



# **REMI EDELSTAHL TUBULARS LIMITED**

## **39<sup>th</sup> Annual Report 2009-2010**



### **Stainless Steel Welded and Seamless Pipes & Tubes**



**Wind Power  
Promoting Green Energy**

### **Board of Directors**

Shri Vishwambhar C. Saraf

Chairman

Shri Mahabir Prasad Jatia

Shri Rajendra C. Saraf

Shri Kamal Kumar Dujodwala

Shri Rishabh R. Saraf

Managing Director

Shri Ritvik V. Saraf

Shri Shankar Lal Jain

Shri Gopikishan Biyani

### **Bankers**

STATE BANK OF INDIA

### **Auditors**

M/s. Sundarlal, Desai & Kanodia

Chartered Accountants

903, Arcadia, 195, N.C.P.A. Road,

Mumbai- 400 021

### **Registered Office**

REMI HOUSE

Plot No.11, Cama Industrial Estate,

Goregaon (East),

Mumbai – 400 063

### **Works**

Plot No. N-211/1

M.I.D.C.

Tarapur, Maharashtra

## Remi Edelstahl Tubulars Limited

### NOTICE

To  
The Members,  
**REMI EDELSTAHL TUBULARS LIMITED**

**NOTICE** is hereby given that the 39<sup>th</sup> Annual General Meeting of the Company will be held at the Company's Registered Office, Remi House, Plot No.11, Cama Industrial Estate, Goregaon (East), Mumbai-400 063, on **Thursday, the 30<sup>th</sup> September, 2010** at 11.30 A.M. to transact the following business:-

1. To adopt the audited Balance Sheet as at, and the Profit and Loss Account for the year ended, 31<sup>st</sup> March, 2010.
2. To re-appoint as Director Shri Ritvik V. Saraf who retires by rotation.
3. To re-appoint as Director Shri Rajendra C. Saraf who retires by rotation.
4. To re-appoint as Director Shri Mahabir P. Jatia who retires by rotation.
5. To appoint Auditors and to fix their remuneration.
6. To pass the following special resolution:-

**“RESOLVED THAT** Shri Rishabh R. Saraf be and is hereby re-appointed as the Managing Director of the Company for a term of 3 years from the 1<sup>st</sup> April, 2010, to manage the affairs of the Company, on the following terms and conditions: -

- i) A monthly salary of Rs.2,75,000/-
- ii) Reimbursement of actual medical expenses incurred for self and family.
- iii) Leave Travel Concession for self and family once a year, in accordance with the rules of the Company.
- iv) Annual fees to not more than two clubs.
- v) Free use of one or more Company car with driver for official purpose only.
- vi) Telephone at residence for official purpose only.
- vii) Company's contribution to Provident Fund as per the rules of the Company.
- viii) Gratuity as per the rules of the Company.
- ix) Encashment of Leave at the end of the tenure.”

For **REMI EDELSTAHL TUBULARS LIMITED**

Place : Mumbai  
Dated : 12<sup>th</sup> August, 2010

**(RISHABH R. SARAF)**  
**MANAGING DIRECTOR**

#### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THIS MEETING WILL BE ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. A PROXY NEED NOT BE A MEMBER.
2. The Register of Members and the Share Transfer Books of the Company will remain closed from **Friday, the 24<sup>th</sup> September, 2010 to Thursday, the 30<sup>th</sup> September, 2010**, both days inclusive.
3. An Explanatory Statement relating to the item of special business set out in item 6 accompanies.

#### Explanatory Statement - Annexure to the Notice

##### Item No.6

Shri Rishabh R. Saraf has been the Managing Director of the Company from the 1<sup>st</sup> April, 2007 to 31<sup>st</sup> March, 2010, he is being re-appointed for another term.

His remuneration package has been fixed as per Schedule XIII, Part II (B) of the Companies Act, 1956 and hence, the following information is to be given herein:

- (i) The Remuneration Committee of Directors had approved of this remuneration.
- (ii) The Company has not made any default in repayment of its debts.
- (iii) Your approval is sought to be obtained by a Special Resolution.
- (iv) Attached hereto is a statement containing the following information:-

##### I General Information:

- (1) Nature of Industry: Manufacture of Seamless Tubes and Pipes.
- (2) Commencement of commercial production: 1970
- (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus: Not a new Company
- (4) Financial Performance: The Company has a turnover of Rs.9764.63 Lacs and net profit of Rs.46.97 Lacs, for the financial year ended 31<sup>st</sup> March, 2010.
- (5) Export Performance: The Company had exports of Rs.1217 Lacs.
- (6) Foreign Investments or collaborations: None

##### II Information about the Appointee:

- (1) The appointee hails from a family of business people of fifty years' standing. After his college education here, he obtained a Bachelor's degree in Business Management from the University of Nottingham in England. After his return, he joined his family business and has received from his elders in the family very good training in business management.
- (2) Past Remuneration: Rs.2.75 Lacs plus usual perquisites.
- (3) Recognition or award: ---
- (4) Job profile and his suitability: He is in full charge of production, sales, export, accounts and other administrative matters. After his training and experience during these 8 years, he has become the right person for managing the affairs of the Company.
- (5) Remuneration Proposed: As set out in the Special Resolution.
- (6) Comparative Remuneration profile: In similar Companies, this package is the norm.
- (7) Pecuniary relationship: He has a good financial stake in the Company by way of holding 204846 equity shares, 2.14% of the paid up capital. His father and the latter's brother are Directors of this Company.

##### III Other Information: Not Applicable.

##### IV. Disclosure:

- (1) Remuneration Package: Set out in the Special Resolution
- (2) Report under the heading 'Corporate Governance' in Directors' Report
  - (i) Salary etc. of all other Directors : Done
  - (ii), (iii) and (iv) : Not Applicable.

Shri Rishabh R. Saraf and his father Shri R. C. Saraf are deemed to be interested in this item of business.

## 39th Annual Report 2009-2010

### DIRECTORS' REPORT

To  
Members of,  
**REMI EDELSTAHL TUBULARS LIMITED**

Your Directors have immense pleasure in presenting 39<sup>th</sup> Annual Report and Audited Statements of the Company for the year ended 31<sup>st</sup> March, 2010.

#### **PERFORMANCE REVIEW:**

The performance for the financial year ended 31<sup>st</sup> March, 2010 is summarized below:-

	(Rs. In Lacs)	
	2009-2010	2008-2009
Gross Income	8323.42	13896.76
Profit/(Loss) before Depreciation & Taxation	287.29	(102.19)
Depreciation	257.45	258.56
Taxation	(17.13)	240.32
Net Profit /(Loss) for the year	46.97	(273.31)
Add: Balance brought forward	1210.97	1577.94
	1257.94	1304.63
Less: Prior year adjustments Available for appropriation	33.31	6.34
	1291.26	1310.97
<b>APPROPRIATION:</b>		
Transfer to General Reserve	100.00	100.00
Balance carried to Balance Sheet	1191.26	1210.97
	1291.26	1310.97

#### **OPERATIONS:**

Your Directors are pleased to inform you that the Company has changed its name to Remi Edelstahl Tubulars Limited. The word Edelstahl means Stainless Steel in German language. With this change the name itself reflects the products of the Company.

The year 2009-10 was a testing and challenging year for the Company. During the year, the turnover of the Company witnessed a sharp fall of 41% to Rs.97.64 Crores due to 23% lower volume of sales coupled with fall in prices. In spite of this, your Company has posted EBIDTA of Rs.564.63 a growth of 22% over the previous year, which helped the Company to break even in spite of recessionary business environment.

The Management still believes that the fundamentals and the prospects of the Company are positive. The Company has developed value added products e.g. Duplex Stainless Steel Grades and has also successfully executed trial orders during the year. Such product developments would help in improving utilization & profitability of the Company. The expansion programme initiated in the previous year is in the final stage of implementation and successful trial runs have been conducted. Commercial production benefits would commence in the coming years. The Company is also focusing on the growth in the power sector to optimize utilization of its capacity.

#### **INFORMATION PURSUANT TO SECTION 217 OF THE COMPANIES ACT 1956:**

##### **Sub-Sec. (1)(e)**

##### **a. CONSERVATION OF ENERGY:**

All efforts are being made to conserve energy.

##### **b. TECHNOLOGY ABSORPTION:**

The Company does not have any foreign collaboration for manufacture. The Company is continuously modernizing and improving its products in quality and is having ISO 9001/PED Certification (which is required for Export Sales)

##### **c. FOREIGN EXCHANGE EARNINGS OUTGO:**

Outgo - 93.17 Lacs  
Earnings - 1217.01 Lacs (including deemed exports & supplies to SEZ & EOU of Rs. 703.77)

##### **Sub-Sec. (2A):**

(i) Name : Rishabh R. Saraf- He is a relative of a Director, Shri Rajendra C. Saraf  
(ii) Designation : Managing Director  
(iii) Remuneration : Rs.37.35 Lacs  
(iv) Nature of employment : Contractual for 3 (Three) years  
(v) Other terms and Conditions: ---  
(vi) Nature of Duties : Entire Management of the Company  
(vii) Qualification : Bachelor of Arts in Business Administration from the University of Nottingham, England  
(viii) Experience : 8 years  
(ix) Date of commencement : 1st April, 2002  
(x) Age : 31 years  
(xi) Last employment : None  
(xii) Percentage of equity shares held : 2.14% ( 204846 Shares)

##### **Sub-Sec. (2AA):**

Your Directors state:

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

##### **APPRECIATION:**

Your Directors place on record their sincere thanks for the financial support from State Bank of India. They also place on record their appreciation for the dedicated services of the executives, staff and workers of the Company. Your Directors also appreciate the faith you have reposed in the Company and are confident that the Company can depend upon your continued support in its endeavour to grow.

##### **Registered Office:**

REMI HOUSE  
11, Cama Industrial Estate,  
Goregaon (East),  
Mumbai - 400 063

**ON BEHALF OF THE BOARD**

**VISHWAMBHAR C. SARAF**  
**CHAIRMAN**

Dated: 12th August, 2010

## Remi Edelstahl Tubulars Limited

### MANAGEMENT DISCUSSION AND ANALYSIS:

#### (a) Industry Structure and Development:

The stainless steel industry can be classified into the organized and unorganized sector. The organized sector, in which the Company operates, has witnessed a sharp growth in capacity over the recent years. The growth in demand has traditionally been witnessed in the oil and gas(refining) sectors. Now with the government aiming to provide electricity to all, the power sector (particularly thermal based power projects) has emerged as a major sector where the Company's products are used.

#### (b) Opportunities and Threats:

The high rate of growth in the Indian economy, particularly the oil, gas, power, fertilizer sectors, offer growth for the requirement of the Company's product range. The volatility in the non ferrous commodities (e.g. Nickel / Moly) can effect the usage and pricing patterns of the user industry. The threat of dumping of secondary quality products from foreign manufacturers can have an adverse effect on the industry.

#### (c) Outlook:

The Company has geared itself to meet the demand from the above mentioned sectors by getting major approvals within India. The Company is also looking at getting approvals overseas to further enhance the value added component of its business. The progress of India's approval within the Nuclear community will also result in huge demand of the Company's products in the coming years.

#### (d) Risk and Concerns:

The Company is making necessary arrangements to cover its raw material costs and protect the conversion margins. However, the imposition of duties/ restrictions (as witnessed for 3 months in this financial year) can affect the business model. Also a falling

Rupee against the US\$ can make imports cheaper for the commodity grade of pipes.

#### (e) Internal Control Systems and their adequacy:

The Company has adequate internal control systems in technical and financial fields.

#### (f) Financial Performance:

The Financial Performance of the Company has improved with better capacity utilization and product mix.

#### (g) Human Relations / Industrial Relations:

The Company has maintained good industrial relations and is continuously adding to the human resources of the Company.

#### (h) Cautionary Statement:

Statements in this report on Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or productions may be "forward looking statements" within the meaning of applicable securities laws or regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting global and domestic demand and supply, finished goods prices in the domestic and overseas markets in which the Company operates, raw-materials cost and availability, changes in Government regulations, tax regimes, economic developments within or outside India and other factors such as litigation and industrial relations. The Company assumes no responsibility to publicly amend, modify or revive any forward looking statements on the basis of any subsequent developments, information or events.

### CORPORATE GOVERNANCE

#### 1. COMPANY'S BASIC PHILOSOPHY:

The Company's philosophy is to undertake its business with integrity, fairness, transparency and accountability and to ensure that adequate internal control systems are devised and put in place so that the interests of shareholders, employees, suppliers and those associated with the company are protected.

#### 2. BOARD OF DIRECTORS:

During the year, the Board of Directors met 5 (five) times on 30/06/2009,30/07/2009,30/10/2009,29/01/2010 and 29/03/2010

#### 3. AUDIT COMMITTEE:

The Audit Committee has two qualified, independent and non-executive directors and provides assistance to the Board of Directors in fulfilling its responsibilities.

The functions of the audit committee include:

- Overseeing of the Company's financial reporting process and the disclosures of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Discussing the adequacy of internal control systems, the scope of audit, internal audit reports and the compliance thereof.

### COMPOSITION AND CATEGORY OF DIRECTORS

Sr. No.	Name of Director	Category	Attendance Particulars		Other Boards		
			Annual General Meeting	Board Meetings	Directorship	Committee Chairmanship	Committee Membership
1.	Mr. V. C. Saraf	Promoter	Yes	5	3	1	2
2.	Mr. M.P. Jatia	Independent Non-Executive	No	4	7	---	3
3.	Mr. K.K. Dujodwala	Independent Non-Executive	No	5	4	---	---
4.	Mr. R. C. Saraf	Promoter	Yes	5	5	1	3
5.	Mr. R.R. Saraf	Promoter Executive	No	5	1	---	---
6.	Mr. R.V. Saraf	Promoter Non-Executive	Yes	5	2	---	---
7.	Mr. S.L. Jain	Independent Non-Executive	No	5	1	---	---
8.	Mr. G. K. Biyani	Independent Non-Executive	No	4	7	---	---



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- Recommending the fixation of the audit fee and also approval for payment for any other services of the Auditors.
- Reviewing with management the quarterly and annual financial statements, before submission to the Board.

Attendance of the members at the Audit Committee Meetings held during 2009-2010.

Committee Members	Designation	No. of Meetings	
		Held	Attended
Mr. K.K. Dujodwala	Member	3	3
Mr. S.L. Jain	Chairman	3	3
Mr. R.C. Saraf	Member	3	3

#### 4. SHAREHOLDERS' COMMITTEE:

The Members of the Committee comprise of Shri V.C. Saraf and Shri R.C. Saraf. Shri V.C. Saraf is the Chairman of the Committee.

The Company had received 7 complaints during the year 2009-2010. All the complaints had been disposed off. There are no Shareholders' complaints pending.

#### 5. GENERAL BODY MEETINGS

The last 3 Annual General Meetings of the company were held as under :

Date	Venue	Time	No. of special resolutions
29/9/2007	Remi House, Plot No.11, Cama Industrial Estate, Goregaon (E), Mumbai – 400 063.	11.30 A.M.	One
30/9/2008	- do -	- do -	One
30/9/2009	- do -	- do -	Two

#### 6. POSTAL BALLOT:

During the last year, no resolution was passed through Postal Ballot and no resolution is proposed to be passed through Postal Ballot.

#### 7. DISCLOSURES:

Disclosures on materially significant related party transactions that may have potential conflict with the interests of company at large	:	Transactions with related parties are disclosed in Note No 8 of Schedule 20 to the accounts. These transactions are not in conflict with the interests of the Company
Details of non-compliances by the Company, penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three year	:	Nil
Details of compliance with mandatory requirements and adoption of non-mandatory requirements of this clause	:	The Company has complied with all mandatory requirements of Clause 49 of Listing Agreement.

#### 8. REMUNERATION TO DIRECTORS :

(Rs. in Lacs)

Name & Designation	Salary	Benefits	Sitting fees
Shri R.R. Saraf -Managing Director	37.35	-	--
Shri R.V. Saraf -Executive Director	9.98	-	0.02
Shri V.C.Saraf - Chairman	--	--	0.10
Shri R.C. Saraf - Director	--	--	0.10
Shri K. K. Dujodwala - Director	--	--	0.14
Shri M. P.Jatia - Director	--	--	0.08
Shri S. L. Jain - Director	--	--	0.14
Shri G. K. Biyani - Director	--	--	0.08

#### 9. BRIEF DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE APPOINTMENT:

Shri Rajendra C. Saraf, Shri Ritvik V. Saraf and Mahabir Prasad Jatia, Directors, who are retiring by rotation, are to be re-appointed. The brief resume of these Directors is given herebelow:

- Shri Rajendra C. Saraf is a commerce graduate of the University of Bombay. After graduation, he joined the family business.
- Shri Mahabir Prasad Jatia is an industrialist of repute and is the Managing Director of Pudumjee Pulp and Paper Mills Limited. He is a Director of some other companies also.
- Shri Ritvik V. Saraf had, after his primary schooling in Mumbai, had a stint of five years' secondary education in England. Thereafter took an Engineering degree from the University of Leeds, England.

He hails from a family of business house of long standing and after his return, has joined his family business.

#### 10. MEANS OF COMMUNICATION:

The Company regularly intimates its financial results to the Bombay Stock Exchange as soon as the same are approved and taken on record. These financial results are published in The Free Press Journal and Navshakti..

#### 11. GENERAL SHAREHOLDER INFORMATION:

The 39<sup>th</sup> Annual General Meeting of the Company will be on 30<sup>th</sup> September, 2010, at Remi House, Plot No. 11, Cama Industrial Estate, Goregaon (E) Mumbai – 400 063 at 11.30 A. M.

Financial year of the Company is from 1<sup>st</sup> April, 2009 to 31<sup>st</sup> March, 2010

The Register of Members and the Share Transfer Books of the Company will remain closed from Friday, the 24<sup>th</sup> September, 2010 to Thursday, the 30<sup>th</sup> September, 2010, both days inclusive.

#### Listing on Stock Exchange:

Name of the Stock Exchange	Stock Code
Bombay Stock Exchange Limited	513043

## Remi Edelstahl Tubulars Limited

### Market Price Data

Month	High Price(Rs.)	Low Price(Rs.)
April – 2009	24.00	18.50
May – 2009	33.35	21.00
June – 2009	37.35	28.55
July – 2009	32.40	24.00
August – 2009	28.90	24.00
September – 2009	31.20	26.00
October – 2009	31.35	25.10
November – 2010	27.95	23.05
December – 2009	29.60	24.50
January – 2010	34.90	25.60
February – 2010	29.95	24.95
March – 2010	29.35	20.05

### Registrar and Transfer Agents:

#### Bigshare Services Private Limited

E-2&3, Ansa industrial estate, Saki Vihar road, SakiNaka, Andheri (E) Mumbai – 400 072

Tel: 22 28470652/ 40430200 / 28470653, Fax: 22 28475207

E-mail: investor@bigshareonline.com

Website: www.bigshareonline.com

“Our RTA, Bigshare Services Private Limited recently launched Gen-Next Investor Interface Module “iBoss ” the most advanced tool to interact with investors. Please login into iBoss (www.bigshareonline.com) and help them to serve you better.”

### Share Transfer system:

The transfers received by the Company or Registrar and Transfer agents in physical form are processed and Share Certificates are dispatched.

### Distribution of Share:

Distribution of shareholding as on 31st March, 2010 is as follows: -

No. of Equity Shares held	No. of Share holders	% of Total holders	Total No. of Shares	% of Total Capital
Upto 5000	3325	80.53	743250	7.76
5001 – 10000	547	13.25	395050	4.12
10001 – 20000	144	3.49	219347	2.29
20001 – 30000	28	0.68	72426	0.76
30001 – 40000	18	0.44	65693	0.69
40001 – 50000	15	0.36	71135	0.74
50001 – 100000	21	0.51	147641	1.54
100001 & Above	31	0.75	7867858	82.11
<b>TOTAL</b>	<b>4129</b>	<b>100.00</b>	<b>9582400</b>	<b>100.00</b>

Categories of shareholders as on 31st March, 2010

Category	No. of holders	No. of Shares	% of Total Shareholding
Individuals	4017	5877488	61.34
Companies	92	3518569	36.72
FII's, NRI's & OCBs	17	175543	1.83
Mutual Funds, Banks & FIs	3	10800	0.11
<b>TOTAL</b>	<b>4129</b>	<b>9582400</b>	<b>100.00</b>

### Dematerialization of Shareholding:

As on 31<sup>st</sup> March, 2010, 8903469 equity shares constituting 92.91% have been dematerialized.

### Plant Location:

The manufacturing facility of the Company is located at the following address:

Plot No. N – 211/1, M. I. D. C., Tarapur, Maharashtra

### Address for Correspondence:

#### Registered & Corporate

#### Office:

REMI HOUSE

11, Cama Industrial Estate,

Goregaon (E),

Mumbai – 400 063

Ph. No. 022-40589888

Fax No. 022-26850888

Email: vsiyer@remigroup.com

: rmi\_igrd@remigroup.com

#### Registrar and Share

#### Transfer Agent:

Bigshare Services Pvt. Ltd.

E-2&3, Ansa Industrial Estate,

Saki Vihar road, Andheri (E),

Mumbai – 400 072

Ph. No.: 22 28470652/

40430200

Fax No.: 22 28475207

Email:

investor@bigshareonline.com

ON BEHALF OF THE BOARD

PLACE : MUMBAI

DATED : 12th August, 2010

VISHWAMBHAR C. SARAF

CHAIRMAN

## CERTIFICATE OF CORPORATE GOVERNANCE

### The Members, REMI EDELSTAHL TUBULARS LIMITED

We have examined the compliance of conditions of Corporate Governance by **REMI EDELSTAHL TUBULARS LIMITED**, for the year ended on March 31, 2010 as stipulated in clause 49 of the Listing Agreement of the said Company with Bombay Stock Exchange Limited, Mumbai.

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

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 state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders/Investors Grievance Committee of the Company.

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

For **SUNDARLAL, DESAI & KANODIA,**  
**CHARTERED ACCOUNTANTS,**

PLACE : MUMBAI

DATED : 12th August, 2010

(M. B. DESAI)

PARTNER

## AUDITORS' REPORT

To,

The Members of **Remi Edelstahl Tubulars Ltd. (Formerly Rajendra Mechanical Industries Limited)**

1. We have audited the attached Balance Sheet of **REMI EDELSTAHL TUBULARS LTD. (FORMERLY RAJENDRA MECHANICAL INDUSTRIES LIMITED)** as at **31st March, 2010**, the Profit and Loss Account and the 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 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 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 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the 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 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 Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- (iv) in our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- (v) on the basis of written representations received from the Directors, as on 31st March, 2010, and taken on record by the Board of Directors, we report that none of the director is disqualified as on 31st March, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
- (vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information 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 the Balance Sheet, of the state of affairs of the Company as at 31st March, 2010;
  - (b) in the case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date; and
  - (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For SUNDARLAL, DESAI AND KANODIA,  
CHARTERED ACCOUNTANTS,  
Registrarion No. 110560W**

PLACE : **MUMBAI**  
DATED : 21st May 2010

**(M. B. DESAI)**  
**PARTNER.**  
Membership No. 33978