



ALFRED HERBERT (INDIA) LTD.

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ANNUAL REPORT
2008 - 2009



ANNUAL REPORT

2008-2009

BOARD OF DIRECTORS

- A. V. LODHA — Chairman
- R. C. TAPURIAH
- S. S. JAIN
- H. V. LODHA
- S. BHANDARI



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REGISTERED OFFICE

Herbert House
13/3, Strand Road, Kolkata-700 001

ALFRED HERBERT (INDIA) LTD.**NOTICE OF MEETING**

NOTICE is hereby given that the Eighty-ninth Annual General Meeting of the Members of **Alfred Herbert (India) Limited** will be held at Indian Chamber of Commerce Auditorium, 4 India Exchange Place, Kolkata - 700001, on 24th July 2009 at 10.00 a.m. to transact the following business :-

1. To consider and adopt the audited Accounts of the Company for the year ended 31st March 2009 together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. A.V. Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. R. C. Tapuriah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration.

Registered Office :
Herbert House,
13/3 Strand Road
Kolkata - 700 001
10th June, 2009

On behalf of the Board
S. S. Jain
Director

NOTES :

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and such proxy need not be a member of the Company. Proxies, in order to be effective, must be received by the Company not less than 48 hours before the commencement of the meeting.
2. The Register of Members and Share Transfer books of the Company will remain closed from 16th July 2009 to 24th July 2009 (both days inclusive).
3. The Dividend, if declared, at the meeting will be paid on or after 24th July 2009 to those Members whose names shall appear on the Register of Members as on 16th July 2009.
4. Members holding shares in the dematerialised mode are requested to intimate all changes with respect to their bank details, ECS mandate etc., to their respective Depository Participant (DP).
5. Members who have not so far encashed their dividend warrants for the year ended 31st March 2002 and thereafter may immediately approach the Registrar of the Company for re-validation of unclaimed Dividend Warrants. The money lying in the Unpaid Dividend Account for the year ended 31st March 2002 will be transferred to Investor Education and Protection Fund established by the Central Government under Section 205C of the Companies Act, 1956 on 26th October 2009.
6. In order to provide protection against fraudulent encashment of Dividend Warrant(s), shareholders holding shares in physical form are requested to intimate immediately to the Company's Registrar particulars of bank account viz., Name of Bank, Branch address with pin code, Bank Account Number with Account type whether saving or current account.
7. Shareholders desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
8. At the ensuing Annual General Meeting, Mr. A V Lodha and Mr. R C Tapuriah retire by rotation and being eligible, offer themselves for re-appointment. A brief resume, their

share holding in the Company and names of other Companies in which they hold directorships are given below :-

Mr. A V Lodha

Mr. A V Lodha, aged 43 years, is a Chartered Accountant & Country Managing Partner of Lodha & Company, a leading accounting and consulting firm in India. Mr. Lodha was President of the Indian Chamber of Commerce, Kolkata, twice and was a Member of National Council of CII. He has chaired various National Committees of CII. He was appointed as a member of the Governing Council of Central Manufacturing Technology Institute, Bangalore, and has served as a member of the high level Naresh Chandra Committee constituted by the Government of India. He holds 937 Equity shares in the Company.

Other Directorships

Name of the Company	Position
1. Graphite India Limited	Director
2. Herbert Holdings Limited	Director
3. Shalimar Paints Limited	Director
4. Zegna South Asia Private Limited	Director

Other Committee Membership

Name of the Company	Committee	Position
1. Shalimar Paints Limited	Shareholders' Grievance Committee	Chairman
	Audit Committee	Member
	Remuneration Committee	Member
2. Graphite India Limited	Audit Committee	Chairman
	Remuneration Committee	Member

Mr. Ramesh C Tapuriah

Mr. Ramesh C Tapuriah, aged 67 years, a Commerce Graduate, is an Independent Director of the Company. He is well known business man with more than 40 years of experience. He holds 132 Equity Shares in the Company. He joined the Board of the Company on 25th July 1984.

Names of companies in which Mr. Ramesh C. Tapuriah is a Director and Chairman/ Member of the Board Committees are given hereunder :-

Name of the Company	Position
1. Adorn Investments Limited	Director
2. The Bhagwati Pressing Co. Limited	Director
3. Birla Ericsson Optical Limited Director	
4. The Calcutta Investment Co. Limited	Director
5. Maxworth Industrial Services Limited	Director
6. Mohta Carbide Chemicals Limited	Director
7. New India Retailing & Investment Limited	Director
8. Northern Oxygen Limited	Director
9. The United Investment Co. Limited	Director
10. Vindhya Telelinks Limited	Director
11. Lewis & Taylor Pvt. Limited	Director
12. Rajgarh Industries Pvt. Limited	Director
13. Tapuriah & Sons Pvt. Limited Director	
14. Trishiv Investments Pvt. Limited	Director

Other Committee Membership

Name of the Company	Committee	Position
1. New India Retailing & Investment Ltd.	Audit Committee	Chairman
	Investor Grievance Committee	Chairman
2. Vindhya Telelinks Limited	Audit Committee	Chairman

Members are requested to bring their copies of the Annual Report to the meeting.



DIRECTORS' REPORT

At the outset, your directors express deep sorrow on the sad demise of our esteemed and respected Chairman, Mr. R. S. Lodha who left for his heavenly abode on 3rd October 2008. Mr. Lodha, was not only a distinguished professional industrialist but also a charismatic leader, a great Philanthropist and a visionary. He was the first professional to become the President of the Federation of Indian Chamber of Commerce & Industry (FICCI) heading the Chamber in its Platinum Jubilee Year. He served on the Boards of several reputed companies. He also served on the Prime Minister's Council of Trade and Industry, the Board of Trade and the Central Direct Taxes Advisory Committee.

Known for his deep intellect, meticulous planning, gifted business, professional acumen and dynamic leadership, Mr. Lodha made indelible mark in the fields of industrial, professional, social, cultural and philanthropic activities. He was a leader who could think ahead of his time and his enthusiasm for hard work has been imbibed by all those who worked with him. His vision, principles and leadership qualities will continue to guide us in the years ahead.

The Board gratefully records its deep appreciation of the valuable contribution and guidance extended by Mr. R S Lodha to the Company.

Your Directors have pleasure in presenting the Eighty-Ninth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2009.

FINANCIAL RESULTS

The Financial Results are as under :

	31st March 2009 Rs.	31st March 2008 Rs.
Profit before Tax	9,393,697	10,490,380
Provision for Tax (Incl. Deferred Tax and Fringe Benefit Tax)	1,262,834	1,551,364
Profit after Tax	8,130,863	8,939,016
Surplus from earlier years brought forward/written back	4,931,685	1,585,736
Amount available for appropriation	13,062,548	10,524,752
Appropriations :		
Proposed Dividend	1,542,858	1,542,858
Corporate Dividend Tax	262,209	262,209
General Reserve	1,000,000	2,000,000
Special Reserve	1,627,000	1,788,000
	4,432,067	5,593,067
Surplus carried to Balance Sheet	8,630,481	4,931,685
	13,062,548	10,524,752

DIVIDEND

Your Directors take pleasure in recommending for approval the payment of Dividend of Rs.2/- (per share) for the year ended 31st March 2009.

FINANCIAL PERFORMANCE

The Company's gross income for the financial year ended 31st March 2009 stood at Rs.188.37 lacs and profit before tax stood at Rs.93.94 lacs.

Considering the overall economic scenario, the performance of the Company's Realty and Business Services Division was satisfactory. The Division has deployed its surplus funds in Long-term Investments and made certain temporary investments in Term Deposits for utilisation in future opportunities to maximise value.

Efforts are being made by the Company to improve the performance of its Sales and Marketing Division. The Company's fully owned subsidiary Alfred Herbert Limited did not perform well during the year due to the significant challenges faced by the delay caused by customers in taking delivery of machinery ordered including cancellations due to the credit crisis and overall economic environment. Whilst full efforts are being made to enhance its performance in the current year, the performance would largely depend on the economic environment and your Company is exploring all options on how best to deal with the challenges faced.

DIRECTORS

In view of the sad demise of Mr. R S Lodha, Mr. A V Lodha, Director, was appointed Chairman of the Company with effect from 27th January 2009.

Mr. R C Tapuriah and Mr. A V Lodha retire by rotation and being eligible, offers themselves for re-appointment.

AUDITORS

M/s. Ray & Ray, Chartered Accountants, will retire at the Annual General Meeting and they have given their consent to be re-appointed for the current year.

CORPORATE GOVERNANCE

The Company has complied with the Corporate Governance code as stipulated under the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance, alongwith Certificate from the Auditors confirming the compliance, is annexed and forms part of the Annual Report.

SUBSIDIARY COMPANIES

As required under Section 212 of the Companies Act, 1956, the audited statement of accounts along with Report of the Board of Directors and Auditors Report of your Company's subsidiaries, namely, Alfred Herbert Limited and Herbert Holdings Limited are annexed to this Report.

ALFRED HERBERT (INDIA) LTD.**CONSOLIDATED FINANCIAL STATEMENTS**

The Directors also present the consolidated financial statements duly incorporating the financial statements of the subsidiaries Alfred Herbert Limited and Herbert Holdings Limited.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm as under:

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

PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars regarding foreign exchange earnings and expenditure appear as Annexure to Schedule at item No. 17 (m) in the Notes to the Accounts. The other particulars relating to Conservation of Energy and Technology Absorption stipulated in the Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules, 1988 are not applicable.

PERSONNEL

Your Directors wish to place on record their appreciation for the services rendered by the employees of the Company during the year.

COMPLIANCE CERTIFICATE UNDER COMPANIES ACT, 1956

A certificate issued by M/s. A J & Associates, Company Secretaries, in terms of the provisions of Section 383A of the Companies Act, 1956, to the effect that the Company has complied with the applicable provisions of the said Act is attached to this Report.

PARTICULARS OF EMPLOYEES

The Company has no employee in the category specified under Section 217(2A) of the Companies Act, 1956.

Your Directors place on record their appreciation for the support received from the shareholders.

Kolkata
10th June, 2009

On behalf of the Board
A. V. Lodha
Chairman



CORPORATE GOVERNANCE REPORT FOR THE YEAR 2008-09

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company believes that good corporate governance practices would ensure a better transparency, accountability, integrity and responsibility in corporate actions and thereby would help in boosting investors / stake holders confidence in the Company. The focus of the Company has always been to ensure continuing value creation for its shareholders and above all, to achieve business excellence with the goal of long term sustainable development.

2. BOARD OF DIRECTORS

The strength of the Board of Directors as on 31st March 2009 is 5 out of which 3 are independent. The Board is headed by Non-executive Chairman. The composition of the Board of Directors is in conformity with the Corporate Governance Code. During the year, 4 meetings of the Board of Directors were held on 22.05.2008, 30.07.2008, 30.10.2008 and 27.01.2009.

The composition and category of the Directors on Board, their attendance at the Board Meetings during the year and at the last Annual General Meeting, as also number of Directorships and Committee Memberships / Chairmanships and number of shares held by them as on 31st March 2009 are as follows :

Name Director	Relationship with other Directors	Category	No. of Board Meetings attended	Attendance in last A.G.M.	No of Shares held	No of other Directorship ***	Details of Board Committee Membership Member	Chairman
*Mr. R S Lodha	Father of Mr. A V Lodha and Mr. H V Lodha	Non-independent Non-executive	1	No	8145	26	-	-
Mr. R.C Tapuriah	None	Independent Non-executive	3	No	132	14	2	2
Mr. S.S Jain	None	Independent Non-executive	4	Yes	-	17	-	1
Mr. A V Lodha	Son of Late R S Lodha & brother of Mr. H V Lodha	Non-independent Non-executive	3	Yes	937	4	3	2
**Mr. M K Rama-Chandra	None	Independent Non-executive	-	No	-	12	-	-
Mr. H V Lodha	Son of Late R S Lodha & brother of Mr. A V Lodha	Non-independent Non-executive	4	Yes	1000	22	3	3
Mr. S Bhandari	None	Independent Non-executive	1	No	-	1	2	-

* Since deceased

** Ceased to be a Director w.e.f. 20th January 2009

*** including Alternate Directorships, Directorships of Foreign Companies, and Private Companies.

CODE OF CONDUCT :

The Company has always encouraged and supported ethical business practices in personal and corporate behaviour by its directors and employees. The Company has framed a specific Code of Conduct for the members of the Board of Directors and Senior Management Personnel of the Company.

3. AUDIT COMMITTEE

The Audit Committee of the Board of your Company comprises exclusively of Independent Non-executive Directors currently Mr. S.S Jain, Mr. R C Tapuriah and Mr. S Bhandari. Mr. A V Lodha who was a member of the Committee resigned on 27th January 2009 and Mr. S Bhandari was appointed on 27th January 2009. Mr. S. S. Jain is the Chairman of the Committee. The Committee acts as a link between the Statutory & Internal Auditors and the Board of Directors.

The terms of reference of the Audit Committee are in accordance with sub-clause II of Clause 49 of the Listing Agreement entered into with the Stock Exchanges and inter-alia include :

To ensure that the financial reporting process and the disclosure of its financial information at the financial

statements are correct, sufficient and credible. Recommend the appointment of Statutory Auditors and Fixation of Audit Fees. Reviewing, with the Management, the annual financial statements. Reviewing, with the Management, performance of Statutory and Internal Auditors and adequacy of the Internal Control Systems. Reviewing the adequacy of Internal Audit Functions. Discussion with Statutory Auditors and Internal Auditors on nature and scope of audit etc. Reviewing the Company's Financial and Risk Management Policies.

Consequent to the Company's net worth exceeding Rs.25 Crores in October 2008, complying with the requirements of Clause 49 of the Listing Agreement became applicable. Accordingly, the requirement of Corporate Governance arises. The Company held 3 Audit Committee Meetings during the year. Attendance of Directors at these meetings are as under: -

Name of Member	Status	No. of Meetings attended
Mr. S.S. Jain	Chairman	3
Mr. R.C. Tapuriah	Member	3
Mr. A.V. Lodha	Member	3

ALFRED HERBERT (INDIA) LTD.**4. REMUNERATION COMMITTEE**

As constitution of Remuneration Committee is a non-mandatory requirement under Clause 49 of the Listing Agreement and no remuneration is being paid to any Director except Sitting Fee of Rs. 5000/-, the Board of Directors considers it unnecessary to constitute any Remuneration Committee at this stage.

Details of Sitting Fees paid to the Directors during the financial year ended 31st March 2009

Name of Director	Sitting Fees (Rs.)
Mr. R. S. Lodha	5000/-
Mr. R. C. Tapuriah	40,000/-
Mr. S. S. Jain	35,000/-
Mr. A. V. Lodha	40,000/-
Mr. H. V. Lodha	40,000/-
Mr. S. Bhandari	10,000/-
Mr. M. K. Ramachandra	-

5. INVESTORS' GRIEVANCE COMMITTEE

Share transfer and Shareholders/Investors' Grievance Committee looks into issues relating to shareholders including transfer of Shares, Redressal of complaints from Investors etc.

During the year, the Committee met 2 times and the composition and the attendance of the Directors at these meetings are as under:

Name of Member	Status	No. of Meetings attended
Mr. H. V. Lodha	Chairman	2
Mr. R. C. Tapuriah	Member	2
Mr. S. Bhandari	Member	1

During the year 5 complaints were received from the Shareholders which were replied/ resolved to the satisfaction of the shareholders as on 31st March 2009.

Mr. A. K. Basu, Chief Financial Officer is the Compliance Officer.

6. GENERAL BODY MEETINGS

The last 3 Annual General Meetings were held as under:-

Year	Venue	Date	Time
2007-08	Indian Chamber of Commerce 4 India Exchange Place Kolkata - 700 001	30.07.2008	9.30 a.m.
2006-07	Indian Chamber of Commerce 4 India Exchange Place Kolkata - 700 001	27.07.2007	10.00 a.m.
2005-06	Indian Chamber of Commerce 4 India Exchange Place Kolkata - 700 001	08.08.2006	10.00 a.m.

There was no Special Resolution, which required passing through postal ballot. At present no Special Resolution is proposed to be passed through a postal ballot or at the Annual General Meeting.

7. DISCLOSURES

- i) Details of transactions with related parties during the year have been furnished in Schedule 16(i) of the Accounting Policies and Notes on Accounts of the

Annual Accounts. There are no materially significant transactions with related parties i.e. Directors, Management, Subsidiaries and relatives conflicting with the Company's interests.

- ii) The Company has complied with all the requirements of the Listing Agreement with the Stock Exchanges as well as Regulations & Guidelines of Securities and Exchange Board of India (SEBI). No penalties were imposed by SEBI, Stock Exchanges or any Statutory Authorities on matters relating to Capital Markets during the last three years.

8. MEANS OF COMMUNICATIONS

The quarterly, half-yearly and the annual financial results are published in English and vernacular newspapers and are also furnished to the Stock Exchanges with whom the Company has listing arrangements to enable them to put them on their website.

9. GENERAL SHAREHOLDER INFORMATION

89th Annual General Meeting

Date & Time : 24th July 2009 at 10.00 a.m.

Venue : Indian Chamber of Commerce,
4 India Exchange Place, Kolkata

NEXT FINANCIAL CALENDAR

Company's financial year is based on 12 months starting from 1st April to 31st March

1st quarterly results	: Before the end of July 2009
2nd quarterly results	: Before the end of October 2009
3rd quarterly results	: Before the end of January 2010
Audited yearly results for the year ending 31st March 2010	: Before the end of June 2010

Date of Book Closure : From 16th July 2009 to 24th July 2009 (both days inclusive)

Dividend Payment Date : By 17th August 2009

LISTING OF STOCK EXCHANGES

The Company's shares : Bombay Stock Exchange Limited
are listed at The Calcutta Stock Exchange
Association Limited.

Listing Fees as prescribed have been paid to the above Stock Exchanges for the Financial year 2008-09

Stock Code of Equity Shares of the Company are as under:

Bombay Stock Exchange Limited : Scrip Code No. 5216

The Calcutta Stock Exchange Assn. Ltd. : Scrip Code No. 11525

Corporate Identity (CIN) : L74999WB1919PLC003616

ISIN : INE782D01027

MARKET PRICE DATA DURING THE FINANCIAL YEAR 2008-09 :

Month	Bombay Stock Exchange Ltd.	
	High	Low
	Rs.	Rs.
April	224.70	204.00
May	213.95	190.20
June	189.00	165.00



Month		Bombay Stock Exchange Ltd.	
		High Rs.	Low Rs.
July	:	190.00	149.00
August	:	172.00	160.85
September	:	180.05	157.20
October	:	168.00	88.00
November	:	107.85	58.40
December	:	96.50	84.10
January	:	96.00	84.25
February	:	104.00	86.60
March	:	100.00	90.10
Registrar and Share : Maheshwari Datamatics Pvt. Limited			
Transfer Agent : 6 Mangoe Lane, Kolkata - 700 001			
Telephone No. 2248 2248 / 2243 5809			

SHARE TRANSFER SYSTEM

All the transfers received are processed by the Registrar and Transfer Agents and are approved by Mr. A K Basu, Chief Financial Officer who has been authorised by the Board of Directors in this regard. Share Transfers are registered and returned within one month from the date of lodgment, if documents are complete in all respect.

DISTRIBUTION OF SHAREHOLDING AS ON 31ST MARCH 2009

No. of Equity Shares held	No. of Shareholders Total	%	No. of Equity Shares Total	%
Upto 1000	4070	99.3654	230870	29.9276
1001 to 5000	16	.3906	27882	3.6144
5001 to 10000	4	.0976	31565	4.0917
10001 to 50000	4	.0976	78102	10.1243
50001 and above	2	.0488	403010	52.2420
Total	4096	100.0000	771429	100.0000

DECLARATION ON CODE OF CONDUCT

This is to confirm that the Board of Directors of the Company has laid down a Code of Conduct for its Members and Senior Management Personnel of the Company. It is further confirmed that all the Directors and Senior Management Personnel of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended 31st March 2009 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

Date: 10th June 2009

for ALFRED HERBERT (INDIA) LIMITED
A.K.Basu
Chief Financial Officer

AUDITOR'S CERTIFICATE

To
The Members of
ALFRED HERBERT (INDIA) LIMITED

We have examined the compliance of conditions of Corporate Governance by ALFRED HERBERT (INDIA) LIMITED for the year ended on 31st March, 2009 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

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

SHAREHOLDING PATTERN AS ON 31ST MARCH 2009

Category	No. of Shareholders	No. of Shares held	Total Shareholding as a % of Total Share
Individuals	3965	241513	31.32
Non-Resident Individuals	24	4415	.57
Bodies Corporate	87	15819	2.05
Financial Institutions/Banks	2	90	.01
Insurance Companies	2	37868	4.90
	4080	299705	38.85
Promoters	16	471724	61.15
Total	4096	771429	100.00

Dematerialisation of Shares :- 28.24% of Equity Shares have been dematerialised as on 31st March 2009

SECRETARIAL AUDIT

As stipulated by SEBI, a Practicing Company's Secretary carries out the Secretarial Audit to reconcile the total admitted Capital with NSDL and CDSL and the total issued and listed Capital. This audit is carried out every quarter and the report thereon is submitted to Stock Exchanges, NSDL and CDSL and is also placed before the Board of Directors.

Address for correspondence : Alfred Herbert (India) Limited
13/3 Strand Road,
Kolkata - 700 001

Telephone Nos. : 2248 4801/2248 4802

In our opinion and the best of our information and according to the explanations given to us :

We certify that the Company has complied with the condition of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

For RAY & RAY
Chartered Accountants
Abhijit Neogi
Partner
Membership No. 61380

Place : Kolkata
Date : 10th June, 2009

ALFRED HERBERT (INDIA) LTD.

AUDITORS' REPORT

To the Members of Alfred Herbert (India) Limited.

1. We have audited the attached Balance Sheet of **ALFRED HERBERT (INDIA) LIMITED** as at 31 March 2009 and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 ('the order') as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (the "Order"), issued by the Central Government of India in terms of section 227 (4A) of the Companies Act, 1956 of India ('the Act') and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we set out in ANNEXURE, a statement on the matters specified in paragraph 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to in Paragraph 3 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 purpose of our audit;
 - (ii) In our opinion, proper books of account as required by the law have been kept by the Company, so far as appears from our examination of those books;
 - (iii) The financial statements dealt with by this report are in agreement with the books of accounts;
 - (iv) In our opinion, the financial statements dealt with by this report comply with the Accounting Standards referred to in section 211 (3C) of the 'Act' ;
 - (v) On the basis of the written representations received from the directors, as on 31 March 2009 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2009 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the 'Act' ;
 - (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with the Notes gives the information as required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of Balance Sheet, of the state of affairs of the Company as at 31 March, 2009;

(b) in the case of Profit and Loss Account, of the profit for the year ended on that date ; and

(c) in the case of Cash Flow Statement , of the cash flows for the year ended on that date.

5. According to the information and explanations given to us and on the basis of the test checks carried out by us during the course of the audit of the company, our report on the matters specified under the para 3A and 3C of Non Banking Financial Companies Auditors Report (Reserve Bank) Directions 1998 is as follows :

- i) The Company which was incorporated prior to 9th January 1997 has applied for registration as provided in section 45-IA of Reserve Bank of India Act, 1934 (2 of 1934) and has received registration certificate from the Reserve Bank of India vide their certificate no. N. 05. 04665 dated 29th November 2001.
- ii) The Board of Directors of the Company had passed a resolution at its meeting held on 22nd May 2008 for not to accept any public deposit.
- iii) The Company has not accepted any public deposit during the year under reference.
- iv) The Company has complied with the prudential norms relating to income recognition, assets, classification and provisioning for bad and doubtful debts as specified in the directions issued by the Reserve Bank of India in terms of the Non-Banking Financial (Non-deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007.

For RAY & RAY
Chartered Accountants
Abhijit Neogi
Partner
Membership No. 61380

Place : Kolkata
Date : 10th June, 2009

ANNEXURE TO THE AUDITORS' REPORT (Referred to in Paragraph 3 of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situations of fixed assets.
- (b) According to the information and explanations given to us, most of the fixed assets have been physically verified by the management during the year in a phased program and no material discrepancies were noticed on such verification. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and the nature of its assets,
- (c) The Company has not disposed off a substantial part of its fixed assets during the year, which affect the going concern status of the Company.
- (ii) (a) As explained to us, all the inventory of the company has been physically verified during the year by the management. In our opinion and according to the information and explanations given to us, the frequency of the verification is reasonable having regard to the size of the company and the nature of its business.



- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of examination of the records of inventory and according to the information and explanations given to us, we are of the opinion that the Company is maintaining proper records of inventory. Discrepancies noticed on physical verification of stocks were not material.
- (iii) According to the information and explanation given to us, the company has neither granted nor taken any loans to and from the companies, firms or other parties as listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, provisions of clause 4(iii)(b) to (g) of the order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, there are reasonable internal control procedures commensurate with the size and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) In our opinion and according to the information and explanations given to us, the Company has not entered into the contracts or arrangements referred to in the section 301 of the Act that need to be entered into the register required to be maintained under that section. Accordingly, clause 4 (v)(b) of the order are not applicable.
- (vi) The Company has not accepted any deposits under section 58A, 58AA or any other relevant provisions of the Act from the public during the year.
- (vii) In our opinion, the internal audit system of the Company is commensurate with the size of the Company and nature of its business.
- (viii) The Central Government has not prescribed for the maintenance of any cost records under section 209(1)(d) of the Companies Act, 1956 in respect of the products of the Company.
- (ix) (a) According to the information and explanations given to us, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employee's State Insurance, Income tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues applicable to it.
- On the basis of the records of the Company and the information and explanations given to us, no undisputed amounts payable in respect of statutory dues as aforesaid were outstanding as at 31 March, 2009 for a period of more than six months from the date they became payable.
- (b) According to the records of the Company and according to the information and explanations given to us by the management, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess, which have not been deposited on account of any dispute.
- (x) As per the records of the company, the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) Based on our examination of documents and records and according to the information and explanations given to us, the Company has not defaulted in repayment of dues of financial institutions, banks or debenture holders.
- (xii) According to the information and explanations given to us and based on document and records produced before us, the Company has granted loan on the basis of security by way of pledge of shares and proper records in respect thereof have been maintained.
- (xiii) The Company is not a chit fund or nidhi / mutual benefit fund / society. Therefore, the provisions of the clause 4 (xiii) of the Order are not applicable to the Company.
- (xiv) Based on our examination of documents and records and evaluation of the related internal controls, in respect of dealings/trading in securities, in our opinion, proper records have been maintained of the transactions and contracts and timely entries have been made in those records. We also report that the Company has held the shares, securities, debentures and other investments in its own name except to the extent of the exemption granted under section 49 of the Companies Act, 1956.
- (xv) 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) The Company did not have any term loan outstanding during the year. Accordingly, Clause 4 (xvi) of the Order is not applicable to the Company.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, the Company has not raised funds on short-term basis and therefore provisions of Clause 4(xvii) of the order are not applicable to the Company.
- (xviii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act during the year.
- (xix) According to the information and explanations given to us and the records examined by us, no debentures have been issued during the year. Accordingly, provisions of clause 4(xix) of the order are not applicable to the Company.
- (xx) Based on the records examined by us, the Company has not raised monies by public issue during the year.
- (xxi) During the course of our examination of books of accounts carried out in accordance with generally accepted auditing practices in India, we have neither come across any incidence of fraud on or by the Company nor have we been informed of any such cases by the management.

For RAY & RAY
Chartered Accountants
Abhijit Neogi
Partner
Membership No. 61380

Place : Kolkata
Date : 10th June, 2009