27th Annual Report 2009-2010

IPOL® LUBRICANTS

Sah Petroleums Limited

Directors	:	Mr. Rajendra Sah	-	Chairman
		Mr. Vivek Sah	-	Managing Director
		Mr. Aditya Sah	-	Joint Managing Director
		Mr. Bruno P.Y.G. Seghin	-	Director
		Mr. Noshir B. Dubash	-	Independent, Non Executive Director
		Mr. Alok D. Sukhani	-	Independent, Non Executive Director
		Mr. Pradip C. Shah	-	Independent, Non Executive Director
		Mr. Vinay G. Rao	-	Independent, Non Executive Director

Company Secretary : Mr. D. Malla Reddy

Auditors : N.D. Daga & Co.
Chartered Accountants
5/2, Tardeo AC Market Building, Tardeo Road, Mumbai – 400 034.

Bankers : Axis Bank Ltd, Nariman Point, Mumbai - 400 021.
Dena Bank, Sachivalaya Corner, Mumbai - 400 021.
ICICI Bank, Mumbai.
IDBI Bank, Mumbai.

Registered Office : 406/407, Embassy Centre, Nariman Point, Mumbai-400 021.

Registrars & Share Transfer Agents : Sharex Dynamic (India) Pvt. Ltd.
17/B, Dena Bank Building, 2nd Floor,
Horniman Circle, Fort, Mumbai - 400 001.
Telephone No: 22702485/22641376, Fax: 22641349.

Plant Locations :
1) Plot No. 5 to 14, Behind Dewan & Shah Indl. Estate, Village: Valiv, Vasai (E), Dist: Thane, India.
2) Survey No. 97 / 2, Daman Industrial Estate, Kadaiya, Daman Pataliya Road, Nani Daman – 396 210.

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NOTICE

Notice is hereby given that the Twenty Seventh Annual General Meeting of the Members of Sah Petroleums Limited will be held on Thursday, the 30th September, 2010 at 10.00 A.M. at M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Profit & Loss Account for the year ended 31st March, 2010 and the Balance Sheet as at that date, together with the Report of the Board of Directors and the Auditors thereon.
2. To declare dividend on Equity Shares for the year ended 31st March, 2010.
3. To appoint a Director in place of Mr. Vinay G. Rao, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Pradip C. Shah, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint the Auditors of the Company to hold office upto the conclusion of the next Annual General Meeting and fix their remuneration.

By order of the Board
For **SAH PETROLEUMS LIMITED**

D. MALLA REDDY
Company Secretary

Mumbai, 10th August, 2010.

Registered Office:

406/407, Embassy Centre,
Nariman Point, Mumbai – 400 021

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/herself and a proxy need not be a member of the company.**
2. The instrument(s) appointing the proxy, if any, shall be delivered at the Registered Office of the Company, not less than forty eight (48) hours before the commencement of the Meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have any right to speak at the meeting.
3. Members are requested to address all their correspondence including change of address, etc. to the Company's Registrar and Transfer Agent, Sharex Dynamic (India) Pvt. Ltd. 17/B, Dena Bank Building, 2nd Floor, Horniman Circle, Fort, Mumbai – 400 001.
4. The Register of Members and Share Transfer Books of the Company will remain closed from 24-09-2010 to 30-09-2010 (both days inclusive) for the purpose of determination & entitlement of payment of dividend, if declared, at the ensuing Annual General Meeting. The dividend will be paid on or before 29th October 2010.
5. Members who have not yet encashed share application money, dividend warrant(s) and unclaimed dividends for the financial year 2004-05 to 2008-09, are requested to make their claims with out delay.
6. Members desiring any information as regards the Accounts are requested to write to the G. M. (Finance) at the address of Registered Office of the Company at least seven days before the date of the meeting, so that the requisite information is made available at the meeting.
7. Members / Proxies are requested to bring the Attendance Slip duly filled in.
8. Members are requested to bring their copies of the Annual Report to the meeting.
9. Details of Directors seeking appointment and re-appointment at the ensuing Annual General Meeting (in pursuance of Clause 49 of the Listing Agreement).

Name of Director	**Mr. Vinay G. Rao**	**Mr. Pradip C. Saha**
Date of Birth	24-03-1944	19-05-1956
Nationality	Indian	Indian
Date of Appointment on Board	05-04-2004	05-04-2004
Qualifications	BE (MET)	B.COM, LLB & FCS
Expertise in Functional Area	Business Individual	Practicing Company Secretary
No. of Shares held in the Company (as on 31.03.2010)	NIL	NIL
List of Directorships held in other Companies	NIL	NIL
Chairman/Member Committee of Boards of other Companies in which he is a Director	NIL	NIL

By order of the Board
For **SAH PETROLEUMS LIMITED**

D. MALLA REDDY
Company Secretary

Mumbai, 10th August, 2010.

Registered Office:

406/407, Embassy Centre,
Nariman Point, Mumbai – 400 021

IPOL LUBRICANTS

Balance Sheet

	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.	Year Ended March 31, 2008 Rs.	Year Ended March 31, 2007 Rs.	Year Ended March 31, 2006 Rs.
I SOURCES OF FUNDS					
1 Shareholders Funds					
a. Share Capital	220,000,000	220,000,000	160,000,000	160,000,000	160,000,000
b. Reserves and Surplus	888,088,746	950,802,390	711,601,342	566,465,651	476,928,753
Less: Revaluation Reserve	33,855,845	34,840,611	35,825,377	36,810,143	37,794,909
	854,232,901	915,961,779	675,775,965	529,655,508	439,133,844
Net Worth	1,074,232,901	1,135,961,779	835,775,965	689,655,508	599,133,844
2 Loan Funds					
a. Secured Loans	-	-	-	-	-
b. Unsecured Loans	-	-	94,185,000	74,950,000	119,825,000
	-	-	94,185,000	74,950,000	119,825,000
3 Deffered Tax Liability	12,393,847	9,454,814	7,395,423	5,193,650	3,337,650
Total	**1,086,626,748**	**1,145,416,593**	**937,356,388**	**769,799,158**	**722,296,494**
II APPLICATION OF FUNDS					
1 Fixed Assets					
a. Gross Block	431,722,340	356,557,329	283,986,448	223,002,657	206,257,967
b. Less: Depreciation	85,950,738	68,283,587	55,353,366	45,401,321	37,410,361
c. Net Block	345,771,602	288,273,742	228,633,082	177,601,336	168,847,606
d. Capital Work-In-Progress	11,387,033	23,574,981	6,155,516	30,873,393	3,034,031
	357,158,635	311,848,723	234,788,598	208,474,729	171,881,637
Less: Revaluation Reserve	33,855,845	34,840,611	35,825,377	36,810,143	37,794,909
	323,302,790	277,008,112	198,963,221	171,664,586	134,086,728
2 Investments	411,578,142	343,380,533	317,837,905	117,553,740	162,627,371
3 Current Assets, Loans and Advances					
a. Inventories	561,809,557	523,973,962	330,080,384	228,270,120	255,584,738
b. Sundry Debtors	766,448,302	863,735,309	737,892,933	487,124,806	349,557,100
c. Cash and Bank Balances	193,040,404	439,774,212	168,736,195	51,604,201	87,768,204
d. Loans and Advances	188,861,153	174,265,929	148,483,685	100,231,618	97,711,375
	1,710,159,416	2,001,749,412	1,385,193,197	867,230,745	790,621,417
Less: Current Liabilities and Provisions					
a. Current Liabilities	1,355,627,103	1,469,477,617	923,654,209	412,859,582	382,126,691
b. Provisions	2,786,497	7,243,847	40,983,726	-	9,122,000
	1,358,413,600	1,476,721,464	964,637,935	412,859,582	391,248,691
Net Current Assets	351,745,816	525,027,948	420,555,262	454,371,163	399,372,726
4 Miscellaneous Expenditure (To the extent not written off or adjusted)					
Share Issue Expenses	-	-	-	26,209,669	26,209,669
Total	**1,086,626,748**	**1,145,416,593**	**937,356,388**	**769,799,158**	**722,296,494**

Profit & Loss Account

	Year Ended March 31, 2010 Rs.	Year Ended March 31, 2009 Rs.	Year Ended March 31, 2008 Rs.	Year Ended March 31, 2007 Rs.	Year Ended March 31, 2006 Rs.
INCOME					
Gross Turnover	3,173,793,508	2,933,654,572	2,398,225,997	2,090,175,295	1,329,711,805
Less: Excise Duty	393,220,259	380,137,691	343,120,966	293,498,198	182,558,068
Net Turnover	2,780,573,249	2,553,516,881	2,055,105,031	1,796,677,097	1,147,153,737
Other Income	120,544,522	(114,471,432)	67,094,392	23,873,399	16,819,664
Increase/(Decrease) in Finished Goods	(109,547,263)	202,150,039	36,173,802	31,614,076	2,514,272
	2,791,570,508	2,641,195,488	2,158,373,225	1,852,164,572	1,166,487,673
EXPENDITURE					
Materials	2,054,395,521	2,062,291,815	1,570,251,926	1,477,909,803	908,365,994
Staff Cost	112,567,462	89,155,291	45,392,263	24,586,739	18,721,751
Other Manufacturing Expenses	162,945,395	194,451,913	126,936,215	87,022,056	56,932,337
Administration Expenses	73,265,392	54,987,584	43,512,909	50,544,376	36,170,716
Selling & Distribution Expenses	363,522,995	140,495,167	105,104,763	74,025,859	44,046,615
	2,766,696,765	2,541,381,770	1,891,198,076	1,714,088,833	1,064,237,413
PROFIT BEFORE INTEREST, DEPRECIATION & TAX	24,873,744	99,813,718	267,175,149	138,075,739	102,250,260
Interest	65,907,292	81,044,677	38,855,402	13,489,355	7,466,924
Depreciation	17,242,217	13,365,301	10,130,175	7,466,481	4,302,628
PROFIT BEFORE TAX	(58,275,766)	5,403,740	218,189,572	117,119,903	90,480,708
Provision for Tax - Current Tax	-	568,000	22,000,000	13,000,000	7,500,000
- Deffered Tax	2,939,033	2,059,391	2,201,773	1,856,000	1,680,000
- Fringe Benefit Tax	-	2,840,000	1,826,000	1,500,000	1,253,000
- Exchange Rate Difference	-	-	28,800,000	-	-
- MAT Credit Entitlement	-	(568,000)	(21,010,000)	-	-
PROFIT FOR THE YEAR	(61,214,799)	504,349	184,371,799	100,763,903	80,047,708
Earning Per Share	(1.39)	0.01	5.76	3.15	2.50
Book Value Per Share	24.41	25.82	26.12	21.55	18.72
Dividend Payment Track Record	✓	✓	✓	✓	✓

DIRECTORS' REPORT

To

The Members,

The Directors have pleasure in presenting their Twenty Seventh Annual Report together with the Audited Accounts for the year ended 31st March 2010.

1. FINANCIAL RESULTS:

(Rupees In Lacs)

Particulars	**2009-10**	2008-09
Gross Turnover	**31737.93**	29336.54
Profit before Depreciation, Interest & Taxation	**248.74**	998.14
Interest	**659.07**	810.45
Depreciation	**172.42**	133.66
Profit before Taxation	**(582.75)**	54.03
Provision for taxes including Deferred tax	**29.39**	48.99
Profit for the year after taxation	**(612.14)**	5.04
Balance brought forward from previous year	**4032.84**	4055.00
Amount available for appropriation	**3420.70**	4060.04
Appropriations:		
- Income Tax	**-**	(0.77)
- Proposed Dividend	**4.40**	22.00
- Tax on Dividends	**0.74**	3.74
- Residual Dividend	**-**	0.02
- General Reserve	**-**	2.20
Total	**5.14**	27.19
Balance carried to Balance Sheet	**3415.56**	4032.85

2. BUSINESS RESULTS:

Gross turnover for the year ended 31st March, 2010 amounted to Rs. 31,737.93 lacs as compared to Rs. 29,336.54 lacs for last year registering a growth of 8.18%. The loss for the year stood at Rs. 612.14 lacs against the profit Rs.5.04 lacs for the previous year. The loss incurred is due to brand building activities carried out by the Company during the year.

3. DIVIDEND:

The Board of Directors, at its meeting held on 10th August, 2010, recommended dividend of Rs.0.01 per share (0.20%) on the Equity Shares of Rs.5/- each for the year ended 31st March, 2010. The dividend will be paid subject to approval of Shareholders at the ensuing Annual General Meeting.

4. DIRECTORS:

Mr. Vinay G. Rao and Mr. Pradip C. Shah, Directors, retire by rotation at the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment. A brief resume, nature of expertise, details of directorships held in other companies and shareholding in the company as stipulated under clause 49 of the listing agreement with the stock exchanges is appended as an annexure to the notice of the ensuing Annual General Meeting.

5. FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposits from the Public and therefore is not required to furnish information in respect of outstanding deposits under Non-Banking Non-Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposits) Rules, 1975.

6. AUDITORS:

The Auditors of the Company Messrs. N.D. Daga & Co., Chartered Accountants retire at the ensuing Annual General Meeting of the Company and have given their consent for re-appointment. The company has also received Certificate from them under section 224(1B) of the Companies Act, 1956.

7. PARTICULARS OF EMPLOYEES:

Particulars of employees under section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 for the year ended 31-03-2010.

Name, Age and Qualification	Designation and Nature of Duties	Date of commencement of employment	Experience (No. of years)	Remuneration (Rs. in Lacs)	Last Employment & Designation
H A Anand, 59 years B.Sc. (Hons) & DBM	President Marketing & Technical Services	25-07-2007	36	24.83	Self employed (USA)
Alok Singh, 38 years B.Com & PGDBM	Assistant Vice President Marketing	23-05-2005	20	33.44	Exxon Mobile Lubes & Spel.Pvt. Ltd. Distributor Business Consultant

Remuneration includes Salary and other allownces, bonus/ex-gratia, Company's contribution to Provident Fund, Medical Espenses and other prequisites.

8. CORPORATE GOVERNANCE:

Your Company has complied with the requirements of Clause 49 of the listing agreement regarding Corporate Governance. A report on the Corporate Governance practices followed by the Company, the Auditors' Certificate on compliance of mandatory requirements thereof and Management Discussion and Analysis are given as annexure to this report.

9. CODE OF CONDUCT:

Your Company is committed to conducting its business in accordance with the applicable laws, rules and regulations and highest standards of business ethics. In recognition thereof, the Board of Directors has implemented a Code of Conduct for adherence by the Directors and Senior Management Personnel of the Company. This helps in dealing with ethical issues and also in fostering a culture of accountability and integrity.

10. DIRECTORS' RESPONSIBILITY STATEMENT:

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

(i) in the preparation of annual accounts, the applicable Accounting Standards have been followed and that no material departures have been made from the same;

(ii) they 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 as at 31st March, 2010 and of the profit of the company for the year ended on that date;

(iii) they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of Companies Act, 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(iv) they have prepared the annual accounts on a going concern basis.

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

i. CONSERVATION OF ENERGY:

The Company's operations involve low energy consumption. Adequate measures have, however, been taken to conserve energy.

ii. TECHNOLOGY ABSORPTION:

The Company is carrying on Research and Development in manufacturing process and the R & D is busy in developing new products to absorb full Technology available with Company.

iii. FOREIGN EXCHANGE EARNINGS / OUTGO:

(a)	Earnings in Foreign Exchange	:		
	Export of Sales (FOB)	:	Rs.	14,10,28,780/-
(b)	Expenditure in Foreign Exchange	:		
	Import of Raw Material	:	Rs.	1,68,46,76,364/-
	Foreign Travelling	:	Rs.	15,81,046/-
	Royalty	:	Rs.	63,050/-
	Others	:	Rs.	65,518/-

12. INDUSTRIAL RELATIONS:

Industrial Relations continued to remain cordial and peaceful.

13. ACKNOWLEDGEMENT:

Your Directors wish to place on record their appreciation of the employees at all levels for their dedicated service and contribution to the growth and prosperity of the Company. Your directors also wish to place on record their appreciation for the assistance and co-operation received from Central & State Governments, banks, shareholders and business associates.

On behalf of the Board

Place : Mumbai
Date : 10th August, 2010

RAJENDRA SAH
Chairman

CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY

Sah Petroleums Limited's philosophy on good Corporate Governance envisages a combination of business practices that result in enhancement of the value of the Company to the shareholders and simultaneously enable the Company to fulfill its obligations to other stakeholders such as customers, employees, vendors, dealers, financier's and to the society at large. Your Company firmly believes that such practices are founded upon the core values of transparency, professionalism, empowerment, equity and accountability.

Your Company makes best endeavors to uphold and nurture these core values in all facets of its operations and aims to increase and sustain its corporate value through growth and innovation. Your Company is fully committed to and continues to follow procedures and practices in conformity with the Code of Corporate Governance as recommended by SEBI Guidelines in clause 49 of the Listing Agreement with the Stock Exchanges, is set out below:

2. BOARD OF DIRECTORS

2.1. Composition

The Board of Directors as at 31st March, 2010 comprises of following Eight Directors, out of which four are the Non-Executive & Independent Directors. None of the Non-Executive Directors have any material pecuniary relationship or transactions with the company.

Name of the Director	Position
Mr. Rajendra Sah	Chairman
Mr. Vivek Sah	Managing Director
Mr. Aditya Sah	Joint Managing Director
Mr. Bruno P.Y.G. Seghin	Director
Mr. Noshir B. Dubash	Non-Executive & Independent Director
Mr. Alok Sukhani	Non-Executive & Independent Director
Mr. Pradip C. Shah	Non-Executive & Independent Director
Mr. Vinay G. Rao	Non-Executive & Independent Director

2.2. Meetings and attendance record of each Director

Sah Petroleums Limited held Seven Board Meetings during the year ended 31st March, 2010. These were as under:

30th June, 2009, 31st July, 2009, 25th August, 2009, 30th September, 2009, 31st October, 2009, 29th January, 2010 and 24th March, 2010.

Director's attendance record and directorships held:

Name of the Director	Attendance Particulars		No. of Other		
	Board Meetings	Last AGM	Director-ships	Committee Member-ships	Committee Chairman-ships
Mr. Rajendra Sah	7	Yes	Nil	Nil	1
Mr. Vivek Sah	5	Yes	Nil	Nil	Nil
Mr. Aditya Sah	5	Yes	Nil	1	Nil
Mr. Bruno P.Y.G. Seghin	3	Yes	12	Nil	Nil
Mr. N. B. Dubash	7	Yes	Nil	2	1
Mr. Alok Sukhani	6	No	Nil	2	Nil
Mr. Pradip C. Shah	7	Yes	Nil	1	1
Mr. Vinay G. Rao	7	Yes	Nil	Nil	Nil

2.3. Directors proposed to be reappointed

The brief particulars of the Directors of the Company proposed to be reappointed at the ensuing Annual General Meeting are as under:

Mr. Vinay G. Rao, BE (MET) aged 66 years and possesses very rich 46 years experience in the industrial field.

Mr. Pradip C. Shah, Practicing Company Secretary and possesses very rich experience in the Legal, Accounts and Company Law matters for more than 30 years. He is 54 years old and is a Chairman of the Audit Committee of the Company.

3. BOARD COMMITTEES:

(a) AUDIT COMMITTEE

i) The Audit Committee comprises of three independent non-executive directors, Mr. Pradip C. Shah, Mr. Noshir B. Dubash and Mr. Alok D. Sukhani. Mr. Pradip C. Shah is a Chairman of the Audit Committee.

ii) The Audit Committee met seven times during the year i.e., 30th June, 2009, 31st July, 2009, 29th August, 2009, 31st October, 2009, 27th November, 2009, 29th January, 2010 and 25th February, 2010. Attendance record of each member is as under:

Sr. No.	Name of the Director	No. of Meetings attended
1	Mr. Pradip C. Shah (Chairman)	7
2	Mr. Noshir B. Dubash	7
3	Mr. Alok D. Sukhani	7

iii) The Committee acts as a link between the Management, Statutory Auditors and the Board of Directors and oversees the financial reporting process.

(b) SHAREHOLDERS/INVESTORS GRIEVANCE COMMITTEE

i) The Shareholders'/Investors' Grievance Committee comprises of three directors, Mr. Noshir B. Dubash, Mr. Alok D. Sukhani and Mr. Aditya Sah.

ii) The Committee met six times during the year i.e., on 25th May, 2009, 27th July, 2009, 10th September, 2009, 29th October, 2009, 7th January, 2010 and 18th March, 2010. The attendance record of each member is as under:

Sr. No.	Name of the Director	No. of Meetings attended
1	Mr. Noshir B. Dubash (Chairman)	6
2	Mr. Alok D. Sukhani	6
3	Mr. Aditya Sah	6

The shareholders/investors grievance committee specifically looks into redressing of shareholders' and investors' complaints such as transfer of shares, non-receipt of dividend warrants, others if any and ensures expeditious share transfer process.

4. ANNUAL GENERAL MEETINGS

The Annual General Meetings (AGM) of the company was held at the following places in the last three years.

Year	Date	Time	Venue
2006-07	29.09.2007	10.00 A.M.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.
2007-08	30.09.2008	10.00 A.M.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.
2008-09	30.09.2009	10.00 A.M.	M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Mumbai – 400 001.

No Special Resolutions were put through postal ballot by the Company during the Financial Year 2009-10.

5. CODE OF CONDUCT

The Board of Directors has adopted the Code of Business Conduct and Ethics for all Directors of the Company and Senior Management personnel. The Code of Conduct provisions has been communicated to the directors and members of the Senior Management personnel. The Code has also been posted on the Company's website – www.sahpetroleums.com

6. DISCLOSURES

There were no materially significant related party transactions during the year having conflict with the interest of the company.

The Company has complied with all requirements of the Listing Agreement with the Stock Exchanges as well as regulations and guidelines of SEBI. No penalties were levied by SEBI, Stock Exchanges or any other Statutory Authorities nor passed strictures on matters relating to capital markets during the financial year.

7. CEO/CFO CERTIFICATION

The CEO and the CFO certified to the Board that:

1. They have reviewed the balance sheet and profit and loss account and all its schedules and notes to accounts, as well as the cash flow statement;
2. Based on their knowledge, information and belief, these statements do not contain any untrue statement of a material fact or omit to state a material fact that might be misleading with respect to the statements made;
3. Based on their knowledge, information and belief, the financial statements and other financial information included in this Report present a true and fair view of the Company's affairs for the period presented in this Report and are in compliance with the existing accounting standards, applicable laws and regulations;
4. To the best of their knowledge, information and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's Code of Conduct;
5. They are responsible for establishing and maintaining internal controls for financial reporting and have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting;
6. They have disclosed, based on their most recent evaluation, wherever applicable, to the Company's Auditors and the Audit Committee of the Company's Board of Directors all significant deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps taken or proposed to be taken to rectify the deficiencies;