

Millennium Beer Industries Limited

ANNUAL REPORT 2008 – 2009

BOARD OF DIRECTORS

S R Gupte
P Subramani
C L Jain
R N Pillai
N Sunder Rajan
A K Das - Whole-time Director

COMPANY SECRETARY

Nitesh Bakshi

AUDITORS

Price Waterhouse
5th Floor, Tower D,
The Millennia,
1 & 2 Murphy Road,
Ulsoor, Bangalore - 560 008.

REGISTERED OFFICE

'UB TOWER', UB City,
24, Vittal Mallya Road,
Bangalore - 560 001.

BREWERIES

Main Delhi Jaipur Highway,
Village Joniawas, Dharuhera,
Distt. Rewari - 122 106.
Haryana

Plot No. L-10, MIDC,
Waluj Industrial Area,
Aurangabad - 431 136.
Maharashtra

REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Private Limited,
A-40, 2nd Floor, Near Batra Banquet Hall,
Naraina Industrial Area Phase - II,
New Delhi - 110 028.

AUDIT COMMITTEE

S R Gupte
C L Jain
R N Pillai
N Sunder Rajan

**SHAREHOLDERS'/INVESTORS'
GRIEVANCE COMMITTEE**

S R Gupte
P Subramani
R N Pillai

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Millennium Beer Industries Limited**NOTICE**

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of **MILLENNIUM BEER INDUSTRIES LIMITED** will be held on Wednesday, September 30, 2009 at **THE CAPITOL HOTEL, No. 3, RAJ BHAVAN ROAD, BANGALORE-560 001, at 10.30 a.m.** to transact the following business:

ORDINARY BUSINESS

- 1) To receive and consider the Accounts for the year ended March 31, 2009, and the Reports of the Auditors' and Directors' thereon.
- 2) To appoint a Director in place of Mr. Nagarajan Sunder Rajan, who retires by rotation and, being eligible, offers himself for re-appointment.
- 3) To appoint a Director in place of Mr. Rup Narayan Pillai, who retires by rotation and, being eligible, offers himself for re-appointment.
- 4) To appoint Auditors and authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

- 5) To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **ORDINARY Resolution**:

RESOLVED that Mr. Anup Kumar Das, who in terms of Section 260 of the Companies Act, 1956 holds office till the date of this Annual General Meeting and in respect of whom a notice has been received from a member under Section 257 of the said Act, be and is hereby appointed as a Director of the Company.

- 6) To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **ORDINARY Resolution**:

RESOLVED that subject to the provisions of Section 269, Schedule XIII and other applicable provisions of the Companies Act, 1956 or any Statutory modification or re-enactment thereof, consent of the Members be and is hereby accorded to the appointment of Mr. Anup Kumar Das as Whole-time Director of the Company, effective November 01, 2008, for a period of three years upto October 31, 2011, at a token remuneration of Re.1 per annum.

Further **RESOLVED** that any change in terms of appointment/revision of remuneration payable to Mr. Anup Kumar Das shall be subject to the provisions laid down in section 198 and 309 and Schedule XIII of the Companies Act, 1956 or any other Statutory provisions, modification or re-enactment thereof and shall be subject to the approval of the Central Government and / or such other Statutory/Regulatory Bodies as may be required in terms of relevant Regulations.

Further **RESOLVED** that as a Whole-time Director, Mr. Anup Kumar Das be entrusted with substantial power of management and will be responsible for general conduct and management of the business and affairs of the Company subject to the superintendence, control and supervision of the Board of Directors of the Company. During his tenure as a Whole-time Director, Mr. Anup Kumar Das shall not be liable to retire by rotation.

By order of the Board,

Place: Bangalore
Date: July 27, 2009

Nitesh Bakshi
Company Secretary

Notice (contd.)**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. The proxy need not be a member of the Company. In order to be effective, the proxy must be lodged at the Registered Office of the Company not less than forty-eight hours before the time of the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 forms part of this Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed on September 29, 2009 and September 30, 2009.
4. Members are requested to bring their copies of the Annual Report to the meeting together with the attendance slip duly filled in.
5. Members desiring any information about the accounts to be explained at the meeting are requested to furnish their queries, if any, to the Company at least 10 days in advance of the Annual General Meeting so that details can be kept ready at the meeting.
6. Members are requested to notify change of address to: (a) their respective Depository Participant, in respect of shares held in electronic form; and (b) Link Intime India Private Limited (Registrar & Transfer Agent) in respect of shares held in physical form.
7. Members holding shares in identical order of names in more than one folio are requested to write to the Registrar & Transfer Agent of the Company to enable the Company to consolidate their holdings under one folio.
8. The trading in the Company's Shares has been made compulsory in dematerialized form for all class of investors. In view of the numerous advantages offered by the Depository System, Members are requested to avail of the facility of dematerialization of the Company's Shares.
9. Profile of Directors retiring by rotation forms part of Corporate Governance Report. Their details are also attached to this Notice for perusal of the Members.
- 10. MEMBERS MAY PLEASE NOTE THAT NO GIFTS SHALL BE DISTRIBUTED AT THE MEETING.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**ITEM NO.5**

Mr. Anup Kumar Das was appointed as an Additional Director of the Company on November 01, 2008 as an addition to the Board in terms of Article 80 of the Company's Articles of Association read with Section 260 of the Companies Act, 1956. Mr. Das holds office upto the date of the ensuing Annual General Meeting. The Company has received notice from a member in terms of Section 257 of the Companies Act, 1956 along with the prescribed deposit signifying his intention to propose the candidature of Mr. Das for appointment as Director of the Company.

None of the Directors other than Mr. Anup Kumar Das is concerned or interested in this resolution.

Your Directors recommend the above Resolution for your approval.

ITEM NO.6

Mr. Anup Kumar Das was appointed as Whole-time Director of the Company for a period of three years with effect from November 01, 2008 at a token remuneration of Re.1 per annum.

Mr. Das is a Masters in Commerce with specialization in Finance and Accounts from Banaras Hindu University. He has also cleared the intermediate level of Company Secretaryship course. Mr. Das has work experience of over 28 years and has worked in Breweries, Distilleries, other Beverage manufacturing companies and export houses.

Mr. Das has been working with UB Group since January 1981, and has held various senior management positions and thereafter deputed to Millennium Beer Industries Limited to carry out the manufacturing operations of the Company. Being on deputation assignment to the Company, Mr. Das will be governed by the terms and conditions of appointment of United Breweries Limited and will draw a token remuneration of Re.1 per annum only from the Company.

Notice (contd.)

Your Directors are of the view that there will be considerable synergies in his joining the Board and holding the position of Whole-time Director of your Company and shall be an effective contribution to further growth of the Company in all its spheres.

None of the Directors except Mr. Anup Kumar Das is concerned or interested in this Resolution.

Your Directors recommend the above Resolution for your approval.

By order of the Board,

Nitesh Bakshi

Company Secretary

Place : Bangalore

Date : July 27, 2009

DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT / NEW DIRECTOR AT ANNUAL GENERAL MEETING

PARTICULARS	DIRECTORS SEEKING RE-APPOINTMENT		NEW DIRECTOR
	Mr. Nagarajan Sunder Rajan	Mr. Rup Narayan Pillai	Mr. Anup Kumar Das
Qualifications	IAAS (Retd.)	B. Sc. (Hons.), A.C.A	M. Com. (Accounts & Finance), C S (Inter)
Expertise in specific functional area	Accounting, Finance and Strategic Advise	Finance and Corporate Strategy	Finance and Brewery Operations
Date of Appointment	29.12.2005	24.06.2004	01.11.2008
Date of Birth	17.05.1944	11.05.1956	04.06.1954
Directorships held in other Companies	1. Mangalore Chemicals & Fertilizers Limited	1. United Breweries (Holdings) Limited 2. Bangalore Beverages Limited 3. United Vintners Limited 4. United Alcobev Limited 5. Idea Streamz Consultants Private Limited 6. Yenkey Associates Private Limited 7. Millennium Night Star Breweries Private Limited 8. Tumri Software Solutions Private Limited 9. VJM Media Private Limited 10. Ganapathy Mallya Investments Private Limited	1. Associated Breweries & Distilleries Limited
Committee Memberships held in other Companies	Audit Committee 1. Mangalore Chemicals & Fertilizers Limited	Shareholders'/Investors' Grievance Committee 1. United Breweries (Holdings) Limited	Nil

The above details do not include Committee Memberships not prescribed for the purpose of reckoning of limits in terms Clause 49 of the Listing Agreement. Brief Profile of the above Directors also forms part of Corporate Governance report. Except Mr. Anup Kumar Das who holds 1968 equity shares in the Company; none of the above Directors hold any share in the Company.

DIRECTORS' REPORT

To
The Members,
MILLENNIUM BEER INDUSTRIES LIMITED

Your Directors have pleasure in presenting their Annual Report together with the audited accounts of your Company for the financial year ended on March 31, 2009.

FINANCIAL RESULTS

Your Company's financial performance for the year ended March 31, 2009, is summerized below:

(Rupees in Millions)

Sl. No.	Particulars	Current Year 2008-09	Previous Year 2007-08
1	Sales & other Income	2,395	1,922
2	Expenditure	2,527	1,959
3	Profit/(Loss) After depreciation	(132)	(37)
4	Less: Adjustment for taxes / Deferred Taxation	(1)	1
5	Balance carried to Balance Sheet	(133)	(36)
6	Accumulated Losses	(2,067)	(1,934)
7	Net Worth	(162)	(29)

CAPITAL

There has been no change in the share capital of the Company during the year ended March 31, 2009. The authorized share capital of your Company stands at Rs.196 crores comprising of 1.9 crore Preference Shares of Rs.100 each and 6 crore Equity Shares of Re.1/- each. The issued, subscribed and paid-up share capital as on March 31, 2009 stood at Rs.190.48 crore comprising of 1.85 crore Cumulative Redeemable Preference Shares of Rs.100 each and 5.48 crore Equity Shares of Re.1/- each.

DIVIDEND

In view of loss incurred during the year, your Directors express their inability to recommend any Dividend for the year 2008-09.

MANAGEMENT DISCUSSION AND ANALYSIS**INDUSTRY OVERVIEW**

Globally, over 133 billion litres of beer is sold each year. In comparison, the Indian beer industry contributes meager 1.28% of the global sales. The industry has been witnessing on an average, a steady growth of about 10% over the last ten years with volumes increasing over 172 million cases in 2008-09 from 70 million cases in 2002. With a relatively younger population and income levels on the rise, India is seeing an increase in the popularity of beer.

Consumption of beer in India is constrained by lack of adequate market infrastructure. In China, for instance there is one outlet for every 300 persons. In contrast, India has one outlet for every 21,000 persons hampering free availability of beer. Total consumption of beer in China grew by 33.56% between the years 2000 and 2006 to reach a total market volume of 30.47 billion litres. With a per capita consumption of 22 litres, China is one of the largest beer consuming nations in the world.

Though beer is a milder form of alcohol, it is taxed by most states on the same basis as Spirits. The charge is on absolute alcohol basis. Globally on a per unit of alcohol basis, beer bears approximately 50% of levies imposed on Spirits whereas in India taxation is regressive on beer.

India is predominantly a hard liquor market and beer has a minority preference amongst those who consume alcohol. The per capita consumption of beer constitutes a meager 3% of global average. Typically the size of beer volumes in most countries is 7 to 10 times larger than Spirits, whereas in India, Spirits is larger.

The alcoholic beverage industry in India operates under a very complex regulatory environment which is the biggest challenge. In addition to restrictions on advertising, distribution infrastructure and retailing, varied tax structures, controlled pricing and licensing make operations more complex consequently leading to higher costs, though providing entry barriers for new entrants as well.

The Indian beer market is dominated by strong beer brands which accounts for 74% of the total beer sale.

OUTLOOK

While multinational companies are expected to increase competition in the premium beer segment, established domestic brands including those of your Company, have the advantage of having established brand recall. International brands are expected to find the going tough as they try to penetrate the beer market in India. Several international brewers have currently built brand associations and are marketing their brands aggressively through various point-of-sale promotions throughout their distribution networks. Also, with rising input costs and the ban on advertising, new entrants are expected to struggle to expand their consumer base.

A Consolidated Annual Growth Rate (CAGR) of 11% is expected for beer in the next 5 years. The establishment of domestic production for international brands and the legalisation of beer sales through supermarkets / hypermarkets is expected to buoy growth rates and a double digit volume growth is expected through the next 5 years. Rising costs of raw materials and overheads are expected to drive up unit price. Crucial inputs such as glass, hops and barley are expected to become dearer on account of oil, power and agricultural produce shortage.

On-trade sales are expected to grow considerably with growing affluence of the younger consumers together with the culture of frequenting pubs and clubs that is now spreading to second-tier cities. Off-trade sales are meanwhile expected to be boosted by the gradual deregulation of beer retail, through supermarkets/hypermarkets.

OPERATIONS**SALES**

During the year under report your Company sold 13.9 million cases of beer as against 12.8 million cases in the previous year representing a growth of 8.6%. The industry, grew by 10% during the same period. Net sales for the year 2008-2009 stood at Rs.2,352 million as compared to Rs.1,873 million in the previous financial year, the order of magnitude of increase being 25.57% per unit. The growth was driven mainly on account of improved product mix and higher realization per unit.

MANUFACTURING EXPENSES

Manufacturing expenses for the year under review stood at Rs.1,689 million constituting 66.8% of total expenses as compared to Rs.1,252 million in the previous year constituting 63.9% of the total expenses.

Though focused efforts have resulted in containing costs of certain materials, increase in prices of key inputs like malt, bottles, energy and other packaging materials have continued to be a concern. Shortage of feed barley in many countries resulted in exports from India thereby increasing the local supply prices in India. Your Company has installed alternate fuel boilers to reduce the fuel cost and improve manufacturing efficiency.

PERSONNEL AND OTHER OPERATION EXPENSES

Personnel expenses during the year under report was Rs.68 million as compared to Rs.51 million in the previous year. Personnel and other operating expenses during the year under review represented 2.89% and 2.72% of net sales respectively.

SELLING AND BRAND PROMOTION EXPENSES

During the period under review, your Company spent 23.2% of net realizations from sales on selling and brand promotion exercise as against 26.2% of the net sales realizations in the previous year.

Your Company has been carrying out various promotional activities in major cities across the country in order to enhance visibility of Sandpiper and Zingaro, your Company's nationally established brands. Exciting promotional methods, targeting in particular the niche segment, have been adopted for revamping Sandpiper brand. As an innovative measure, your Company has also tied up with a folk dance group in Maharashtra for promotion of the Zingaro brand through cultural performances comprising of traditional folk dances.

PROFIT BEFORE INTEREST, DEPRECIATION AND TAXATION

The Profit before Interest, Depreciation and Taxation (PBITD) for the year under review stood at Rs.56.9 million as against Rs.149.1 million previous year reflecting a decrease of 61.8% over the previous year. The slowing down of economic growth combined with the higher incidence of cost of materials and bottles impacted the profitability of the Company.

INTEREST AND DEPRECIATION

Your Company paid Rs.52 million as interest during the year in comparison to Rs.70 million paid during the previous year. Depreciation for the year was Rs.136.6 million as against Rs.116 million in the previous year.

Directors' Report (contd.)

POSITION ON PROFITABILITY

The net loss before tax of your Company stood at Rs.133 million as compared to a loss of Rs.36 million in the previous year. This increase in loss was on account of increase in variable expenses, higher prices of raw materials, higher unit price of new glass bottles and increased use of new glass bottles. The overall net worth of your Company is still negative and is expected to improve gradually over a period of time.

SCHEME OF REHABILITATION

The conditions mentioned in Scheme of Rehabilitation sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) are being followed. Progress report on implementation of the Scheme is being submitted with BIFR regularly on a quarterly basis.

OPPORTUNITIES & THREATS

With growing demand, domestic production of beer is on the rise. Your Company has been able to upgrade and expand its capacities with further investments. International brewers have established breweries across India in order to extend their brand presence to more states. With these international brands starting domestic production in India, indigenous brands such as your Company's face competition. International premium lager is growing steadily (though on a smaller base) as the companies have expanded their distribution across India, and have launched several new brands during the year under review.

India is predominantly a spirits market and beer is a minority preference for those who consume beverage alcohol. The low penetration in beer consumption in comparison to international levels offers the expectation of substantial and sustainable growth in demand for beer in years to come, particularly given the youthful age of India's populace.

Foreign brewers have been eyeing the Indian market for some years now as India is widely acknowledged to be the last untapped big growth market.

With the global market experiencing low / stagnating growth in recent years, and the focus shifting to Asia – Pacific region, the industry is expected to witness a fast growth. For instance, the Chinese beer market has grown at an astounding pace in recent years, spurred by the massive levels of foreign investment in its beer industry. It is expected that gradually there will be a deregulation in the Indian beer industry too, giving a boost.

RISKS AND CONCERNS

The Indian beer industry is plagued with myriad taxes & levies that vary from state to state. These coupled with price regulation, inadequate market infrastructure and restrictions in interstate movement of beer pose a great challenge for the industry.

Unlike most developed countries where beer is less regulated and available freely, high level of regulation and higher end consumer price hampers beer sales in India.

Uniform tax regime for beer in all states would be a boon for the industry. If implemented, it would help the beer industry by rationalizing end consumer prices in all states, as is in the case of other consumer goods. Globally, the policy of uniform taxation has been a success because of inherent implications on revenue. In addition to economic contribution, a uniform tax structure will also create increased agro linkages that are beneficial to a country like India.

It is important to realize that the beer sector can contribute immensely to the agricultural sector, as beer is an agro-based product. Also marginal barley farmers, particularly stand to benefit from the growth of the beer sector.

Additionally, the continuing control on pricing as exercised by a number of state governments has resulted in our inability to raise prices on most of our sales and has had a direct bearing upon Company's profitability. As this challenge continues in the current financial year, it has resulted in a number of key markets becoming unattractive from a financial perspective.

Excessive regulation and further extensions of government intervention, in the areas of distribution and pricing, is affecting the growth and profitability of the industry as well as restricting government revenues. In addition, restrictions on advertising and licensing of retail outlets continue to present challenges to the Industry.

INTERNAL CONTROL SYSTEM

Your Company has put together an established system of internal controls to ensure that assets are safeguarded and transactions are appropriately authorized, recorded and reported. Internal Audit evaluates the functioning and quality of internal controls and provides assurance of its adequacy and effectiveness through periodic reporting. Your Company's internal control systems are adequate and are routinely tested and certified by statutory and internal auditors. The process

Directors' Report (contd.)

adopted provides reasonable assurance regarding the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

In order to continuously upgrade the internal control system, to be in line with International best practice and to ensure total corporate governance, your Company has implemented risk assessment, control self assessment and legal compliance management. These have been updated during the year under review.

The internal control system evaluates adequacy of segregation of duties, reliability of management information systems, including controls in the area of authorization procedures and steps for safeguarding assets. Planned periodic reviews are carried out for identification of control deficiencies, if any, opportunities for bridging gaps with best practices and formalization of action plans to minimize risk.

Your Company believes that the overall internal control system is dynamic and reflects the current requirements at all times, ensuring that appropriate procedures and controls in operating and monitoring practices are in place.

Internal Audit reports to the Audit Committee and recommends control measures from time to time.

CORPORATE SOCIAL RESPONSIBILITY

To commemorate the Tree Plantation Month drive by Haryana Pollution Control Board, 500 trees were planted in the brewery at Dharuhera. Your Company organized a health camp for the students of Government Primary school in Joniawas Village, Dharuhera which has been adopted by your Company.

HUMAN RESOURCES

Your Company's Human Resource philosophy is to nurture and engage a performance-driven workforce. The emphasis on the year gone by has been on both attracting as well as retaining talent. Your Company addressed this need in multiple ways such as providing challenging opportunities to promising employees, hiring laterally and strengthening relationships with institutes of repute.

In keeping with the organization's tradition of developing talent from within, your Company focused on enhancing its people capabilities. Your Company continues to implement competency-based learning interventions. Your Company also developed Human Resource policies and processes to leverage on the collective innovative strengths of its people. Initiatives were also undertaken to effectively deploy technology in the area of Human Resources and introduce leadership labs for employees in order to develop future leaders.

Productivity and Safety were also key areas of focus in the year under review. Industrial Relations remained cordial during the year. Your Directors place on record their appreciation for the efforts and commitment of the 175 employees.

DIRECTORS

Mr. Nagarajan Sunder Rajan and Mr. Rup Narayan Pillai retire by rotation at the ensuing Annual General Meeting and being eligible, have offered themselves for reappointment.

Brief resume of Mr. Nagarajan Sunder Rajan and Mr. Rup Narayan Pillai form part of the Corporate Governance Report annexed herewith in terms of Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. Anup Kumar Das was appointed as Whole-time Director in place of Mr. Rakeshchandra Gupta who has resigned with effect from November 01, 2008.

The Board acknowledges the contribution of Mr. Rakeshchandra Gupta during his tenure as a Whole-time Director.

SUBSIDIARY

Millennium Alcobev Private Limited [MAPL] holds 88.95% of the Equity Share Capital and hence your Company is a subsidiary of MAPL.

Your Company does not have any subsidiary.

PARTICULARS OF EMPLOYEES

Particulars required under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended from time to time forms part of this report. However, as per provisions of Section 219 (1) (b) (iv) of the Companies Act, 1956, the Reports and Accounts are being sent to all the members excluding the statement containing the particulars of employees to be provided under Section 217 (2A) of the Act. Any member interested in obtaining such

Directors' Report (contd.)

particulars may write to the Company Secretary or may inspect the same at Registered Office of your Company between 11:00 am to 1:00 pm on all working days till the date of this General Meeting.

LISTING REQUIREMENTS

The Equity Shares of your Company are listed on Stock Exchanges at Mumbai and Delhi. The listing fees have been paid to both the Stock Exchanges for the year 2009-2010. The Equity Shares of your company have been voluntarily de-listed from Stock Exchanges at Jaipur, Kolkata and Ahmedabad upon application made in terms of special resolution passed by the members in this regard. However, de-listing approval from the Delhi Stock Exchange Limited is yet to be received.

CORPORATE GOVERNANCE

In terms of Clause 49 of the Listing Agreement, a separate section on Corporate Governance is attached to this report and forms part thereof. A certificate from the Company Secretary in Practice as to the compliance of the provisions of the said Clause 49 is attached to the Corporate Governance Report.

CASH FLOW STATEMENT

A Cash Flow Statement for the year ended March 31, 2009 is appended.

FIXED DEPOSIT

Your Company has not taken, solicited/received any deposit from public.

AUDITORS

M/s Price Waterhouse, Statutory Auditors hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment.

AUDITORS' REPORT

The Auditors have not made any qualification in their report for the period under review.

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

Particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are furnished as Annexure to this Report and forms part of it.

DIRECTORS' RESPONSIBILITY STATEMENT

Directors' Responsibility Statement as required under Section 217(2AA) of the Companies Act, 1956 (the Act):

1. in the preparation of annual accounts, the applicable accounting standards have been followed and that there were no material departures there from;
2. accounting policies have been selected and applied consistently and that the judgments and estimates made are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company at the end of the financial year and of the loss of your Company for that period;
3. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
4. the annual accounts have been prepared on a going concern basis.

ACKNOWLEDGEMENTS

Your Directors wish to place on record their appreciation for the continued support received from shareholders, banks, risk assessment partners and financial institutions. Your Directors are also grateful to the Company's business partners and customers for their continued support and patronage. Finally, your Directors wish to acknowledge the support and contribution on the part of all employees who constitute our most valuable assets.

By order of the Board,

Place : Bangalore
Date : July 27, 2009

P Subramani
Director

Anup Kumar Das
Whole-time Director