, to please return the physical certificates through their Depository Participants (DP).
6. The Securities and Exchange Board of India has made it mandatory for all companies to use the bank account details furnished by the depositories/members for depositing dividend or payment through Electronic Clearing Service (ECS) to investors wherever ECS and bank details are available, for distribution of dividend.
7. Members seeking any information with regard to Accounts are requested to write to the Company at least 10 days in advance so as to enable the Company to keep the information ready.
8. Members are requested to send all future correspondence in respect of their change of address, transfer of shares or any other query, directly to the Share Transfer Agents at the following address: -
Bigshare Services Pvt. Ltd. Tel.: 022-28470652|28470653
E-2, Ansa Industrial Estate, Fax: 022-28475207
Sakivihar Road, Saki Naka, E-mail: marketing@bigshareonline.com
Andheri (E), Mumbai-400 072. Website: www.bigshareonline.com
9. Members are requested to quote their Folio/DP ID Number(s) in all correspondence with the Company's Share Transfer Agents.
10. Members/Proxy should bring the attendance slip duly filled-in for attending the meeting.
11. Members are requested to bring their copy of Annual Report to the Meeting.

By Order of the Board of Directors

Registered Office:

402-B, Poonam Chambers,
Dr. Annie Besant Road,
Worli, Mumbai – 400 018.

Date: 6th May, 2008.

S.B. Desai
Company Secretary

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

Item No.6:

At the 45th Annual General Meeting of the Company held on 10th August, 2006, the shareholders have approved a fee of Rs.2,00,000/- per month to Mr. S.M. Patel, a Director and Financial Advisor of the Company, reimbursement of medical expenses to self and wife and certain other expenses upto Rs.2,00,000/- per annum.

Mr. S.M. Patel was looking after the affairs of Mipco Seamless Rings (Gujarat) Limited as Managing Director. Mipco Seamless Rings (Gujarat) Limited was 100% supplier of forged rings, the basic raw material for the Company. He has been associated with business activities for more than two decades and has gained expertise and rich experience. The Company is expanding its business activities in various areas like slewing bearings, railway bearings, etc.

Considering the knowledge and skill of Mr. S.M. Patel, the Board of Directors has decided to increase his existing fees from Rs.2,00,000/- per month to Rs.5,00,000/- per month with effect from 1st April, 2008. The Board of Directors has also decided to remove the limit in respect of reimbursement of all expenses incurred by Mr. S.M. Patel in connection with electricity, telephone including mobile bills, rates and taxes and medical expenses for self and wife with effect from 1st April, 2008.

The Board of Directors recommends the resolution for approval of the members.

None of the Directors of the Company is in any way deemed to be concerned or interested in the aforesaid resolution except Mr. S.M. Patel himself, Mr. P.M. Patel and Mr. T.M. Patel being brothers and as such related to each other.



By Order of the Board of Directors

Place: Mumbai

Date: 6th May, 2008.

S.B. Desai
Company Secretary

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present the Forty-seventh Annual Report with the Audited Statement of Accounts for the year ended 31st March, 2008.

FINANCIAL RESULTS:

	Year ended 31.03.2008 Rs. in lacs	Year ended 31.03.2007 Rs. in lacs
Gross Profit before Interest, Depreciation and Tax	3439.91	4257.34
Less: Interest & Finance Charges	318.46	382.51
Depreciation	684.10	801.89
Profit before Tax	2437.35	3072.94
Less: Provision for tax		
Fringe Benefit Tax	(26.86)	(21.40)
Current Tax	(985.00)	(1175.00)
Deferred tax Credit	166.09	136.57
Profit after Tax	1591.58	2013.11
Add: Balance brought forward from previous year	530.74	508.15
Amount available for appropriations	2122.32	2521.26
Appropriations:		
Proposed Dividend	462.00	462.00
Tax on proposed dividend	78.52	78.52
Transfer to General Reserves	1000.00	1450.00
Balance carried to Balance Sheet	581.80	530.74
	2122.32	2521.26

OPERATIONS:

Your Company's results for the year ended 31st March, 2008 showed a 20.94% decrease with profit after tax standing at Rs.1591.58 lacs as against Rs.2013.11 lacs during the corresponding period of the previous year. Exports decreased from Rs.95.15 lacs during F.Y 2006-07 to Rs.46.15 lacs during the year under report.

Your Company's largest sales segment is Medium and Heavy Commercial Vehicles (M & HCV). This segment recorded negative growth during 2007-08. The Light Commercial Vehicles and the Utility Vehicles segments showed a positive growth of 10 to 12%. The Tractors segment also recorded a negative growth of 2% during the year. Due to changes in the sales pattern of M & HCV during the year, the resultant product mix showed a decline of 12% in demand for our range of bearings for the full year. The demand from the M & HCV segment recovered smartly in the second half of the year. OEMs continued to support the Company strongly, and the aftermarket sales also showed good growth.

DIVIDEND:

The Directors have recommended a dividend of Rs.4/- per Equity Share on 1,15,50,000 Equity Shares of Rs.10/- each for the financial year ended 31st March 2008, which, if approved at the forthcoming Annual General Meeting, will be paid to (i) all those Equity Shareholders whose names appear on the Register of Members as on 15th July, 2008 and (ii) to those whose names as beneficial owners are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as on that date.

The dividend pay out for the year under review has been formulated in accordance with the Company's policy of striving to pay stable dividend linked to long term performance, keeping in view the Company's need for capital, its growth plans and the intent to finance such plans through internal accruals to the maximum. Your Directors believe that this would increase shareholder value and eventually lead to a higher return threshold.

COLLABORATION:

The Company extended its Technical collaboration with NSK Japan for a further period of ten years in 2007. Further gains were achieved in improving quality and productivity during the year with active assistance from NSK.

JOINT VENTURE COMPANY:

Your Company had signed a Joint Venture Agreement with NSK Ltd., Japan, our Technical Collaborator since 1998, to form a Joint Venture Company viz. NSK-ABC Bearings Limited (NABL). The construction of the production facilities of NABL was completed as per the schedule, and the plant was inaugurated on 15th of February, 2008. The JV will provide new opportunities to increase sales to our existing customers for those bearings, which are not manufactured by us. We would be able to offer a wider range of products and services to OEMs in India between your Company and NABL.

QUALITY CERTIFICATIONS:

Your Company continues to enjoy the ISO 14001:2004 Certification for Environment Management, and the ISO/TS 16949 Certification for Quality Systems. Most of the customers have given self-certification responsibility to the Company for its products for direct supplies on line.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to Section 217(2AA) of the Companies Act 1956, the Directors report that: -

- i. in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- ii. such accounting policies have been selected and applied consistently and the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit or Loss of the Company for that year.
- iii. proper and sufficient care has been taken 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. the annual accounts have been prepared on a going concern basis.

FIXED DEPOSITS:

Your Company does not have any fixed deposit.

DIRECTORS:

In accordance with the requirements of the Companies Act, 1956 and the Articles of Association of the Company, Mr. S.K. Diwanji and Mr. V.C. Vaidya retire by rotation and being eligible, have offered themselves for reappointment. Necessary resolutions are being proposed for their reappointment as Directors at the ensuing Annual General Meeting of the Company.

CORPORATE GOVERNANCE:

Your Company has complied with the requirements of the Code of Corporate Governance in accordance with Clause 49 of the Listing Agreement with BSE. A separate report on Corporate Governance along with Auditors' certificate on its compliance is attached to this

ABC Bearings Limited

Report. Management Discussion and Analysis, as prescribed by the Listing Agreement, also forms a part of the Annual Report.

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

The information relating to Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required to be disclosed under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure forming part of this Report.

AUDITORS:

M/s. Parikh & Shah, Chartered Accountants, Statutory Auditors of the Company, hold office until the conclusion of the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received confirmation that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

COST AUDITORS:

In pursuance of Section 233-B of the Companies Act, 1956, your Directors have appointed M/s. B. J. D. Nanabhoy & Co., Cost Accountants, as the Cost Auditors to conduct cost audit of the product 'Bearing' for the year 2008-09, subject to the approval of the Central Government. The Company has received confirmation

that their appointment, if made, will be within the limits prescribed under Section 224(1B) of the Companies Act, 1956.

PARTICULARS RELATING TO EMPLOYEES:

Information required under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 is given in the Annexure forming part of the Report. However, as per the provisions of Section 219(1)(b)(iv), the Report and Accounts are being sent to all Shareholders of the Company excluding the Statement of Particulars of Employees. Any shareholder interested in obtaining such particulars may inspect the same at the Registered Office of the Company or write to the Company for a copy.

ACKNOWLEDGEMENT:

The Directors wish to place on record their deep sense of appreciation for the committed services of the employees of the Company at all levels. The Directors also express their sincere appreciation for the assistance and co-operation received from Banks, Customers and Dealers, during the year.

For and on behalf of the Board

Place: Mumbai
Date: 6th May, 2008.

S. M. PATEL
Chairman

ANNEXURE TO DIRECTORS' REPORT

Particulars under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988.

A. CONSERVATION OF ENERGY:

Efforts for conservation of energy continued during the year are listed below:

- Maintained overall power factor of the plant above 0.98. New capacitor banks were installed wherever required. The Company obtained substantial rebate from GEB as a result.
- Installation of Roof Extractors was initiated for increasing ventilation on the shop floor. Since these devices do not use any electricity to operate, but work on using the natural draft created, this has resulted in substantial savings on energy.
- The fluorescent lighting fixtures were further replaced by metal Halide lamps to provide lighting on the shop floor. Transparent roof sheets were installed along with the Roof Extractors to increase the ambient light on the floor, leading to savings in electricity.
- Compressed air leakages were arrested, which resulted in optimum use of compressors.
- The lining on the main heat treatment furnaces was replaced. This has resulted in lower heat losses and a considerable saving in electricity.

Further Energy Conservation measures in progress:

- A compressed air piping system is planned to be installed throughout the plant. The system itself will act as an accumulator, and since all compressors and consumption points will be connected to a single system, it will further optimise the usage of compressors.
- The light fittings will be lowered in the office, canteen and shop floor areas to increase the light intensity at working height. This will reduce the total number of lighting fixtures required.

B. TECHNOLOGY ABSORPTION:

- We are continuously and constantly supported by NSK Japan for keeping updated on technology developments.
- Two new lines were commissioned during the year with improved speed and process controls. Productivity was enhanced on most of the lines, as well as in roller grinding.
- A range of new transmission bearings was developed as per the requirements of our export customers. High performance gearbox bearings were developed to support new models being launched in the domestic market.
- Three of our engineers were trained at NSK Japan for improvements in Grinding Technology. NSK Technical teams visited the Plant for assisting in improving process technology.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO:

Earnings	: Rs.46.06 lacs
Outgo	: Rs.1747.36 lacs.

For and on behalf of the Board

Place: Mumbai
Date: 6th May, 2008.

S. M. PATEL
Chairman

10 YEARS' HIGHLIGHTS

Rupees in Lacs

PARTICULARS	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Sales & Other Income	7367.20	10732.50	11408.92	7717.56	8620.60	11200.74	15264.22	18255.23	21591.51	19534.84
Materials Consumed	3329.07	4078.40	5305.62	3349.51	3451.84	4963.87	6790.84	8239.07	9235.20	8907.07
Excise Duty	885.48	1708.77	1259.41	1031.07	1138.58	1464.84	2019.08	2413.71	3000.90	2700.48
Employee Cost	1137.74	1441.48	1357.46	1108.07	1067.36	853.09	1069.49	1186.26	1122.80	1192.12
Interest & Finance Charges	1036.71	861.15	1053.48	736.87	608.24	342.00	280.96	269.36	382.51	318.46
Depreciation	484.88	597.83	535.92	408.72	546.69	676.85	630.19	684.15	801.89	684.10
Other Expenses	1496.63	1820.97	1532.18	1365.52	1590.02	1701.05	2366.32	2749.38	3547.19	2888.98
Profit / (Loss) Before Tax & Exceptional items	-1003.31	223.90	364.85	-282.20	217.87	1199.04	2107.34	2713.30	3501.02	2843.63
Exceptional Items	-	-	-	-	-	222.75	222.75	399.08	428.08	406.28
Diminution in value of Investments	-	-	-	293.80	-	-	-	-	-	-
Provision for Current Tax	-	7.90	35.00	-	10.56	91.00	910.00	979.15	1,196.40	1,011.86
Provision for Deferred Tax(Cr)	-	-	-	-100.46	-61.41	-270.72	177.64	235.62	136.57	166.09
Profit / (Loss) After Tax & Exceptional items	-1003.31	216.00	329.85	-475.54	145.90	621.86	1152.23	1570.69	2013.11	1591.58
Prior Period Adjustment (net)	-	-	-	58.54	-	-	-	-	-	-
Equity Dividend Rs.	-	-	-	-	-	173.25	346.50	462.00	462.00	462.00
Equity Dividend %	-	-	-	-	-	15	30	40	40	40
Retained Earnings	-1003.31	216.00	329.85	-475.64	145.90	426.41	757.13	1043.90	1472.59	1051.06
Gross Fixed Assets	11499.26	11655.99	8683.15	8821.30	8865.47	9054.62	9168.41	10183.96	11373.24	12106.73
Net Fixed Assets	6834.21	6450.77	4546.46	4349.79	3853.18	3405.68	2970.69	3378.52	3825.21	3898.64
Investments	183.02	183.02	383.02	22.91	17.46	21.73	21.73	139.05	21.73	1271.73
Net Current Assets	3354.38	4192.76	4002.45	3241.53	3152.31	3429.45	4042.36	4433.83	6262.88	5956.97
Deferred Revenue Exp.	-	-	-	160.32	663.23	440.48	217.74	834.37	406.28	-
Total Assets (Net)	10371.61	10826.55	8931.93	7134.05	6984.27	6324.71	6457.53	8785.77	10516.10	11127.34
Share Capital - Equity	577.89	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00	1155.00
Reserves and Surplus	1977.67	2193.67	2523.52	1248.48	1394.38	1820.79	2577.92	3621.82	5094.41	6125.47
Net Worth	2555.56	3348.67	3678.52	2403.48	2549.38	2975.79	3732.92	4776.82	6249.41	7280.47
Borrowings	7816.05	7477.88	5253.41	4730.57	4434.89	3348.92	2724.61	3449.58	3843.89	3590.16
Total Fund Employed	10371.61	10826.55	8931.93	7134.05	6984.27	6324.71	6457.53	8785.77	10516.10	11127.34
Earnings per Share	-17.36	2.52	2.86	-4.62	1.26	5.38	9.98	13.60	17.43	13.78
Book value per Share	44.22	28.99	31.85	20.81	22.07	25.76	32.32	41.36	54.11	63.03
Debt: Equity	3.06	2.23	1.43	2.11	2.35	1.32	0.78	0.88	0.66	0.49
Turnover/Inventory(Times)	3.09	3.33	6.84	5.78	6.00	6.86	6.82	6.24	6.45	6.16
Turnover/Net Block	1.08	1.66	2.51	1.77	2.24	3.29	5.14	5.40	5.64	5.01
Current Assets / Current Liabilities	2.73	2.85	3.09	3.35	3.02	2.80	2.96	2.62	3.03	2.76
Number of Shareholders	7397	7820	8764	8603	8298	7870	7161	7097	7401	7757
No. of Employees	1394	1341	1198	878	567	526	509	314	331	355

ABC Bearings Limited

CORPORATE GOVERNANCE REPORT:

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Your Company has a basic philosophy of achieving excellence aimed at increasing value for all stakeholders and understands the right to information of its shareholders with respect to the performance of the Company.

Since inception, your Company has been committed to the practice of good corporate governance. Pursuant to Clause 49 (including revision thereof) of the Listing Agreement, a detailed report on compliance by the Company is given here below:

BOARD OF DIRECTORS:

The Board of Directors comprises a fair number of independent, professionally competent and acclaimed Non-executive Directors. The Company has a Non-executive Chairman, with the number of Independent Directors being more than 50% and the number of Non-executive Directors being more than two-third of the total number of Directors.

As stipulated, none of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees. Particulars in respect of their various Directorships, Chairmanships and Memberships of Board/Committees and attendance at Board/General Meeting of the Company are given here below:

Name of the Director	Executive/Non-Executive/ Independent	No. of outside Directorships in Public Companies	Membership held in Committee of Directors	Chairmanship held in Committee of Directors	No. of Board Meetings attended	Whether attended last AGM Yes/No
Mr. S.M. Patel	Non-Executive Chairman	2 *	3	1	5	Yes
Mr. P.M. Patel	Managing Director	3	3	-	5	Yes
Mr. T.M. Patel	Executive Director	3	4	1	4	Yes
Mr. Y.H. Malegam	Non-Executive – Independent	9	3	4	4	Yes
Mr. S.K. Diwanji	Non-Executive – Independent	6	4	1	5	Yes
Mr. V.C. Vaidya	Non-Executive – Independent	4	3	-	5	Yes
Mr. C.U. Shah	Non-Executive – Independent	-	-	-	-	No
Mr. Jal R. Patel	Non-Executive – Independent	4	4	2	5	Yes

* In addition, Mr. S.M. Patel is Alternate Director in a Public Limited Company.

During the financial year 2007-08, five Board meetings were held on the following dates i.e. on 2nd April, 2007, 11th May, 2007, 24th July, 2007, 30th October, 2007 and 30th January, 2008 and the Annual General Meeting was held on 24th July, 2007.

CODE OF CONDUCT:

The Board of Directors has adopted the Code of Business conduct and Ethic for Directors and Senior Management. The said Code has been communicated to the Directors and members of the Senior Management. The Code has also been posted on the Company's website – www.abcbearings.com

The Code has been circulated to all the members of the Board and Senior Management and the compliance of the same has been affirmed by them. A declaration signed by the Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the Code of Business Conduct and Ethics for Directors and Senior Management in respect of Financial Year 2007-2008.

P.M. Patel
Managing Director

AUDIT COMMITTEE:

The Audit Committee of the Company has such powers as are detailed under Section 292A of the Companies Act, 1956, and also as are detailed in terms of Clause 49 of the Listing Agreement.

The responsibilities of the Audit Committee include inter-alia, overseeing the financial reporting process to ensure proper