

## 18<sup>th</sup> Annual Report 2008-09

### GREMACH INFRASTRUCTURE EQUIPMENTS & PROJECTS LTD.

#### Board of Directors

Shri Ratan Lal Tamakhuwala

Mr. Rishi Raj Agarwal

Ms. Mridula Krishna

Mr. P.N.Sharma

Mr. Prasanta Mohanty

Chairman

Managing Director

Additional Director

Additional Director

Additional Director

#### Company Secretary

CS Pooja Pathak

#### Bankers

State Bank of India

Bank of India

Jammu & Kashmir Bank

Punjab National Bank

Central Bank of India

#### Registered Office

Diamond Chambers,

4 Chowringhee Lane, Block No.2,

7th Floor, Unit 7-I, Kolkata - 700016

#### Auditors

M/s. T.N. Datta & Associates

Chartered Accountants

#### Corporate Office

Killedar Building No.1, 1st & 2nd Floor,

Opp. MTNL Office, Nr. 24 Carat Cinema,

S.V. Road, Jogeshwari (W),

Mumbai-400102

#### Registrar & Share Transfer Agents

Link Intime (India) Pvt. Ltd.

C-13, Pannalal Silk Mills Compound,

L.B.S. Marg, Bhandup (W),

Mumbai - 400 078.

## NOTICE

NOTICE is hereby given that 18<sup>th</sup> Annual General Meeting of the Company will be held on Saturday, the 26<sup>th</sup> December, 2009 at 1:00 p.m. at O<sub>2</sub> Hotel & Restaurant, Near Airport, Kaikhali, VIP Road, Kolkata 700 052 to transact the following businesses: -

### ORDINARY BUSINESS:

- 1 To receive, consider and adopt the audited Balance Sheet and Profit and Loss Account as at March 31, 2009 for the year ended on that date and the Reports of the Directors and Auditors thereon.
- 2 To declare dividend on equity shares of the Company for the year ended 31<sup>st</sup> March, 2009.
- 3 M/s T.N. Datta & Associates, Chartered Accountants, who retires at the conclusion of this Annual General Meeting and being eligible for –reappointment, apply for the same.

### SPECIAL BUSINESS:

- 4 Appointment of Ms. Mridula Krishna as Non Executive Director

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

“RESOLVED THAT Ms. Mridula Krishna who was appointed as an additional director by the Board to hold office up to the date of this Annual General Meeting, and in respect of whom a notice under Section 257 of the Companies Act, 1956 have been received from a member signifying his intention to propose, Ms. Mridula Krishna as a candidate for the office of the director be and is hereby elected and appointed as Director of the company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board or any other person authorized by the Board in this regard, be and is hereby authorized to do all such acts, deeds and things as may be necessary, desirable or expedient for giving effect to this resolution.”

- 5 Appointment of Mr. P.N. Sharma as Executive Director

To consider, if thought fit, to pass with or without modification(s), if any, the following resolution as Ordinary resolution:

“RESOLVED THAT pursuant to the provisions of the Section 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 (including any Statutory Modification(s) or re-enactments thereof, for the time being in force) read with Schedule XIII of the Act thereto, consent of the Company be and is hereby accorded to the appointment of Mr. P.N. Sharma as the Executive Director of the Company for a period of 2 years with effect from 30<sup>th</sup> October, 2009 on the terms and conditions including remuneration as set out hereunder with the liberty to Board of Directors (hereinafter referred to as “the Board which term shall be deemed to include any committee which the Board may constitute to exercise its powers, including the power conferred by this resolution) to alter and vary the terms and conditions of the said appointment and or remuneration within the parameters of the applicable laws or any amendment thereto:

Tenure: 2 (two) years with effect from 30<sup>th</sup> October, 2009.

Functions: Mr. P.N. Sharma shall have all powers, responsibilities and accountability of management to the Board of Directors.

Remuneration : Subject to overall limit on remuneration payable to all managerial personnel taken together, as laid down in The Companies Act 1956, read with Schedule XIII thereto, Mr. P.N. Sharma shall be paid Rs. 3,00,000/- (Rupees Three Lacs only) per year and the above remuneration payable to him shall be inclusive of allowances and perquisites etc. as may be determined by the Board from time to time and may be payable monthly or otherwise provided that the perquisites shall be evaluated as per Income Tax Act and Rules wherever applicable. The remuneration for a part of the year shall be computed on pro-rata basis.

Sitting Fees : Mr. P.N. Sharma shall not be entitled to any sitting fees.

RESOLVED FURTHER THAT wherein a financial year during the currency of his tenure, the Company has no profits or its profits are inadequate the remuneration payable to him shall not exceed the ceiling limit prescribed in Section II of Part II of Schedule XIII to the Companies Act, 1956, for that year or his present remuneration, which ever is less, for that year.

RESOLVED FURTHER THAT the Board or any other person authorized by the Board in this regard, be and is hereby authorized to do all such acts, deeds and things as may be necessary, desirable or expedient for giving effect to this resolution.”

6 Appointment of Mr. Prasanta Mohanty as Non-Executive Director

To consider, if thought fit, to pass with or without modification(s), if any, the following resolution as Ordinary resolution:

"RESOLVED THAT Mr. Prasanta Mohanty who was appointed as an additional director by the Board to hold office up to the date of this Annual General Meeting, and in respect of whom a notice under Section 257 of the Companies Act, 1956 has been received from a member signifying his intention to propose, Mr. Prasanta Mohanty as a candidate for the office of the director be and is hereby elected and appointed as Director of the company, liable to retire by rotation.

RESOLVED FURTHER THAT the Board or any other person authorized by the Board in this regard, be and is hereby authorized to do all such acts, deeds and things as may be necessary, desirable or expedient for giving effect to this resolution."

7 Sale or otherwise dispose off unutilized Land and Machinery

To consider, if thought fit, to pass with or without modification(s), if any, the following resolution as Ordinary resolution:

"RESOLVED THAT the company sale or otherwise dispose off the unutilized Land and Machinery, as decided by the Board, situated at various locations of the company.

RESOLVED FURTHER THAT the Board or any other person authorized by the Board in this regard, be and is hereby authorized to do all such acts, deeds and things as may be necessary, desirable or expedient for giving effect to this resolution."

8 Change of Name of the Company

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

"RESOLVED THAT pursuant to Section 21 and other applicable of the Companies Act, 1956, the name of the Company be and is hereby changed from 'Gremach Infrastructure Equipments & Projects Limited' to 'Sancia Global Ltd.' or any other name as suggested by the Board.

RESOLVED FURTHER THAT the name 'Gremach Infrastructure Equipments & Projects Limited ' wherever it appears in the Memorandum and Articles of Association of the Company be substituted by the new name 'Sancia Global Ltd.' or any other name as suggested by the Board.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things, as may be necessary, proper or expedient, to give effect to this resolution and to do all acts, deeds, matters and things, connected with or incidental thereto."

By Order of the Board of Directors

Place: Mumbai

Date : 28<sup>th</sup> November, 2009

Ratan Lal Tamakhuwala  
Chairman

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING, IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF AT THE MEETING.  
A PROXY NEED NOT BE A MEMBER. A PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY AT ITS REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. The instrument(s) appointing the proxy, if any, shall be deposited at the Registered office of the company at Diamond Chambers, 4 Chowringhee Lane, Block No. 2, 7<sup>th</sup> Floor, Unit No. 7 I, Kolkata 700 016.
3. An explanatory statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Business to be transacted at the Annual General Meeting is attached.
4. The Register of Members and the Share Transfer Books of the company will remain closed from 23.12.2009 to 24.12.2009 (both days inclusive).
5. Members (Those holding shares in the physical form only) are requested to inform the changes if any, in their registered address to the company's Share Transfer Agent.
6. For the convenience of the Members, an Attendance Slip is annexed to the Proxy Form. Members are requested to affix their signature at the space provided and fill up the particulars and hand over the attendance slip at the place of the Meeting.
7. Members desiring any information on the Accounts are requested to write to the Company at least one week before the meeting so as to enable the Management to keep the information ready and replies will be provided at the meeting.

By Order of the Board of Directors

Place: Mumbai  
Date: 28<sup>th</sup> November, 2009

Ratan Lal Tamakhuwala  
Chairman

## EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956.

### Item No. 4

Ms. Mridula Krishna who has been appointed as additional director of the company w.e.f. 30<sup>th</sup> October, 2008 by the Board pursuant to Section 260 of the Companies Act, 1956 vacates office at this Annual General Meeting. Notice and a deposit as required under Section 257 of the Companies Act, 1956 has been received from a shareholder proposing her candidature as a director in the company.

Your directors recommend the resolution for your approval.

None of the directors except Ms. Mridula Krishna is in anyway concerned or interested in the resolution.

### Item No. 5

Mr. P.N. Sharma, is having Diploma in Mining Engineering and having good exposure in coal related industries and also associated with the company since long time therefore the Board has decided to appoint him as Additional Director in their meeting held on 30<sup>th</sup> October, 2009 and also recommended his appointment as Executive Director of the Company, subject to the approval of the members in General Meeting, on the terms and conditions as mentioned in resolution.

Appointment of Mr. P.N. Sharma, as Executive Director of the Company is in accordance with the provisions of Schedule XIII to the Companies Act, 1956, which requires approval of the members of the Company.

The Board of Directors recommend the proposed resolution for your approval.

None of the directors except Mr. P.N. Sharma is in anyway concerned or interested in the resolution.

### Item No. 6

Mr. Prasanta Mohanty, is an MBA Finance and having Bachelor degree in Law from Utkal University and having good exposure in financial and legal matters and also associated with the company since long time therefore the Board has decided to appoint him as Additional Director in their meeting held on 30<sup>th</sup> October, 2009 and also recommended his appointment as Non-Executive Director of the Company, subject to the approval of the members in General Meeting, on the terms and conditions as mentioned in resolution.

The Board of Directors recommends the proposed resolution for your approval.

None of the directors except Mr. Prasanta Mohanty is in anyway concerned or interested in the resolution.

### Item No. 7

The Board of Directors has decided to sale or otherwise dispose off the unutilized Land and Machinery situated at various plant locations of the company. The Board decided that sale only for funding purpose and fund will be utilized for operation and other financial activities of the company.

The Board of Directors recommend the proposed resolution for your approval.

None of the directors is in anyway concerned or interested in the resolution.

### Item No. 8

Company has entered into commodity trading and has planned to be one of the biggest trade houses of India. For the sake of brand positioning and giving its name a global touch, the Company has proposed to change its name to "Sancia Global Ltd." or any other name suggested by the Board.

The Board recommends the special resolution for acceptance by the members.

None of the Directors of the Company are, in any way, concerned or interested in the Special Resolution.

By Order of the Board of Directors

Place: Mumbai  
Date : 28<sup>th</sup> November, 2009

Ratan Lal Tamakhuwala  
Chairman

## DIRECTOR'S REPORT

Your Directors are pleased to present herewith 18<sup>th</sup> Annual Report and the Audited Accounts for the Financial Year ended 31<sup>st</sup> March 2009.

(Rs. In lacs)

Particulars	31.03.09	31.03.08
Income from Operations	20,680.30	23,562.02
Sales of Goods	8,876.92	2,325.70
Other Income	106.98	335.33
Total Income	29,664.20	26,223.05
Operating Expenditure	23,260.56	21,174.28
Profit before depreciation interest and tax	6,403.64	5,048.77
Interest & Finance charges	929.48	314.91
Depreciation	1339.33	762.27
Profit before taxes	4,134.83	3,971.59
Provision for taxes	1,505.55	816.55
Depreciation written back	-	562.43
Net Profit for the year	2,629.28	3,717.47
Balance brought forward from previous year	5,122.37	1,582.95
Amount available for appropriation	7,751.65	5,300.42
Appropriations:		
Proposed final Dividend	172.01	152.18
Tax on Dividends	29.24	25.87
Balance carried to Balance Sheet	7,550.40	5,122.37

## DIVIDEND

Your Directors are pleased to recommend dividend of 5% (Rs 0.50/- per equity share) for the year ended 31<sup>st</sup> March, 2009 on Equity Share Capital of Rs. 34.40 Cr. involving an outgo of Rs. 172.01 Lacs. Additionally, dividend distribution tax will involve an outlay of Rs. 29.24 Lacs.

## OPERATIONS

- The Company has informed that an EGM (Extra Ordinary General Meeting) was held on 1<sup>st</sup> June, 2009 and passed a special resolution to increase its Authorised Share Capital from Rs. 32,30,00,000 divided into 3,23,00,000 equity shares of Rs. 10 each to Rs. 75,00,00,000 divided into 7,50,00,000 equity shares of Rs. 10 each by the creation of 4,27,00,000 equity shares of Rs. 10 each ranking pari passu with the existing equity shares and an special resolution has been passed for preferential allotment of warrants for an amount of Rs. 4,90,00,000 divided into equity shares of Rs. 10 each.
- The Company informed that on 12<sup>th</sup> June, 2009 the Board allotted 86,50,000 equity shares, on 22<sup>nd</sup> June, 2009 the Board allotted, 93,90,000 equity shares and on 23<sup>rd</sup> October, 2009 the Board allotted 35,00,000 equity shares on conversion of warrants to the Promoter/Non-Promoter group on exercise of option attached to the warrant holders to acquire one fully paid up equity share within 18 months from the date of allotment of the warrants in accordance with Securities and Exchange Board of India (Disclosure & Investor Protection) Guidelines, 2000 as amended from time to time.
- A Board meeting was held on 22<sup>nd</sup> June, 2009 to approve the issue and allotment of an aggregate 11,44,113 fully paid equity shares of Rs. 10 each to the investors who have exercised their right to convert FCCBs of USD 82,05,5000.

## FUTURE EXPANSION PLANS

Construction and infrastructure is in a "momentum" growth phase and with an excellent business model coupled with strong execution capabilities and thriving order book position, the company is expected to have robust growth in income and profitability.

The Company has planned to enter into commodity trading into (Coal, Iron ore, Urea etc.) business in a big way. The Company plans to become one of the top trading houses of India by 2011.

## Directors

Pursuant to the provisions of Section 260 of the Companies Act, 1956 Ms. Mridula Krishna, Mr. P.N. Sharma and Mr. Prasanta Mohanty were appointed as Additional Directors on the Board of Directors of the Company. The Company has received notice along with a deposit in terms of Section 257 of the Companies Act, 1956, from a member, proposing their candidature for the office of Directors of the Company.

## SUBSIDIARIES

The Report of Directors and Statement of Accounts of subsidiary Petrogrema Overseas PTE Ltd. together with the Auditors' Report thereon, are attached. The requisite statement pursuant to Section 212 of the Companies Act, 1956, related to these subsidiary Companies is also attached herewith.

## PERFORMANCE

The performance of your company during the year under review has been encouraging. During the year under review, Turnover and Net Profit for the year was Rs. 29557.22 Lacs and Rs. 2629.28 Lacs as compared to the previous year Rs. 25887.72 Lacs and Rs. 3717.46 Lacs respectively thus recording an increase in Turnover by 14.17% and decrease in Net profit by 29.27% respectively. The increase in the Turnover is due to better capacity utilization, good customer relationship and introduction of new machineries in the business.

## INTERNAL CONTROLS & ADEQUACY

Your Company has adequate system of internal controls to ensure that all assets are safeguarded, transactions are authorized, optimum utilization of resources, costs are controlled, reporting of financial transactions and compliance with applicable law and regulations.

## MANAGEMENT DISCUSSION AND ANALYSIS

In accordance with the listing agreement, the Management Discussions and Analysis Report is annexed hereto and forms part of this report.

## CORPORATE GOVERNANCE

A report on Corporate Governance, along with a certificate from the Statutory Auditors and a certificate from the Managing Director have been included in the Annual Report, detailing the compliance of corporate governance norms as enumerated in Clause 49 of the Listing Agreement with the stock exchange.

## FIXED DEPOSITS

The Company has not accepted any deposit nor has it any outstanding deposit as defined under Section 58A of the Companies Act, 1956 read with Companies (Acceptance of Deposits) Rules, 1975.

## AUDITOR'S REPORT

Your Directors are of the view that Notes to the Accounts adequately provide the necessary information and answer the observations of the Auditors in their Report.

## CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY, ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

The information pertaining to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the report of the Board of Directors) Rules, 1988 is given as per Annexure 'A' and forms part of Director's Report.

# Gremach Infrastructure Equipments & Projects Ltd.

## DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 217(2AA) of the Companies Act, 1956, your Directors would like to confirm that:

- i. In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed.
- ii. The Directors have 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.
- 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.

## ACKNOWLEDGEMENTS

The Directors thank the Company's customers, vendors, investors, business associates, bankers for their support to the company. The Directors appreciate and value the contributions made by every member of the "Gremach" family across the country.

For and on behalf of the Board of Directors

Place: Mumbai

Date: 28<sup>th</sup> November, 2009

Ratan Lal Tamakhuwala

Chairman

## ANNEXURE 'A' TO DIRECTORS REPORT

INFORMATION REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988

Particulars with respect to Conservation of Energy, Technology Absorption as per Section 217(1)(e) of the Companies Act, 1956 read with Company's (Disclosure of particulars in the Board of Directors) Rule, 1988 for the year ended 31st March 2009 are annexed to this report.

### CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS AND OUTGO

#### A. CONSERVATION OF ENERGY

The operation of the company are not energy intensive. However wherever possible the company strives to curtail the consumption of energy on continued basis. Further company has absorbed latest technology which is helpful in conserving energy.

#### B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has trained its staff at workshop and has adopted technological changes to under take maintenance of vehicles there by reducing the cost.

#### C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Foreign exchange earnings or outgo during the year 2008-2009 is as under.

Particulars	Rs. in Lacs	
	2008-09	2007-08
Foreign Exchange Earnings	Nil	Nil
Foreign Exchange Outgo	316.64	620.29

For and on behalf of the Board of Directors

Place: Mumbai

Date : 28<sup>th</sup> November, 2009

Ratan Lal Tamakhuwala

Chairman



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### 1. INDUSTRY STRUCTURE DEVELOPMENTS AND OUTLOOK

Over the past several years, the Indian economy grew faster than average global growth rate. The strong economic growth in India was largely due to factors such as increasing level of domestic demand, solid economic growth in all spheres of economic activity, the emergence of India as a low cost manufacturing destination and so on.

The main business of our company is to give on hire, equipments to Companies engaged in construction activities particularly in construction of road, building and port. Thus the activities of the company are affected by the conditions in the infrastructure industry. Construction activity is an integral part of a country's infrastructure and industrial development. It includes hospitals, schools, townships, offices, houses and other buildings; urban infrastructure (including water supply, sewerage, and drainage), highways, roads, ports, railways, airports, power systems; irrigation and agriculture systems; telecommunications etc.

With the present emphasis on creating physical infrastructure, massive investment was planned during the Tenth Plan. The construction industry would play a crucial role in this regard.

The construction equipment cost particularly in the road projects, bridges / dam construction and port projects constitutes a major cost of the projects. Further, with rapid technological developments, the cost of replacement of these equipments is also very high and can have a major impact on the profitability of a project. This is where the Companies with a facility of providing equipments on hire have started coming in. At present there are not many big Companies in this sector, which is largely unorganized. However now these unorganized sector have started pooling in their equipments so that they are able to get better returns of their investment by way of maximum utilization of the equipment, better rental value and better maintenance of the same.

However as the project location are diverse and the equipment requirement at various sites may vary the sector has recently seen consolidation. As development of infrastructure at various geographical location all over India will involve huge funds outlays which can be only managed by the Companies in the organized sector who have access to the funds easily and are able to develop the infrastructure.

### 2. OPPORTUNITIES AND THREATS

#### Opportunities

The company is primarily engaged in equipment rentals for construction industry. Due to stupendous increase in construction business in the country the company is having tremendous opportunities which can be gauged from the following facts:

- There are number of one-man business; very few organized players.
- The penetration levels are low at 2%; compared to UK at 80% and North America at 35%
- Demand for an effective alternative to owning equipment outstrips supply.
- The Market is expected to grow to Rs. 15 Billion over the next five years.
- The investment in construction accounts for 11% of India's GDP and 50% of its GFCF (gross fixed capital formation).
- The investment in this segment over the financial year 2005 to 2010 is estimated to US\$124.65 Billion.
- India is expected to record the highest growth rate of over 10% till 2008. It is also expected to grow at CAGR of 15% over the next few years.

#### Threats

Some of the key factors which may prove to be unfavorable to the company are as follows

#### General economic and business conditions

The company will be affected by the general economic condition of the country particularly economic condition affecting the Indian infrastructure sector. India's GDP Growth, industrial growth and infrastructure demand has been and will continue to be important factors in determining our operating results and future growth.

#### Growth in the infrastructure Sector

The government of India's focus on infrastructure and sustained increase in budgetary allocation and the development of structured and comprehensive infrastructure policy that encourages greater private sector, and public-private participation as well as increased funding by national/international and multilateral development financial institutions for infrastructure projects in this country. Our ability to benefit from the considerable investment proposed in the infrastructure sector in the medium and long term will be crucial for our operations.

## Increasing competition in the Infrastructure Industry

We expect competition to intensify due to possible new entrants in the market, existing competitors further expanding their operations and our entry into new market where we may compete with well established infrastructure Companies. Our competition varies depending on the size, nature and complexity of the projects and on the geographical region in which the project is executed.

## Geographically widespread operations

Our nation wide operations may be exposed to uncertain political, legal environment, and government instability. Our ability to manage, evolve and improve our operational financial and internal controls across the organization and to integrate our wide spread operations and derive benefits from our national presence is key to our growth strategy and results of operations.

## Change in fiscal, economic or political conditions in India

Equipment rental business depends mainly on infrastructure activity carried out in the country, and these activities will depend on the general economic scenario of the country, funds allocation by the Government of India. Infrastructure spends is still dependent to a large extent on the priority given by the government towards such projects. The government's budgetary position also plays an important role in determining healthy cash flows and timely completion of the projects.

## 3. RISKS AND CONCERNS AND RISK MITIGATION

### Objective

Gremach Infrastructure Equipments & Projects Ltd, has successfully implemented risk management framework to achieve the following objectives:

- a) Strategic: High-Level goals, aligned with and supporting its mission.
- b) Operations: Effective and efficient use of its resources.
- c) Reporting: Reliability of financial reporting.
- d) Compliance: Compliance with applicable laws and regulations.

Risks are assessed and ranked according to the likelihood and impact of them occurring. Existing controls are assessed and mitigation measures discussed.

Risk are assessed and reviewed regularly at top level and risk mitigation measures taken promptly to address any adverse situation.

In the risks factor there is no structured information available as to the exact size of the construction equipment rental industry in the country. Majority of the players are operating in the unorganized sector which may affect the competitive position and profitability of the company. The Company takes the following steps to mitigate this risk.

A number of infrastructure projects have been awarded by the Central Government and State Government to large construction Companies to construct buildings, roads, airports and special economic zones which require construction equipments owing to a high degree of mechanization. Among the various machines required a large number of them are owned by these Companies. There are many machines which have a temporary use and whose cost of transportation is not commensurate with the cost of the machines. We have over the years build up an expertise in optimum management of our machines and servicing to our clients through in-house R & D, established products and country-wise services. The share of un-organized sector in Material handling and Construction Equipment Industry is marginal.

The company's business is also dependent on a continuing relationship with its clients. However, company over the years due to its performance and credibility has developed strong relationship with its clients and also adopted a policy of diversifying its client's base so as not to depend on any one main client for its major share of business.