

2005-06
11th Annual Reports



NIITIN
FIRE SAFETY AND PROTECTION

EURO

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For NITIN FIRE PROTECTION INDUSTRIES LTD.

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Company Secretary / Compliance Officer


BETTER TO BE SAFE

NIITIN FIRE PROTECTION INDUSTRIES LTD.



11TH ANNUAL REPORT 2005-06

--: BOARD OF DIRECTORS --:

Mr. Nitin M. Shah	Chairman & Managing Director
Mr. Mukund R. Sheth	Independent Director
Mr. Krishna Kant Jha	Independent Director
Mr. Gopal K. Shahi	Executive Director
Mr. Rahul N. Shah	Executive Director

--: REGISTERED OFFICE --:

501, Delta, Technology Street,
Hiranandani Gardens, Powai,
Mumbai - 400 076. India.

--: WORKS OFFICE --:

A-117, TTC Industrial Area,
Pawana Village,
Navi Mumbai - 400 701. India

--: BANKERS --:

Andhra Bank
IDBI Bank
ICICI Bank
State Bank of India

--: AUDITORS --:

Tolia & Associates

--: SUBSIDIARY COMPANIES (100% WOS) --:

ALERT FIRE PROTECTION SYSTEMS PVT. LTD.

Directors : Mrs. Saroj. N. Shah, Mr. Rahul N. Shah, Mr. Pravin R. Shah

Regd. Office : 3, Vadhani Industrial Estate, L. B. S. Marg, Ghatkopar (W), Mumbai - 400 086. India

EUROTECH CYLINDERS PVT. LTD.

Directors : Mr. K. H. Vaidyanathan, Mr. Kunal N. Shah

Regd. Office : EL 29, TTC Industrial Area, Mahape, Navi Mumbai - India.

LOGICON BUILDING SYSTEMS PVT. LTD.

Directors : Mr. Gopalkrishna Shahi, Mr. Dharmendra Bavisi

Regd. Office : 101, Tulsi Shyam, Highway Junction, Thane (W) 400 601. India

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NITIN FIRE PROTECTION INDUSTRIES LIMITED**DIRECTORS' REPORT**

To
The Members,

Your Directors have pleasure in presenting **ELEVENTH ANNUAL REPORT** of the Company along with the Audited Statement of Accounts for the year ended 31.03.2006

1. FINANCIAL RESULTS

(Rs. In Lacs)

PARTICULARS	2005-06	2004-05
Sales	2776.97	2007.30
Profit Before Depreciation	360.43	156.46
Lesss : Depreciation	41.53	29.12
Profit Before Taxation	318.90	127.33
Less : Provision for taxation		
Income Tax	110.00	45.00
Deferred Tax	(0.21)	4.46
Fringe Benefit Tax	08.25	--
Wealth Tax	0.65	--
Profit After Tax	200.21	77.87

2. DIVIDEND

The Directors had declared an Interim Dividend absorbing Rs 54,12,000/- @ Rs. 1.20 per Equity Share on 45,10,000 equity shares during the month of February 2006 and recommend the same as final dividend for the year ended 31st March, 2006.

3. SHARE CAPITAL

During the year the paid up share capital was raised from Rs. 3,50,00,000/- to Rs. 7,50,00,000/- by issuing and allotting Rights Equity Shares for cash at par in two phase (a) 10,10,000 equity shares on 07/04/2005 and 29,90,000 equity shares on 10/02/2006 to the existing shareholders of the Company.

SUBSIDIARIES

During the year the Company had also acquired 100% equity capital of Alert Fire protection Systems Pvt. Ltd., Eurotech Cylinders Pvt. Ltd. and Logicon Building Systems Pvt. Ltd. thereby making them its 100% wholly owned subsidiaries.

4. FUTURE OUTLOOK

Your Directors are pleased to inform you that the company is planning for diversification of existing activities. The company is proposing to set up a plant for manufacturing of seamless cylinders in Special Economic Zone at Vishakapatnam in the State of Andhra Pradesh. The proposed plant will be export oriented and also serve as a backward integration for the present product of the company. The Board of Directors are studying the feasibilities of financing the proposed project through public issue of equity shares. The management is taking the steps for Initial Public Offer (IPO) in the coming months.

The notice of Annual general meeting in which necessary special resolutions are proposed and Board recommends the same for your approval.

NITIN FIRE PROTECTION INDUSTRIES LIMITED**5. FIXED DEPOSITS :**

The Company has not accepted any deposits from the public as referred to she Section 58A & 58AA of the Companies Act, 1956 and the rules framed there under.

6. PARTICULARS OF EMPLOYEES :

The Company has no employee of category specified in Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules,1975 as amended from time to time.

7. PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO :**A. ENERGY CONSERVATION MEASURES TAKEN BY THE COMPANY :**

The Company is engaged in assembling of variuos fire protection equipments and instruments and marketing the assembled products. The process **does not involve** much consumption of electricity. Hence, continuous monitoring of consumption of effective power is being done by the Company and appropriate measures are taken wherever necessary.

B. TECHNOLOGY ABSORPTION :

The Company presently has not obtained any foreign technology for its operations.

C. FOREIGN EXCHANGE EARNING & OUT-GO :

	(Rupees in lacs)
Foreign Exchange Earnings (Commission)	: Rs. 7.31
Foreign Exchange Out-go	
- for Imports (Value of CIF Basis)	: Rs. 981.64
- for Expenses	: Rs. 5.32

8. DIRECTORS' RESPONSIBILITY STATEMENT :

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

- (i) in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- (ii) the directors have selected such accounting policies and applied them consistently and made judgement 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 financial year 2005-06 and of the profit of the Company for that period.
- (iii) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- (iv) the directors have prepared the annual accounts on a going concern basis.

9. DIRECTORS :

Mr. Nitin M. Shah, Chairman & Managing Director was re-appointed as the Managing Director w.e.f. 01/04/2006 for a period of three years, the brief particulars of the terms and conditions of appointment was circulated to the member along with the notice of the Extra-ordinary General meeting held on 16/03/2006. Mr. Nitin M. Shah, Managing Director retires by rotation and being eligible has offered himself for re-appointment.

Mr. Rahul N. Shah who was appointed as an Additional Director and was subsequently appointed as Executive Director W.E.F. 01-04-2006 for a period of 3 years, the brief particulars of the terms and conditions of appointment was circulated to the members along with the notice convening the Extraordinary General Meeting held on 16/03/2006. As per the provisions of section 260 of the Companies Act, 1956 Mr. Rahul Shah holds the office as such till the date of forthcoming Annual General Meeting. The Company has received a notice under section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Mr. Rahul N. Shah for the office of Director of the Company. Mr. Nitin M. Shah being relative of Mr. Rahul Shah is considered as an interested directors in the proposed resolution.

NITIN FIRE PROTECTION INDUSTRIES LIMITED

Mr. Mukund R. Sheth was appointed as an Additional Director under w.e.f. 10/04/2006. As per the provisions of section 260 of the Companies Act, 1956 he holds office as such upto the date of forthcoming Annual General Meeting. The Company has received notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose the candidature of Mr. Mukund R. sheth for the office of Director of the Company. Since the appointment of Mr. Mukund R. Sheth is in the best interest of the company. the Board recommends his appointment for your approval.

Mr. Krishna Kant Jha was appointed as an Additional Director under w.e.f. 10/04/2006. As per the provisions of section 260 of the Companies Act, 1956 he holds office as such upto the date of forthcoming Annual General Meeting. The Company has received notice under section 257 of the Companies Act, 1956 from a member signifying his intention to propose the candidature of Mr. Krishna Kant Jha for the office of Director of the Company Since the appointment of Mr. Krishna Kant Jha is in the best interest of the Company, the Board recommends his appointment for your approval.

Mr. Mukesh P. Ajmera resigned as Director w.e.f. 01/12/2005 and Mr. Pravin R Shah resigned as Director w.e.f. 03/02/2006. The Board would like to place on record the **valuable** guidance provided and services rendered by him during the tenure of their directorship.

10. AUDITORS :

The Auditors of The Company M/s Tolia & Associates, Chartered Accountants, retire at the ensuing Annual General Meeting of the Company and have given their consent for e-appointment. You are requested to re-appoint auditors and fix their remuneration.

11. ACKNOWLEDGEMENT :

Your Directors express their appreciation for the support and co-operation received from the Bankers, Employees and all statutory authorities / organisations.



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Mumbai
April 20, 2006

Sd/-
NITIN M. SHAH
CHAIRMAN & MANAGING DIRECTOR

AUDITORS' REPORT

To the Members of
NITIN FIRE PROTECTION INDUSTRIES LIMITED

We have audited the attached Balance Sheet of NITIN FIRE PROTECTION INDUSTRIES LIMITED as at March 31, 2006, the Profit and Loss Account and also the Cash Flow Statement of the Company 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.

1. We 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 misstatements. 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.
2. As required by the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we give in the Annexure a statement on matters specified in paragraphs 4 and 5 of the said Order.
3. Further to our comments in the Annexure referred to in Paragraph 2 above, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b) 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;
 - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the mandatory Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - e) On the basis of written representations received from the Directors, and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on March 31, 2006 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
 - f) 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 thereon give the information required by the Companies Act, 1956, in the manner so required, and present a true and fair view in conformity with the accounting principles generally accepted in India:

NITIN FIRE PROTECTION INDUSTRIES LIMITED



- i. In so far as it relates to the Balance Sheet, of the state of affairs of the Company as at March 31, 2006;
- ii. In so far as it relates to the Profit and Loss Account, of the Profit of the Company for the year ended on that date; and
- iii. In so far as it relates to the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Tolia & Associates
Chartered Accountants

Mumbai
April 20, 2006

Sd/-
(Kiran P. Tolia)
Proprietor
Membership No.: 43637





NITIN FIRE PROTECTION INDUSTRIES LIMITED

**Annexure to the Auditor's Report
(Referred to in paragraph 2 of our Report of even date)
(Re: Nitin Fire Protection Industries Limited)**

- i) In respect of fixed assets:
- a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets on the basis of available information.
 - b. As explained to us, all the fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size of the Company and nature of its assets. No material discrepancies were noticed on such physical verification.
 - c. In our opinion, the Company has not disposed off any substantial part of fixed assets during the year and the going concern status of the Company is not affected.
- ii) In respect of its inventories:
- a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
 - 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 the nature of its business.
 - c. The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventory as compared to the book records.
- iii) In respect of the loans, secured or unsecured, granted or taken by the company to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
- a. The Company has not given any loans, secured or unsecured, to any company, firms or other party listed in the register maintained under section 301 of the Companies Act, 1956.
 - b. The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956 except loan taken in an earlier year from one party. Maximum amount outstanding at any time during the year - Rs.700,000: Year-end balance - Rs.Nil. As the loan was returned on 1.4.2005, no interest payments were made during the year. The other terms and conditions were not prima facie prejudicial to the interest of the Company.
- iv) In our opinion and according to the information and explanation given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and also 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 respect of the contracts or arrangements referred to in Section 301 of the Companies Act, 1956:
- a. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that needed to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered.
 - b. According to information and explanation given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956, and exceeding RS.500,000 in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market price at the relevant time.
- vi) The Company has not accepted any deposits from the public.
- vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and the nature of its business.

NITIN FIRE PROTECTION INDUSTRIES LIMITED

**Annexure to the Auditor's Report
(Referred to in paragraph 2 of our Report of even date)
(Re: Nitin Fire Protection Industries Limited)**

- viii) As informed by the management, the Central Government of India has not prescribed maintenance of cost records by the Company under Section 209(1)(d) of the Companies Act, 1956 for any of its products.
- ix) In respect of statutory dues:
- a. According to the records of the Company, undisputed statutory dues including provident fund, employees state insurance, service tax, profession tax, income tax, wealth tax, Maharashtra value added tax, customs duty, excise duty and other applicable statutory dues have been generally regularly deposited with the appropriate authorities.
 - b. According to the information and explanations given to us, no undisputed dues payable in respect of provident fund, employees state insurance, service tax, profession tax, income tax, wealth tax, Maharashtra value added tax, customs duty, excise duty and other applicable statutory dues were outstanding as at March 31, 2006 for a period of more than six months from the date they became payable.
 - c. According to the information and explanations given to us, there are no statutory dues outstanding on account of any dispute as at March 31, 2006.
- x) The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.
- xi) According to the information and explanations given to us and based on the records examined by us, the Company has no loans outstanding from banks or financial institutions and hence there is no question of any default in repayment of dues to financial institutions or banks.
- xii) In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund /society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order 2003, are not applicable to the Company.
- xiv) In our opinion, the company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.
- xvi) According to the information and explanations given to us and based on the records examined by us, the Company has not taken any term loans during the year.
- xvii) According to the information and explanations given to us and based on the records examined by us, the Company has not raised any funds on short-term basis.
- xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any monies by way of public issue during the year.
- xxi) In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year that causes the financial statements to be materially misstated.

For **Tolia & Associates**
Chartered Accountants

Sd/-
(Kiran P. Tolia)
Proprietor
Membership No.:43637

Mumbai
April 20, 2006