



- ★ ZINC
- ★ BRASS
- ★ ZINC SULPHATE



ROSE ZINC LIMITED

***SEVENTEENTH
ANNUAL REPORT
(2006-2007)***

BOARD OF DIRECTORS

Shri Pawan N. Mehta, Managing Director

Shri Nagraj Mehta, Executive Director

Shri Ashok Kumar Mehta, Director

Shri Lalit Behari Baxi, Independent Director

Shri Ranjeet Singh Saruparia, Independent Director

Shri Geesu Lal Chandaliya, Independent Director

Shri Naval Singh Khamesra, Independent Director

BANKERS

State Bank of Bikaner & Jaipur

AUDITORSM/s Ajay Kumar Vijayvergia & Associates,
Chartered Accountants,D-172, Jagraj Marg, Bapu Nagar,
Jaipur - 302 015 (Raj.)**REGISTERED OFFICE**505-508, S. M. Lodha Complex,
Opp. Shastri Circle Post Office, Udaipur - 313 001 (Raj.)**WORKS**Tulsi Das Ji Ki Sarai,
Air Port Road, Post Gudli, Udaipur (Raj.)**CONTENTS****Page No.**

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**NOTICE**

NOTICE is hereby given that the **Seventeenth Annual General Meeting** of the Members of **ROSE ZINC LIMITED** will be held at 505-508, S.M. Lodha Complex, Opp. Shastri Circle Post Office, Udaipur, on Saturday, the 29th Day of September, 2007 at 11.30 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited statement of accounts of the Company for the year ended 31st March, 2007 together with reports of the Directors and Auditors thereon.
2. To appoint Director in place of Shri Lalit Behari Baxi, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint Director in place of Shri Ranjeet Singh Saruparia, who retires by rotation and being eligible offer himself for re-appointment.
4. To appoint Ajay Kumar Vijayvergia & Associates, the retiring Auditors to hold office from the conclusion of this Annual General Meeting until conclusion of next Annual General Meeting and to authorise the Board to fix their remuneration.

By Order of The Board of Directors,
For Rose Zinc Limited,

Place : Udaipur (Pawan N. Mehta)
Dated : 3rd Sept., 2007 Managing Director

NOTES

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company.
2. The proxy in order to be effective must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the Meeting.
3. The Register of Members and the Share Transfer Books of the Company will remain closed from 28th Sept., 2007 to 29th Sept., 2007 (Both days inclusive).
4. Members are requested to intimate the change, if any, in their registered address immediately.

DIRECTOR'S REPORT

To,

The Members,

The Directors of your Company have pleasure in presenting the Seventeenth Annual Report for the year ended 31st March, 2007 together with the audited statement of accounts and auditor's report thereto.

FINANCIAL PERFORMANCE

	Year Ended on 31.03.2007 (Rs. in Lacs)	Year Ended on 31.03.2006 (Rs. in Lacs)
Turnover	5707.98	5344.26
Other Income	10.23	20.92
Profit Before Dep., Preliminary Exp. W/off & Financial Charges	324.93	295.01
Financial Charges	210.34	156.79
Profit before Dep. & Preliminary Exp.	114.59	138.22
Depreciation	56.94	56.76
Preliminary Exp. W/off	5.60	5.60
Profit Before Tax	52.05	75.86
Income Tax and F.B.T.	28.54	16.68
Deferred Tax	(14.40)	12.08
Profit After Tax	37.91	47.10

PERFORMANCE REVIEW

The performance of the company showed considerable improvement as compared to previous year with turnover by 6.81%

The total turnover of the company for the year under review was Rs. 5707.98 Lacs (previous Year Rs. 5344.26 Lacs) and profit before tax Rs. 52.05 (previous year Rs. 75.86 Lacs). Your company's ability to perform, even on haltage of production in the year under review despite Govt. agency action, while prices of raw material have reached to highest level, is further proof of the matured strategy, your company has chosen to follow. Continuing efforts at a cost rationalization at plant level through production planning helped your company to post higher turnover.

We believe that in order to ensure customers loyalty of the company, a continuing thrust on quality is essential. Hence, modernized quality control equipment with advance technology is underway. The Govt. policy i.e. Shelter for each resident is encouraging housing sector resulting vigorous growth in this



sector coupled with industrialization finding applications of zinc & brass in all areas, contributed to boost turnover of brass & zinc. Your company takes justified pride in the fact that, technology which has driven this growth, zinc oxide and zinc monohydrate have emanated from its own R&D.

DIVIDEND

Your director consider prudent not to recommend any dividend on the equity shares of the company to conserve the resources in order to meet various commitments.

DIRECTORS

Shri Lalit Behari Baxi retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Shri Ranjeet Singh Saruparia retire by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

LISTING OF SECURITIES.

Shares of your company are listed at Bombay Stock Exchange Ltd., Mumbai which has got nationwide coverage.

DIRECTOR'S RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, your Directors confirm:

- i) that in preparation of annual accounts, the applicable accounting standards have been followed by your company along with proper explanation relating to material departures, if any.
- ii) that the Directors have 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) that 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) that the Directors have prepared the annual accounts on a going concern basis.

AUDITORS

M/s. Ajay Kumar Vijayvergia & Associates, Chartered Accountants, Jaipur, the Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for reappointment.

AUDITOR'S REPORT

The Board has taken note on qualifications made by the auditors on account of Search & Seizure activity by Antivision Department of Sales Tax, Govt. of Rajasthan, Jaipur for which necessary clarification has been given in para no. 6 of Schedule 19 is self explanatory and do not call for any further clarifications.

Company has initiated necessary steps to cope up with the funds requirement for honouring the interest and installments payment of financial institutions as well as statutory dues in time. Further the notes on the accounts referred to in the Auditor's Report are self explanatory and therefore do not call for any further comments.

ENVIRONMENT

Your company accord high priority to pollution control besides health and safety of the employees. All the pollution control measures taken by the company are operating effectively. Company is also member of the common hazardous waste treatment facility developed by UCCI. We measure, monitor and record environmental performance to demonstrate our commitment to regulatory compliance.

MAINTENANCE OF COST RECORDS

Company is maintaining cost accounting records as required under Section 209(1) (d).

CORPORATE GOVERNANCE

In compliance with clause 49 of Listing Agreement with the Stock Exchange, the management discussion and analysis, a Corporate Governance Report, and a certificate regarding compliance of the conditions of Corporate Governance are made part of the Annual Report.

HUMAN RESOURCES & INDUSTRIAL RELATIONS

The human resource development functions of the company is guided by a strong set of values and policies and plays a pivotal role in maintaining company strength across all activity centers. The company maintains healthy, cordial; and harmonious industrial relations at all levels. The enthusiasm and unstinting efforts of the employees enabled the company to remain at the forefront of its present business areas.

PARTICULARS OF EMPLOYEES

There were no employees whose remuneration were in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PUBLIC DEPOSIT

The Company has neither invited nor accepted any deposit from the public within the meaning of Section 58 A & 58AA of the Companies Act, 1956.

COMPLIANCE OF COMPANY LAW MATTERS

Company made all efforts and took necessary action for filling the vacancy of company secretary but post of company secretary remained vacant and hence balance sheet and accounts for the year could not be got signed from company secretary. However, company has appointed compliance officer for completing various legal formalities. Moreover, Directors of the company confirm that company has complied with all the provisions of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

The utmost priority has been given for the conservation of energy in the plant and appropriate actions are being taken for the conservation of energy and effective absorption of technology.

The technology adopted by the company for extracting metals is environment friendly and cost effective.

FOREIGN EXCHANGE EARNING & OUT GO

a.	Earnings	Rs. Nil
b.	Out go	Rs. 2315.24 Lacs

ACKNOWLEDGMENT

The Board wishes to place on records its sincere appreciation for the continued assistance and support extended to the company by the customers, banks and vendors, Government authorities and employees.

Your Directors acknowledge with gratitude the encouragement and support extended by our valued shareholders.

For and on behalf of the Board of Directors,

(Pawan N. Mehta)
Managing Director

(N.R. Mehta)
Executive Director

Place: Udaipur

Dated : 3rd Sept., 2007

MANAGEMENT DISCUSSION AND ANALYSIS REPORT INDUSTRY STRUCTURE AND DEVELOPMENTS

Company operates in the field of zinc, brass and zinc sulphate and manufacturing unit is located at Udaipur. Regular Focus on trading activity of non ferrous metals contributed to great extent and company is exploring all possible combination in this regard. The demand of Zinc and brass will continue to grow in view of government policy for housing & power sectoral reforms, industrial growth and infrastructure development. Government recommendation are being implemented in the zinc deficient areas by applying zinc sulphate micronutrient.

OPPORTUNITIES, THREATS AND OUTLOOK

Company has been availing benefits of opportunities in metal sector and it is serving some of the major global players in agriculture field and demand of zinc will remain upsurged. Fuel and Sulphuric Acid prices continues to be a big areas of concern as these are widely used in the manufacturing which have direct impact on total cost. Apart from this, international fluctuation in the raw material price with the change in Govt. policy may effect company's profitability.

Future of the Zinc & Brass industries in India is bright as both these elements are essential for crops and widely used in various field viz. galvanizing, automobile, defence, foundries. The Govt. policy i.e. Shelter for each resident is encouraging housing sector resulting vigorous growth in this sector coupled with industrialization finding applications of zinc & brass in all areas. Company is exploring the export market of zinc sulphate and zinc oxide.

FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Your company has taken various steps to minimize the effect of the fluctuation in the raw material prices by efficiency utilization and cost reductions measures. However, profit before tax slipped to Rs 52.05 Lacs from Rs. 75.86 Lacs.

SEGMENTWISE AND PRODUCTWISE PERFORMANCE

Company's entire business is in the form of manufacturing and trading activities. The manufacturing segment has been further classified as metal segment and fertilizer segment. Both the segments shows positive results.

INTERNAL CONTROL SYSTEM AND ADEQUACY

The company has an adequate system of internal control relating to purchase of raw materials, components, plant and machinery, equipment and other assets and for sale of goods commensurate with its size and the nature of its business. The Company has also adequate systems and controls for:

- Proper recording and safeguarding of assets.
- Maintaining proper accounting records and reliability of financial information.

ANNEXURE**CORPORATE GOVERNANCE REPORT****1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE**

The philosophy of the Company on corporate governance envisages the attainment of the highest level of transparency, accountability, trusteeship, integrity and equity in all areas of its operations. Your company considers good corporate governance a pre-requisite for meeting the needs and aspirations of its shareholders. Company is committed to good corporate governance. The fundamental objective of the Company is enhancement of shareholder value, whilst taking into account the interest of all other stakeholders for wealth creation. Your company has made substantial disclosures on the Board, Board Committees as also on the financial and stock performance.

2. BOARD OF DIRECTORS

The Board of Directors is comprised of 7 Directors of which three are executive and four are non-executive independent Director. Yours Board of Directors ensures legal and ethical code of conduct and fair financial reporting. It holds itself accountable to the shareholders for the long term health of the company

S. No.	Name of Directors	Designation	Category of directorship
a.	Shri Pawan N. Mehta	Managing Director	Executive
b.	Shri Nagraj Mehta	Executive Director	Executive
c.	Shri Ashok Kumar Mehta	Whole Time Director	Executive
d.	Shri Lalit Behari Baxi	Independent	Non Executive
e.	Shri Ranjeet Singh Saruparia	Independent	Non Executive
f.	Shri Geesulal Chandaliya	Independent	Non Executive
g.	Shri Naval Singh Khamesara	Independent	Non Executive

3. Details of Board Meeting, attendance at Board Meetings and last AGM and details of memberships in other Boards & Committees:

➤ Details of Board Meetings :

The Board met 8 times during the year on 29.4.2006, 05.08.2006, 28.08.2006, 09.9.2006, 30.9.2006, 26.10.2006, 30.01.2007 and 20.3.2007.

➤ Attendance and details of membership in other Board & Committees:

S. No.	Name of Directors	No. of Board Meetings Attended	Whether Attended Last A G M	Category of Director	Director ship in other Boards	Comm- ittee Member
a.	Shri Pawan N. Mehta	05	Yes	Executive	-	1
b.	Shri Nagraj Mehta	08	Yes	Executive	-	1
c.	Shri Ashok Kumar Mehta	05	Yes	Executive	1	1
d.	Shri Lalit Behari Baxi	08	Yes	Independent non Executive	-	3
e.	Shri Ranjeet S. Saruparia	08	Yes	Independent non Executive	-	3
f.	Shri Geesulal Chandaliya	08	Yes	Independent non Executive	-	3
g.	Shri Naval S. Khamesara	08	Yes	Independent non Executive	-	3

4. AUDIT COMMITTEE

The Audit committee met five times during the year on dated 29.4.06, 5.8.06, 28.8.06, 26.10.06, 30.1.07. It consists of the following members. It consists of the following members.

S. No.	Name	Designation	No. of meeting attended
a.	Shri Ranjeet S. Saruparia	Chairman (non Executive Independent Director)	5
b.	Shri Lalit Behari Baxi	Member	5
c.	Shri Geesu Lal Chandaliya	Member	5
d.	Shri Naval Singh Khamesra	Member	5
e.	Shri Pawan N. Mehta	Member	5

The scope of reference to the committee includes:

- Review of audit with Statutory Auditors.
- Review of accounts with Management.
- Review of annual financial statements with Auditors and Management before submission to the Board.

5. SHARE HOLDERS / INVESTORS GRIEVANCE COMMITTEE/ TRANSFER COMMITTEE

Share holders/Investors Grievance Committee consists of following members:

a.	Shri Lalit Behari Baxi	Chairman (Non-executive and independent Director)
b.	Shri Ranjeet S. Saruparia	Member
c.	Shri Geesu Lal Chandaliya	Member
d.	Shri Naval Singh Khamesra	Member
e.	Shri Ashok Kumar Mehta	Member
f.	Shri Dalpat Mal Lodha	Compliance officer

This committee facilitates prompt and effective redressal of shareholders complaints and to look into their grievances. The Board has empowered this committee to approve transfer of shares etc. All the complaints were resolved to the satisfaction of the shareholders/Investors. Shri D.M. Lodha was appointed as the compliance officer in the month of November, 2006. During the year 26 investor complaints were received and resolved. There were no complaints remaining unsolved as on 31.03.2007.

6. REMUNERATION COMMITTEE

The remuneration committee consists of following members:-

a.	Shri Naval Singh Khamesra	Chairman (Non-executive and independent Director)
b.	Shri Nag Raj Mehta	Member
c.	Shri Lalit Behari Baxi	Member
d.	Shri Ranjeet Singh Saruparia	Member
e.	Shri Geesu Lal Chandaliya	Member

The details of remuneration of the managerial personnel for the year 2006-2007 are given in Note No. 17 of Schedule 19 in Notes to Accounts.

No sitting fee has been paid to any director for attending committee meeting.

**7. DIRECTORS**

Particulars about Directors who are retiring and are eligible for re-appointment have been given in the notice convening the Annual General Meeting.

8. GENERAL BODY MEETINGS

The last three Annual General Meetings:

S No.	Year & No. of Meeting	Date	Time	Venue
a.	2003 - 2004 14th A.G.M.	30.09.2004	11.30 AM	ROSE ZINC LTD. 505-508 S.M. Lodha Complex, Opp. Shastri Circle P.O., UDAIPUR
b.	2004 - 2005 15th A.G.M.	30.09.2005	11.30 AM	- do -
c.	2005 - 2006 16th A.G.M.	30.09.2006	11.30 AM	- do -

There were no special resolutions passed through postal ballot during the financial year 2006-2007.

9. DISCLOSURES:

- a. Disclosures on materially significant related party transactions i.e. transaction of the company in material nature with its promoters, the Directors or the Management, their subsidiaries or relatives etc., that may have potential conflict with the interests of the company at large;

➤ None of the related party transaction were in conflict with the interest of the company at large.

- b. Details of non compliance by the company, penalties, strictures imposed on the company by Stock Exchange or Securities and Exchange Board of India or any Statutory Authority, on any matter related to capital markets during the last three years;

➤ No penalties/strictures have been imposed on the company by any regulatory authority for non compliance of any laws/regulations relating to capital market.

10. CODE OF INSIDER TRADING

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the company has adopted & Implemented a code of conduct for prevention of insider trading and required disclosure practices.

11. CAUTIONARY STATEMENT

Any statement made in the Management Discussion and Analysis Report relating to Company's objectives, projections, outlook, expectations, estimates etc. may constitute forward looking statements within the meaning of applicable laws and regulations. Actual result may differ from such expectations, projections etc., whether express or implied.

Several factors like climatic conditions, economic conditions, auction and private sale regulations, taxations, natural calamities, changes in tax laws might have an impact on the working of the Company.

12. MEANS OF COMMUNICATION

The quarterly results are published in Jai Rajasthan (Udaipur). During the year there were no presentations made to Institutional Investors. As per the requirement of listing agreement, all the data relating to quarterly financial results, shareholding pattern etc. are provided to the Stock Exchange within the time prescribed in this regard.

13. GENERAL SHAREHOLDERS INFORMATION

a	Annual General Meeting	Saturday, 29th September, 2007. at 505-508 S.M.Lodha Complex, Opp. Shastri Circle Post Office, UDAIPUR (RAJ.)		
b	Book Closure	28.09.2007 to 29.09.2007 (Both days inclusive)		
c	Listing on Stock Exchange	Bombay Stock Exchange Ltd., Mumbai		
d	Stock Code			
	(i) Stock Code in the Bombay Stock Exchange Ltd, Mumbai.	BSE - 530631		
	(ii) Demat in ISIN Number in CDSL for equity Shares.	INE018F01013		
e	Listing Fee	Annual Listing fee for the year 2006-2007 has been paid.		
f	Share Price Data	Year/Month	Mumbai Stock Exchange	
		2006	High	Low
		April	8.67	4.46
		May	17.11	9.10
		June	11.50	6.18
		July	6.89	4.95
		August	7.30	5.09
		Sept.	8.69	7.05
		October	7.10	4.87
		November	7.47	5.00
		December	7.64	5.76
		2007		
		January	7.64	5.60
		February	6.95	5.72
		March	6.49	4.32
g	Registrar & Transfer Agents	M/s System Support Services, (Unit Rose Zinc Limited) 209, Shivai Ind. Estate, Near Parke-Davis, 89, Andheri-Kurla Road, Saki Naka, Andheri (E), Mumbai - 400 072 Tel. : 022-28500835, Fax : 022-28501438 E-mail : zip@sysss.com		



h	Share Transfer System	Shares transfer, where documents are found to be in order, were registered and returned in the normal course within a period of two weeks from the date of receipt of documents. Requests for dematerialization of shares were processed and confirmation was given to the respective depositories CDSL within time. The power to approve transfer of shares in physical form had been delegated by the Board to the Share Transfer Committee. Share Transfers are normally processed within 20 days from the date of receipt.
i	Dematerialisation of Shares.	13,31,200 Shares representing 16.47% of total equity share capital were held in dematerialized form with the CDSL as on 31.03.2007.
j	Plant Locations	Air Port Road, Post Gudli, Udaipur (Raj.)
k	Address for correspondence	Company Secretary, M/s System Support Services, 505-508 S.M. Lodha (Unit Rose Zinc Ltd.) Complex, Opp. Shastri 209, Shivai Ind. Estate, Circle Post office, Near Parke-Davis, UDAIPUR – 313 001 89, Andheri-Kurla Road, (RAJ.) Saki Naka, Andheri (E) Mumbai - 400 072

Corporate Compliance Certificate Under clause 49 of Listing Agreement

To the Members of
Rose Zinc Limited,

We have examined the compliance of conditions of Corporate Governance by Rose Zinc Limited during the year ended 31st March, 2007 as stipulated in Clause 49 of the listing Agreement of the said company with the stock exchange in India.

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 Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and representations made by directors and the management, we certify that the company had complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state as per the records maintained by the company, no investor Grievance(s) is remaining unattended/pending for a period exceeding one month.

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

for K. K. SAHLOT & COMPANY,
Company Secretaries

(K.K. SAHLOT)
PROP.

Membership No. 14863.
C.P. No.4161

Place : Udaipur
Dated : 3rd Sept., 2007

I. Distribution of Equity Shareholdings as on 31st March, 2007

No. of share held	No. of shareholders		No. of Shares	
	Total	% of Share holders	Total	% to Share Capital
1 - 1000	4733	86.53	1901925	23.53
1001 - 2000	404	7.39	597800	7.40
2001 - 3000	126	2.30	319000	3.95
3001 - 5000	88	1.61	365600	4.52
5001 - 10000	65	1.19	490875	6.07
10001 - 20000	39	0.71	592300	7.33
Above 20001	15	0.27	3814620	47.20
TOTAL	5470	100.00	8082120	100.00

m. Pattern of Equity Share Holding as on 31st March, 2007

Sr. No.	Category	No. of Shares	% of Share Holding
1.	Promoters and Promoters Group	34,54,420	42.74
2.	Mutual Funds	--	--
3.	Bodies Corporate	398300	4.93
4.	Indian Public	35,49,200	43.91
5.	NRI/OCBs	6,80,200	8.42
	TOTAL	80,82,120	100.00



ROSE ZINC LIMITED

AUDITOR'S REPORT

To,

The Members of

ROSE ZINC LIMITED,

1. We have audited the attached Balance Sheet of ROSE ZINC LIMITED as at 31st March, 2007, the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto, which we have signed under reference to this report. 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 disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the over all 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 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 of India (The Act) and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in 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 purposes of our audit *except certain records relating to purchase, sale and expenditure for the months of October 2006, December 2006 and March, 2007 because of seizure of these records by Antivision Department of Sales Tax, Govt. of Rajasthan, Jaipur on 1.9.2007 during search.*

- (ii) In our Opinion, proper books of accounts 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, *subject to para 4 (i) above.*
- (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 of India (the "Act") to the extent applicable;
- (v) On the basis of written representations received from the directors, as on 31st March, 2007 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2007 from being appointed as director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956
- (vi) In our opinion and to best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto given in the prescribed manner the information required by the Act and give a true and fair view, in conformity with the accounting principles generally accepted in India, *subject to aforesaid para 4(i) and note no. 6 of notes on accounts of schedule 19:*
 - (a) In case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2007.
 - (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 Ajay Kumar Vijayvergia & Associates,
Chartered Accountants

(Ajay Kumar Vijayvergia)

Partner
Membership No. 72858

Camp At : Udaipur
Dated : 3rd Sept., 2007