

## BOARD OF DIRECTORS

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



ANNUAL REPORT

# ALFRED HERBERT (INDIA) LTD.

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## REGISTERED OFFICE

Herbert House  
13/3, Strand Road, Kolkata-700 033

## ANNUAL REPORT 2009 - 2010





## ANNUAL REPORT

2009-2010

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### BOARD OF DIRECTORS

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

### REGISTERED OFFICE

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



## NOTICE OF MEETING

NOTICE is hereby given that the Ninetieth Annual General Meeting of the Members of **Alfred Herbert (India) Limited** will be held at Bengal National Chamber of Commerce & Industry Auditorium, 23 R N Mukherjee Road, Kolkata-700 001, on Friday, July 23, 2010 at 10.30 a.m. to transact the following business: -

1. To consider and adopt the audited Accounts of the Company for the year ended 31st March 2010 together with the Reports of the Directors and Auditors thereon.
2. To declare Dividend.
3. To appoint a Director in place of Mr. H.V. Lodha, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. S Bhandari, 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  
22nd May 2010

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 15th July 2010 to 23rd July 2010 (both days inclusive).
3. The Dividend, if declared, at the meeting will be paid on or after 24th July 2010 to those Members whose names shall appear on the Register of Members as on 15th July 2010.
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 2003 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 2003 will be transferred to Investors' Education and Protection Fund established by the Central Government U/s. 205C of the Companies Act, 1956 on 14th October 2010.
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 savings 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. H V Lodha and Mr. S Bhandari 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: -

### Shri H V Lodha

Shri H V Lodha, aged 43 years, is an eminent Chartered Accountant. He is the Chairman of Birla Corporation Limited. He serves on the Board of several reputed Companies and as Trustee and Managing Committee Member in several social and philanthropic organisations. He has served on the Executive Committee of FICCI and as Chairman of its Corporate Laws and Governance Committee and Co-Chairman of its Young Leaders Forum. He has served as Vice-president of Indian Chamber of Commerce, Kolkata and as Chairman of its Economic Affairs Committee, Banking & Finance and Direct Tax Committees. Currently, on the Managing Committee of ASSOCHAM as well as the Executive Committee of the Indian Chamber of Commerce. He holds 907 Equity Shares of the Company.

### Other Directorships

Name of the Company	Position
1. Advance Business Services Ltd.	Alternate Director
2. Baroda Agents & Trading Co. Pvt. Ltd.	Director
3. Birla Corporation Limited	Director
4. Birla Ericsson Optical Ltd.	Director
5. Birla Furukawa Fibre Optics Ltd.	Director
6. Central Business Services Ltd.	Alternate Director
7. City Consultants Ltd.	Alternate Director
8. East India Investment Co. Pvt. Ltd.	Director
9. Elco Consultants Ltd.	Alternate Director
10. Fenner (India) Ltd.	Director
11. Gwalior Webbing Co. Ltd.	Director
12. Harsh Chemicals Ltd.	Alternate Director
13. Hindustan Gum & Chemicals Ltd.	Director
14. Manoj Investment Ltd.	Alternate Director
15. Mazbat Investments Pvt. Ltd.	Director
16. Mazbat Properties Pvt. Ltd.	Director
17. Oneworld Resources Pvt. Ltd.	Director
18. Punjab Produce Holdings Ltd.	Director
19. Sicpa India Ltd.	Director
20. Swiss India Financial Services Co. Pvt. Ltd.	Director
21. The Punjab Produce & Trading Co. Pvt. Ltd.	Director
22. Universal Cables Ltd.	Director
23. Universal Telelinks Private Ltd.	Director
24. Vindhya Telelinks Ltd.	Director

### Other Committee Memberships

He is the Chairman of the Audit Committee of Sicpa India Limited and Investors' Grievance Committee of Alfred Herbert (India) Limited and Member of the Audit Committee of Fenner (India) Limited

### Shri S. Bhandari

Shri S Bhandari aged 54 years is a Specialist in Marine Law and Marine Insurance. His Educational qualifications are B Com, FNMIS & ACIARB. He is a well-known Professional with more than 20 years of experience. He joined the Board of the Company on 30th June 2006. He does not hold any shares in the Company.

### Other Directorships

Herbert Holdings Limited

### Committee Memberships

Audit & Investors' Grievance Committees of Alfred Herbert (India) Limited.

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



## DIRECTORS' REPORT

Your Directors have pleasure in presenting the Ninetieth Annual Report together with the Audited Accounts of your Company for the year ended 31st March 2010.

## FINANCIAL RESULTS

The Financial Results are as under :

	31st March 2010 Rs.	31st March 2009 Rs.
Profit before Tax	6,560,773	9,393,697
Provision for Tax	2,710,187	1,262,834
Profit after Tax	3,850,586	8,130,863
Surplus from earlier years brought forward/written back	8,630,481	4,931,685
Amount available for appropriation	12,481,067	13,062,548
Appropriations :		
Proposed Dividend	1,542,858	1,542,858
Corporate Dividend Tax	—	262,209
General Reserve	1,000,000	1,000,000
Special Reserve	800,000	1,627,000
	3,342,858	4,432,067
Surplus carried to Balance Sheet	9,138,209	8,630,481
	12,481,067	13,062,548

## DIVIDEND

Your Directors take pleasure in recommending for approval the payment of Dividend of Rs. 2/- (per share) for the year ended 31st March 2010.

## FINANCIAL PERFORMANCE

The Company's gross income for the financial year ended 31st March 2010 stood at Rs.260.04 lacs and profit before tax stood at Rs.65.61 lacs.

The Company's Realty and Business Services Division continued to perform satisfactorily. The Company renewed its lease for its warehouse in Kolkata and is currently repairing the same comprehensively. The Division has deployed its surplus funds in long-term investments, which have performed and should help maximise returns in future and is actively exploring various opportunities including by the better utilisation of its properties to increase its sustainable income significantly.

The Sales and Marketing Division of the Company performed reasonably well during the year and contributed to the profitability of the Company.

The Company's wholly owned subsidiaries, Alfred Herbert Limited and Herbert Holdings Limited performed satisfactorily during the year and barring

unforeseen circumstances should continue to contribute to the overall growth of the Company.

## DIRECTORS

Mr. H V Lodha, Director, and Mr. S Bhandari, Director, retire by rotation and being eligible, offer 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.

## 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:

- that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- 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 ;
- 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 ;
- 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.16 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.

On behalf of the Board  
H. V. Lodha  
R. C. Tapuriah  
Directors

Kolkata  
22nd May, 2010





## CORPORATE GOVERNANCE REPORT FOR THE YEAR 2009-10

### 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 2010 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, 5 meetings of the Board of Directors were held on 16.04.2009, 10.06.2009, 24.07.2009, 24.10.2009 and 22.01.2010.

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 2010 are as follows :-

Name of Director	Relationship with other Directors	Category	No. of Board Meetings attended	Attendance in last A.G.M.	No of Shares held	No of other Directorships *	Details of Board Committee Membership Member	Chairman
Mr. A V Lodha	Brother of Mr. H V Lodha	Non-independent Non-executive	4	Yes	937	3	3	2
Mr. R.C Tapuriah	None	Independent Non-executive	4	Yes	132	14	3	4
Mr. H V Lodha	Brother of Mr. A V Lodha	Non-independent Non-executive	3	Yes	907	24	2	3
Mr. S.S Jain	None	Independent Non-executive	5	Yes	-	19	1	2
Mr. S Bhandari	None	Independent Non-executive	3	No	-	1	2	-

\* including Alternate Directorships and Directorships of 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 Mr S S Jain, Mr. R C Tapuriah and Mr. S Bhandari. 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.

The Company held 4 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	4
Mr. R.C. Tapuriah	Member	4
Mr. S. Bhandari	Member	3

### 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 2010

Name of Director	Sitting Fees (Rs.)
Mr. A. V. Lodha	20,000/-
Mr. R. C. Tapuriah	55,000/-
Mr. H. V. Lodha	25,000/-
Mr. S. S. Jain	45,000/-
Mr. S. Bhandari	45,000/-



**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 3 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	3
Mr. S. Bhandari	Member	3

During the year 4 complaints were received from the Shareholders which were replied/ resolved to the satisfaction of the shareholders as on 31st March 2010.

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
2008-09	Indian Chamber of Commerce 4 India Exchange Place Kolkata - 700 001	24.07.2009	10.00 a.m.
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.

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**

- 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.
- 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**

90th Annual General Meeting

Date & Time: 23rd July 2010 at 10.30 a.m.

Venue : Bengal National Chamber of  
Commerce & Industry  
23 R N Mukherjee Road  
Kolkata - 700 001

**NEXT FINANCIAL CALENDAR**

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

1st quarterly results	: Before 15th August 2010
2nd quarterly results	: Before 15th November 2010
3rd quarterly results	: Before 15th February 2011
Audited yearly results for the year ending 31st March 2011	: Before the end of May 2011
Date of Book Closure	: From 15th July 2010 to 23rd July 2010 (both days inclusive)
Dividend Payment Date	: On or after 24th July 2010

**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 2009-10

**STOCK CODE OF EQUITY SHARES OF THE COMPANY ARE AS UNDER :**

Bombay Stock Exchange Limited	: Scrip Code No. 505216
The Calcutta Stock Exchange Assn. Ltd.	: Scrip Code No. 11525
Corporate Identity (CIN)	: L74999WB1919PLC003516
ISIN	: INE782D01027

**MARKET PRICE DATA DURING THE FINANCIAL YEAR 2009-10 :**

Month	Bombay Stock Exchange Ltd.	
	High Rs.	Low Rs.
April	: 109.75	91.00
May	: 141.35	97.15
June	: 149.75	129.00
July	: 145.90	101.70
August	: 174.00	115.20
September	: 187.00	145.85
October	: 212.50	156.00





	High Rs.	Low Rs.
November	200.00	160.00
December	194.00	155.10
January	209.65	142.10
February	166.25	145.00
March	183.95	145.75

**Registrar and Share Transfer Agent** : Maheshwari Datamatics Pvt. Limited  
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 2010

No. of Equity Shares held	No. of Shareholders Total	%	No. of Equity Shares Total	%
Upto 1000	3964	99.2240	230020	29.8174
1001 to 5000	21	.5257	36713	4.7591
5001 to 10000	5	.1252	39386	5.1056
10001 to 50000	3	.0751	62300	8.0759
50001 and above	2	.0500	403010	52.2420
Total	3995	100.0000	771429	100.0000

#### SHAREHOLDING PATTERN AS ON 31ST MARCH 2010

Category	No. of Share- holders	No. of Shares held	Total Share- holding as a % of Total Share
Individuals	3863	246848	32.00
Non-Resident Individuals	24	4579	.59
Bodies Corporate	88	26304	3.41

#### AUDITOR'S CERTIFICATE

To  
The Members of  
ALFRED HERBERT (INDIA) LIMITED

We have examined the compliance of Corporate Governance by ALFRED HERBERT (INDIA) LIMITED for the year ended on 31st March, 2010 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 there of, 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 Statements of the Company.

Category	No. of Share- holders	No. of Shares held	Total Share- holding as a % of Total Share
Financial Institutions/Banks	2	90	.01
Insurance Companies	1	15628	2.03
Trusts	1	90	0.01
	3979	293539	38.05
Promoters	16	477890	61.95
Total	3995	771429	100.00

**Dematerialisation of Shares :- 28.91% of Equity Shares have been dematerialised as on 31st March 2010**

#### SECRETARIAL AUDIT

As stipulated by SEBI, a Practicing Company 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

#### 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 2010 as envisaged in Clause 49 of the Listing Agreement with the Stock Exchanges.

for ALFRED HERBERT (INDIA) LIMITED

A.K.Basu

Chief Financial Officer

Date: 22nd May 2010

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

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

We further state that such compliance is neither an assurance as to 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

Firm's Registration No. 301072E

Abhijit Neogi

Partner

Membership No. 61380

Place : Kolkata

Date : 22nd May, 2010



**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 2010 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 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 paragraphs 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 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 account;
  - (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 2010 and taken on record by the Board of Directors, we report that none of the directors are disqualified as on 31 March, 2010 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, 2010;

- (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 2008 is as follows :
  - i) The Company is engaged in the business of Non Banking Financial Institution.
  - ii) 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.
  - iii) The asset / income pattern of the Company as on 31.3.2010 is as follows:
 

Ratio of Investment income to total income	0.28
Ratio of Investments to total assets	0.69

 However as represented by the Management, the Company intends to continue to hold its Certificate of Registration.
  - iv) The Board of Directors of the Company had passed a resolution of its meeting held on 22nd January 2010 for non-acceptance of any public deposit.
  - v) The Company has not accepted any public deposit during the year under reference.
  - vi) 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  
Firm's Registration No. 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380

Place : Kolkata  
Date : 22nd May, 2010

**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.



- (i) (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.
- (ii) According to the information and explanations 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 or 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) 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, 2010 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  
Firm's Registration No. 301072E  
Abhijit Neogi  
Partner  
Membership No. 61380

Place : Kolkata  
Date : 22nd May, 2010