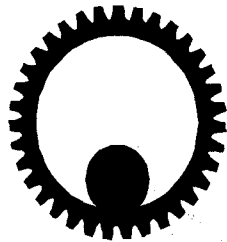


25TH ANNUAL REPORT

2011-12



RING  **AQUA**

RING PLUS AQUA LIMITED



BOARD OF DIRECTORS

Shri. Gautam Hari Singhania, Chairman
Shri. B.K.Chaturvedi
Dr. P.S.Pasricha
Shri. J.S.Sabharwal
Shri. Harshal Jayavant
Shri. H. Sunder
Shri. Laxman P. Katakhar, Wholetime Director

COMPANY SECRETARY

Shri. Vinod Verma

AUDITORS

Lodha & Company
Chartered Accountants

BANKERS

HDFC Bank Ltd.
The Saraswat Co-op. Bank Ltd.

REGISTERED OFFICE

D-3,4, Sinnar Taluka Audyogik
Sahakari Vasahat Maryadit,
Village Musalgaon, Taluka Sinnar,
District Nashik 422 112
Maharashtra

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**NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that the Twenty Fifth Annual General Meeting of the Members of Ring Plus Aqua Limited will be held on **Friday, June 1, 2012** at **11.00 a.m** at A-16, 17 Sinnar Taluka Audyogik Sahakari Vasahat Maryadit, Village Musalgaon, Taluka Sinnar, District Nasik 422 112, Maharashtra, to transact the following business :

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statements of Account together with Directors' Report as also the Auditors' Report thereon for the year ended March 31, 2012.
2. To appoint a Director in place of Shri Gautam Hari Singhania, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Shri B. K. Chaturvedi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors and to fix their remuneration.

SPECIAL BUSINESS:

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

5. "RESOLVED THAT Shri Laxman Katakhar, who was appointed as an Additional Director pursuant to Section 260 of the Companies Act, 1956 and Article No. 165 of the Articles of Association of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

To pass with or without modifications, the following Resolutions:

As a Special Resolution:

6. "RESOLVED THAT pursuant to the provisions of Section 198, 269, 302, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such permissions, consents and approvals as may be necessary, the Company hereby accords its consent and approval to the appointment of Shri Laxman Katakhar, as Whole-time Director of the Company for a period from July 26, 2011 to July 25, 2014, on the terms and conditions and remuneration, mentioned in the explanatory statement under this item;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors to give effect to the aforesaid resolutions."

7. "RESOLVED THAT in accordance with the provisions of Section 372A and other applicable provisions, if any, of the Companies Act, 1956, approval of the Company be and is hereby accorded to the Board of Directors of the Company to make Investment in Securities/ Loans/ Intercorporate Deposits /Guarantees in the following Companies:

- Rose Engineered Products India Private Limited upto Rs.25 crore and
- Trinity India Limited upto Rs.50 crore

notwithstanding guarantees that the aggregate amount of all investments / loans / securities together with the proposed loan /investment will exceed sixty per cent of the aggregate of paid up capital and free reserves of the Company or hundred per cent of the free reserves of the Company, whichever is higher.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all decisions and do all such acts, deeds and things as may be required to be done for providing loan / making investment as approved by the Company in this meeting."

Registered Office:

D-3, 4 Sinnar Taluka Audyogik
Sahakari Vasahat Maryadit
Village Musalgaon, Taluka Sinnar
District Nasik 422 112

By Order of the Board
For **RING PLUS AQUA LIMITED**

Vinod Verma
Company Secretary

Date: April 23, 2012

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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.



3. The Explanatory Statement setting out the material facts concerning Special Business in respect of Item No. 5 to 7 of the accompanying Notice as required by Section 173 of the Companies Act, 1956, is annexed hereto.
4. Members are requested to notify immediately change in their addresses, if any, to the Registered Office, quoting their folio Number(s).
5. The Share Transfer books and the Register of Members of the Company will remain closed from May 24, 2012 to June 1, 2012 (both days inclusive).
6. Members/Proxies should bring their attendance slips duly filled-in for attending the Meeting.
7. The Shareholders are requested to bring their copy of the Annual Report with them at the General Meeting.
8. Members queries, if any, pertaining to the Accounts, must reach the Registered Office of the Company at least 10 days before the date of the Meeting.

ANNEXURE TO THE NOTICE

Explanatory Statement as required by Section 173 of the Companies Act, 1956 ('the Act').

The following explanatory statement relating to special business at item no. 5 & 6 of the accompanying notice sets out all material facts as required under Section 173 of the Act.

ITEM NO.5 & 6

At the meeting of the Board of Directors of the Company dated July 26, 2011, Shri Laxman Katakhar was appointed as an Additional Director and Wholtime Director with effect from July 26, 2011 for a period of 3 years from July 26, 2011 to July 25, 2014 subject to the consent by the shareholders of the Company. The terms and conditions of his appointment are as follows:

Salary and Perquisites: Rs.2,07,883 per month in the scale of Rs.1,70,000 – Rs.5,00,000 per month with authority to the Board of Directors of the Company to grant such increments within the said scale as it may determine from time to time. Allowances per month Rs.147,997/- together with Housing, Medical reimbursement, Leave Travel Concession, Group Insurance, Company's contribution to Provident Fund, Gratuity, Leave encashment, all as per Company Rules with car(s) and telephone(s) provided at residence for official use as set out in the Agreement entered into between the Company and Shri Laxman Katakhar. Performance Linked Variable Pay (over and above the remuneration) and Ex-gratia payable in accordance with the Rules of the Company.

Minimum Remuneration: Where in any financial year during the tenure of the Wholtime Director, the Company has no profits or its profits are inadequate, the remuneration payable will be in accordance with the provisions of Section II of Part II of Schedule XIII to the Act, as may be amended from time to time.

The Explanatory Statement together with the Resolution at Item No.6 of the accompanying Notice should be treated as an Abstract of the terms and Memorandum of Interest under Section 302 of the Act. The Copies of the Agreement as referred to in this Notice and Explanatory Statement are open for inspection by the shareholders/ members of the Company at the Registered Office between 11.00 a.m. and 1.00 p.m. on all working days.

None of the Directors of the Company except Shri Laxman Katakhar is, in any way, concerned or interested in this Resolution.

ITEM NO. 7

According to the provisions of Section 372A, the Board of Directors of the Company can make loans / investments or provide security / guarantee not exceeding sixty per cent of the aggregate of the paid up capital and free reserves or hundred per cent of free reserves, whichever is higher. In order to augment long term resources, to meet funding requirements of existing and new business opportunities and meet general corporate expenditure of Rose Engineered Products India Private Limited and Trinity India Limited, the Company may require to infuse funds to the extent of Rs. 25 crore and Rs. 50 crore respectively by way of loans, investments in securities or give guarantees.

The Board therefore recommends the proposed resolution as set out at Item No. 7 of the accompanying Notice for your approval.

Registered Office:
D-3, 4 Sinnar Taluka Audyogik
Sahakari Vasahat Maryadit
Village Musalgaon, Taluka Sinnar
District Nasik 422 112

By Order of the Board
FOR RING PLUS AQUA LIMITED

Vinod Verma
Company Secretary

Date : April 23, 2012



REPORT OF THE DIRECTORS

To,

The Members of Ring Plus Aqua Limited

Your Directors have pleasure in presenting their Twenty Fifth Annual Report and the Audited Statement of Accounts for the year ended March 31, 2012.

FINANCIAL RESULTS

With significant current growth trend in the Auto Industry, the Company for the first time crossed the milestone of total revenue of Rs.150 crores during the year under review. The total revenue of the Company was at Rs.152.99 crores (Previous Year: Rs.117.08 crores), registering a growth of around 31%, with Profit Before Tax at Rs. 19.41 crores against Rs. 16.45 crores of corresponding previous year.

APPROPRIATIONS

In order to conserve the resources of the Company and to meet the requirements of the future expansion plans, your Directors do not recommend any dividend.

OPERATIONS

Starter Ring Gear

With recovery in global market and aggressive marketing efforts, the performance of Starter Gear Division has recorded significant growth over previous year. The Gear Division sales crossed the milestone of Rs.100 crores during the year under review. The overall Gear sales was 40 % higher, at Rs. 102.98 crores, compared to Rs. 73.21 crores in the previous year. Both domestic and exports market registered exponential growth in their respective segments.

During the year under review your Company has successfully completed capacity addition of 1.5 million gears, increasing existing capacity from 3.0 million to 4.5 million gears. With growing demand your Company has decided to further augment its capacity by 0.70 million gears during the year under review. This will take total ring gear capacity to 5.20 million gears per annum. The capacity expansion is progressing as per schedule and is expected to be complete by December 2012.

During the year under review your Company continued its efforts in developing new markets, winning new customers, making major in-roads into Asian, European and Latin American market. In domestic market also, your Company continued to bag orders from prestigious Auto-OEMs.

Shaft Bearings

The performance of Shaft Bearings Division showed marginal growth during the year under review. The overall Bearings sales increased by 8 % at Rs.28.74 crores against Rs. 26.54 crores in the previous year.

Based on potential growth in OEM demand and need of capability build-up, your Company has decided to augment its capacity by 2.0 million Bearings during the year under review. This will take total Shaft Bearings capacity to 5.0 million Bearings per annum. The capacity expansion is progressing as per schedule and is expected to be complete by December 2012.

Flexplate Assembly

The sale of Flexplate Assembly was at Rs.3.61 crores against Rs.2.79 crores in the Previous Year.

Market Scenario

The prices of steel were stable during the year. The input prices witnessed spiraling inflation during the year under review. Despite of high inflation and market volatility, Company recorded around 18% growth in profit. This was achieved by cost reduction & relentless cost consciousness in managing the rising input costs, by focusing on marketing, improvement in productivity/process, yield improvements, effective implementation of TOC principles, control on liquidity & working capital. The impact of foreign currency volatility was minimized with adequate hedging policy.

During the year your Company acquired majority stake in Trinity India Ltd. a company based at Pune. With this acquisition your Company has made entry into auto forging space with customer base of big prestigious auto OEMs and achieved Tier 1 status. Further, this has widened your Company's product profile as well as opportunity to leverage further customer relationship.

HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS

The relationship with the Union has been cordial. A settlement has been arrived at for the revision in wages with the workers for a period of 4 years with effect from October 1, 2011.

SUBSIDIARY COMPANY

Trinity India Limited

Your Company, during the year under review, has acquired a majority stake of 80.55% in Trinity India Limited (TIL), a Pune based forged component manufacturer. This acquisition is a significant milestone for your Company, as it marks its entry into forged components. Post this acquisition, TIL has become subsidiary of your Company.

Further, on March 30, 2012, TIL made a preferential allotment of 1.00 crore Equity shares of Rs. 10 each to its holding Company, RPAL, increasing the stake of the Company to 92.15% of the total paid-up-share capital of TIL.

R & A Logistics INC., U.S.A

The wholly owned subsidiary of the Company namely R & A Logistics INC., U.S.A. continues to cater to most of the Company's customers in U.S.A.

**JOINT VENTURE****Rose Engineered Products India Private Limited**

The total revenue of the Joint Venture Company, Rose Engineered Products India Private Limited is Rs.21.62 crores (Previous Year Rs. 17.92 crores). Profit before tax was at Rs. 1.34 crores (Previous Year Loss Rs. 0.13 crores).

The Joint Venture Company has recorded revenue growth of around 20% during the year under review. Company continued its focus on high volume customers.

DIRECTORS

The Board at its meeting held on July 26, 2011, appointed Shri Laxman Katakhar as an Additional Director who will hold office as Director up to the date of the ensuing Annual General Meeting. A notice in writing has been received from a member of the Company under Section 257 of the Companies Act, 1956, signifying his intention to propose Shri Laxman Katakhar as a candidate for the office of Director of the Company.

In the said Board Meeting held on July 26, 2011, the Board had, subject to the approval of shareholders in the next General Meeting, appointed Shri Laxman Katakhar, as Wholtime Director of the Company for a term of three years effective from July 26, 2011 to July 25, 2014.

Shri Gautam Hari Singhania and Shri B.K.Chaturvedi, Directors of the Company, retire by rotation and, being eligible, offer themselves for reappointment.

AUDIT COMMITTEE

The Company has complied with Section 292A of the Companies Act, 1956 in respect to the constitution of an Audit Committee of the Board of Directors. The members of the Audit Committee are Shri B.K.Chaturvedi, Chairman, Shri Harshal Jayavant and Shri H. Sunder.

FINANCE AND ACCOUNTS

The observation made by the Auditors in their Report has been clarified in the relevant notes forming part of the Accounts, which are self explanatory.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to sub-section (2AA) of Section 217 of the Companies Act, 1956, the Board of Directors of the Company hereby state and confirm that:

- (i) in the preparation of the Annual Accounts, the applicable accounting standards had been followed;
- (ii) the Directors had selected such accounting policies and applied them consistently and made judgements 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 of the Company for that period;
- (iii) the Directors had 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 had prepared the annual accounts on a going concern basis.

STATUTORY INFORMATION

Information pursuant to sub-section (1)(e) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure-1 to this Report.

Information in accordance with sub-section (2A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the year ended March 31, 2012 has been provided in Annexure - 2 to this Report.

Your company has not accepted any fixed deposit for this financial year and no amount of principal or interest was outstanding as of the balance sheet date.

The Foreign Exchange earnings and outgo is given in Annexure 1 to this report.

AUDIT

Your Company's Auditors, Messrs. Lodha & Co., Chartered Accountants, retire and are eligible for reappointment. You are requested to appoint Auditors and to authorise the Board to fix their remuneration.

As per the requirement of Central Government and pursuant to Section 233B of the Companies Act, 1956 your Company carries out an audit of cost records relating to shaft bearing division every year. Subject to the approval of the Central Government, the Company proposes to appoint M/s. A.B. Nawal & Associates, Cost Accountants, as Cost Auditors to audit the cost accounts of the Company for the Financial Year 2012-13.

APPRECIATION

Your Directors express their warm appreciation to all the employees at various Units for their diligence and contribution. Your Directors also wish to record their appreciation for support and co-operation received from the joint venture partners, agents, suppliers, bankers and all other stakeholders.

For and on behalf of the Board
FOR RING PLUS AQUA LIMITED

Gautam Hari Singhania
Chairman

Place: Thane

Date: April 23, 2012

ANNEXURE - 1 TO THE DIRECTORS' REPORT

A) CONSERVATION OF ENERGY :

Gear Division:

- a) Effective utilization of normalizing Furnace by introduction of new burners and air blowers to correct air-fuel ratio.
- b) Installation of new transformer with OLTC (on load tap changer) to get controlled voltage and unity power factor.
- c) Installing translucent roof sheet to improve natural light at shop floor and avoid power consumption during day time.

Bearing Division:

- a) Saved running of 1 hour/day for screw compressor, centralized coolant filtration system & induction hardening coolant pump.
- b) Started use of modified fixtures to improve the productivity of shaft thru-hardening & hence to reduce furnace oil consumption.

B) TECHNOLOGY ABSORPTION :

a) New Product Development :

Gears and Flexplate :

- Achieved competitive Ring gear development Lead time of 4.5 weeks
- Parts developed for Magna power train, Volvo, Maruti, Mulhoff & Aydokum.
- Designed and Developed TATA ARIA Flex plate for TATA Motors.
- Development of completely machined Flywheels for wartsilla.
- First time ring gear developed in Alloy steel material.

Bearings :

- Developed Integral Shaft Bearing for End Suction pumps for Process Industries & Water Applications. This is the longest (225mm) bearing in our manufacturing range now.
- Machining Business - Developed & started supplies of hard & ground bushes for Earth Moving Equipments

b) Technological Absorption, Adaptation, Innovation :

Gears and Flexplate:

- Implemented tool Monitoring system to reduce Hob Breakages from 7 per month to 4 per month.
- Auto Loading system Implemented for Butt welding Machine to reduce rejections due to Ring Gear Face offset .
- Successful implementation Auto de burring Machine and reduced 9 Man days per day.
- Developed Auto Hydraulic Clamping system for Hobbing Tooth Chamfering machine, Eliminated Manual clamping. Productivity Improvement is Phenomenal.
- Introduced Multi start Cutters and Hobs to Improve Productivity.
- Completing task of wage settlement with union for next 04 years with an improvement of productivity more than 25%. The entire settlement completed in very positive atmosphere.

Bearings :

- Installed centralized super-finish oil filtration system to maintain oil temperature & ensure cleanliness of oil.
- Established Weibull software for reliability prediction of bearings & Minitab software to carry out DOE study for optimization of process parameters.
- Installed special type of ball-roller shaft super-finish machine to improve surface roughness,

c) Process Improvement :

Bearings :

Rejection % reduced from 0.6% to 0.3%.

Gears :

- Air blowers introduced in tooth chamfering to enhance hob life.
- Work resting devices have been improved at vendor end to ensure equal face machining.
- Process modification for 19 parts in ring forming saved RM cost of Rs 30 Lacs.

C) FOREIGN EXCHANGE EARNING AND OUTGO :

During the year under review, foreign exchange earning was Rs.7893.54 lacs (Previous Year: Rs. 6081.25 Lacs). The foreign exchange outgo was Rs. 604.48 Lacs (Previous Year: Rs. 313.77 Lacs).



FORM 'A'
(Forming part of Annexure (1))
DISCLOSURE OF PARTICULARS WITH RESPECT TO
CONSERVATION OF ENERGY.

| | UNIT | CURRENT YR. ENDED 31.03.2012 | PREVIOUS YR. ENDED 31.03.2011 |
|--|------------|------------------------------------|-------------------------------------|
| (I) SHAFT BEARING DIVISION : | | | |
| A. POWER AND FUEL CONSUMPTION : | | | |
| 1. Electricity : Units | KWH | 27,61,150 | 23,35,010 |
| Amount | Rs. Lacs | 167.73 | 122.15 |
| Rate per bearing produced | Rs. | 7.09 | 5.23 |
| 2. Furnace Oil : Quantity | Litres | 1,08,415 | 1,18,664 |
| Total Cost | Rs. Lacs | 45.40 | 30.98 |
| Rate per bearing produced | Rs. | 1.92 | 1.31 |
| 3. Bearings produced | Nos. | 23,64,077 | 23,54,394 |
| B. CONSUMPTION PER UNIT OF PRODUCTION : | | | |
| 1. Electricity | KWH/No. | 1.17 | 1.00 |
| 2. Furnace Oil | Litres/No. | 0.05 | 0.05 |
| (II) STARTER GEAR DIVISION : | | | |
| A. POWER AND FUEL CONSUMPTION : | | | |
| 1. Electricity : Units | KWH | 81,31,489 | 60,03,725 |
| Amount | Rs. Lacs | 518.17 | 316.15 |
| Rate per Gear & Flexplate produced | Rs. | 16.11 | 12.11 |
| 2. Furnace : Quantity | Litres | 4,13,180 | 4,06,785 |
| Oil Amount | Rs. Lacs | 170.45 | 106.74 |
| Rate per Gear & Flexplate produced | Rs. | 5.30 | 4.09 |
| 3. Ring Gears & Flexplates produced | Nos. | 32,16,137 | 26,09,768 |
| B. CONSUMPTION PER UNIT OF PRODUCTION: | | | |
| 1. Electricity | KWH/Kg | 2.53 | 2.30 |
| 2. Furnace Oil | Litres/No. | 0.13 | 0.16 |

**AUDITORS' REPORT**

To
The Members
RING PLUS AQUA LIMITED

1. We have audited the attached Balance Sheet of **RING PLUS AQUA LIMITED** as at 31st March, 2012, the Statement of Profit and Loss 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 the 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 (hereinafter referred to as the "Act"), 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 in paragraph 3 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, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006 to the extent applicable.
 - (e) on the basis of written representations received from the directors as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director of the Company in terms of clause (g) of sub-section (1) of section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us the said financial statements read together with Significant Accounting Policies and accompanying Notes, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;
 - ii) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
 - iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For LODHA & CO.
Chartered Accountants
Firm Regn. No. 301051E

R.P.BARADIYA
Partner
Membership No.44101

Place : Mumba
Date : 23rd April, 2012

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012 OF RING PLUS AQUA LIMITED.**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of our audit, we state that:

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- b) The Company has carried out physical verification of all its fixed assets during the year. In our opinion, the frequency of verification is reasonable considering the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) No Substantial part of the fixed assets has been disposed off during the year.
2. a) The inventory has been physically verified by the management at reasonable intervals during the year. Inventory lying with third parties and in-transit have been verified by the management with reference to the confirmations received from them and/or subsequent receipt of goods.
- b) The procedures for physical verification of the 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 is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and book records were not material considering the operations of the Company and have been properly dealt with in the books of account.
3. During the year, the Company has not granted/ taken any loans, secured or unsecured to/ from companies, firms or other parties covered in the register maintained under section 301 of the Act.
4. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased and sold are of the special nature and suitable alternative source does not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and nature of its business for purchase of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, no major weakness has been noticed in the internal controls system.
5. There are no contracts or arrangements that need to be entered in the register maintained under Section 301 of the Act.
6. No deposits within the meaning of directives issued by RBI (Reserve Bank of India) and Sections 58A and 58AA or any other relevant provisions of the Act and Rules framed there under have been accepted by the Company.
7. In our opinion, the Company has an adequate internal audit system commensurate with the size of the Company and nature of its business.
8. On the basis of records produced, we are of the opinion that prima facie, the cost records and accounts prescribed by the Central Government under Section 209 (1) (d) of the Act have been maintained. However, we are not required to and thus have not carried out any detailed examination of such accounts and records, with a view to ascertain whether these are accurate and complete.
9. a) The Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to the Company with the appropriate authorities. No undisputed amounts payable in respect of the aforesaid statutory dues were outstanding as at the last day of the financial year for a period of more than six months from the date they became payable.
- b) According to the records of the Company, there are no dues of Income Tax, Sales Tax, Service tax, Customs Duty, Wealth Tax, Excise Duty, Cess which have not been deposited on account of any dispute except the following:

| Name of the Statute | Nature of Dues | Forum where the dispute is pending | Financial Year | Amount in Rs. |
|--------------------------|----------------|------------------------------------|----------------|---------------|
| The Income Tax Act, 1961 | Income-tax | Income Tax Appellate Tribunal | 1995-96 | 110,71,249 |
| | | Mumbai High Court* | 2003-04 | 9,80,032 |
| | | CIT (Appeals) | 2006-07 | 48,84,781 |
| | | CIT (Appeals) | 2007-08 | 8,30,579 |

*disputed by the Income Tax Department

10. The Company has no accumulated losses as at 31st March, 2012 and it has not incurred any cash losses in the financial year ended on that date and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks.
12. During the year, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.