

SIXTEENTH ANNUAL REPORT

2007 - 2008



VIRAT CRANE INDUSTRIES LIMITED
GUNTUR



Virat Crane Industries Ltd.

BOARD OF DIRECTORS	:	Sri G. Subba Rao	chairman
	:	Sri G.V.S.L. Kantha Rao	Managing Director
	:	Sri R. Jagadish Kummar	
	:	Sri P. Bhaskara Rao	
	:	Sri P.V. Srihari	
AUDITORS	:	Jawahar and Associates	
	:	Chartered Accountants	
	:	C-5 Skylark apartment,	
	:	Basheerbag,	
	:	Hyderabad-29.	
BANKERS	:	ING Vysya Bank Ltd.,	
	:	4th Lane, Arundelpet,	
	:	Guntur	
	:	The Lakshmi Vilas Bank Ltd.,	
	:	Patnam Bazar, GUNTUR.	
LEGAL ADVISOR	:	Mr. K. Ramesh Babu	
	:	Advocate,	
	:	4-7-56, Koritipadu,	
	:	GUNTUR.	
REGISTRARS & SHARE TRANSFER AGENTS	:	M/s. Sathguru Management	
	:	consultants Pvt. Ltd.	
	:	Plot No. 15,	
	:	Hindi Nagar, Punjagutta,	
	:	HYDERABAD - 500 034.	
REGISTERED OFFICE	:	D.No. 25-2-1,	
	:	G.T. ROAD,	
	:	Opp. : MASTAN DARGA	
	:	GUNTUR.	
FACTORY	:	Ankireddypalen Village,	
	:	Chilakaluripet Road,	
	:	GUNTUR.	
	:		



Virat Crane Industries Ltd.

NOTICE :

Notice is hereby given that 16th Annual General Meeting of the Company will be held at the factory premises of the Company at Ankireddypalem Village, Chilakaluripet Road, Guntur, on Wednesday the 31st December 2008 at 10.00 A.M to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance Sheet as at 31.03.2008 and Profit & Loss Account for the year ended 31.03.2008 and the Reports of the Directors and Auditors Report thereon.
2. To appoint a Director in the place of Sri G. Subba Rao who retires by rotation and being eligible offers himself for re-election.
3. To appoint a Director in the place of Sri P. Bhaskara Rao who retires by rotation and being eligible offers himself for re-election.
4. To appoint M/s Jawahar and Associates, Chartered Accountants the retiring auditors as auditors of the company who shall hold office from the conclusion of this meeting to the conclusion of the next Annual General Meeting of the Company.

SPECIAL BUSINESS :

5. To consider and if thought fit, to pass with or without modifications, the following resolutions as a Special Resolution:

"RESOLVED that pursuant to the provisions of Sections 198,269,309,311 & 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be required, the Company hereby approves the re-appointment of GVSL Kantha Rao as the Managing Director of the Company for a period of 5 years with effect from 01.11.2008 on the terms including payment of remuneration, and perquisites as set out here under:

- i. SALARY : Rs.15,000/- PM
- ii. PERQUISITES : Following perquisites in addition to salary, perquisites shall be restricted to an amount equal to Rs.5,000/- PM
- a. HOUSING : HRA at 20% of the Salary, reimbursement of Expenditure on Gas Electricity, Water and Furnishings subject to a ceiling of 10% of salary

- b. MEDICAL REIMBURSEMENT : Expenses incurred for self and family subject to a ceiling of one month's salary in a year or three months salary over a period of three year.
- c. PERSONAL ACCIDENT INSURANCE : Premium not exceeding Rs.1,000/- per annum.
- iii. GRATUITY : Not exceeding half months salary for each completed year of service subject to a ceiling of Rs.100,000/-

"RESOLVED FURTHER that where in any financial year closing on or after 1st April,2008, the Company has no profits or its profits are inadequate, the Company may pay to G.V.S.L. Kantha Rao, Managing Director, the above remuneration, by way of salary, perquisites and other allowances as minimum remuneration, the aggregate of which shall not exceed the limit specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

"RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorized to vary and/ or revise the remuneration of the Managing Director within the overall limits approved herein and settle any question or difficulties in connection therewith or incidental thereto" "RESOLVED FURTHER that the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or desirable to give effect to these resolutions".

By Order Of The Board
For Virat Crane Industries Ltd.,

PLACE : GUNTUR

DATE : 01.12.2008.

Sd/-

C.V.S.L.Kantha Rao
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 and such proxy need not be a member of the company. Instrument of proxies in order to be effective must be deposited at the Company's registered office not less than forty eight hours before the meeting.
2. The Register of Members and Share Transfer Books will remain closed from 28.12.2008 to 31.12.2008 (both days inclusive).



Virat Crane Industries Ltd.

3. Members/Proxies shall fill the attendance slip for attending the meeting.
4. Members who hold shares in Dematerialized form are requested to bring their client ID and DP ID numbers for easy identification of attendance at the meeting.
5. Members are requested to inform immediately the change, if any of address registered with the company.
6. Members desiring to seek any information on the Annual Accounts are requested to write to the company at an early date to enable compilation of information.
7. Sathguru Management Consultants Pvt. Ltd., are Registrars and Transfer Agents for both 'Demat' and physical form of shares.
8. The members may contact in future.

M/S Sathguru Management Consultants Pvt.Ltd.,
Plot No.15, Hindi Nagar,
Punjagutta, Hyderabad-500 034.
Tel.No. 23350586, 23356975
Fax No.23354042

ANNEXURE TO NOTICE

Explanatory Statement pursuant to Section 173 of the companies Act, 1956:

Item 4:

Sri GVSL Kantha Rao was appointed as the Managing Director of the Company w.e.f. 01.11.2003 by the members in the Annual General Meeting held on 30.09.2003 for a period of 5 years. And the terms of office expires on 31.10.2008. The Board of Directors of the Company at their meeting held in the month of 31st July, 2008, have re-appointed, subject to members consent, Sri GVSL Kantha Rao as Managing Director of the Company for a further period of 5 years w.e.f. 01.11.2008. The terms and conditions including remuneration payable to GVSL Kantha Rao are set out in the resolution at item No.4 of the Notice, which has been unanimously approved by the remuneration committee of the Board at its meeting held on 31st July 2008.

Sri GVSL Kantha Rao has over 24 years of experience in business management. He has managing the company, even in adverse market conditions. His management of the company, will be of benefit to the company Sri. GVSL Kantha Rao is also the Managing Director of M/s. Virat Crane Agri-Tech Ltd., with out any remuneration. None of the Directors except GVSL Kantha Rao

as it concerns him and Sri G.Subba Rao as it concerns his son are concerned or interested in the resolution at item No.4 of the Notice.

The Directors recommend the resolution at item No.5 for approval of the Members.

By Order Of The Board
For Virat Crane Industries Ltd.,

PLACE : GUNTUR

DATE : 01.12.2008.

Sd/-

G.V.S.L.Kantha Rao
Managing Director

Additional information on Directors seeking reappointment at the Annual General Meeting (Pursuant to Clause (49) of the listing Agreement)
Item No. 2

Sri G. Subba Rao aged 78 years is pioneer in Betelnut Industry and is managing "Crane Betelnut Powder Works" company as sole proprietor. He has over 54 years experience in business management. He has rich insight into consumer preferences, changing technology & adoptability, advertising and establishment of marketing net works.

Item No. 3

Sri P. Bhaskara Rao aged 55 years Graduate in Commerce and has rich experience in trading and marketing business. He is the member of the Share Holders Committee, Share Transfer Committee Audit Committee and Remuneration Committee of the Company.

Item No.5

Sri GVSL Kantha Rao, Managing Director aged 49 years has around 24 years of business experience. He stated his business career with Crane Betel Nut Powder Works, Guntur. He has rich experience in the fields of raw material sourcing, production, quality controls, finance, marketing and management of stockists, dealers spread over several states in India. As a Managing Director he is able to carry on the business of the Company successfully even at the time of recession and ban on the Gutkha Industry with minimum losses or profits in his tenure.

He is a Director of Durga Dairy Ltd., and Managing Director of Virat Crane Agri-Tech Ltd.,

He is a member of the Share holders Committee of the Company.

DIRECTORS REPORT:

Your Directors have pleasure in presenting you the 16th Annual Report and the Annual Accounts for the financial year ending 31st March, 2008.

**Virat Crane Industries Ltd.****FINANCIAL RESULTS:**

	(Rs. In Lacs)	
	2007-2008	2006-2007
Sales and Other Income	202.61	120.92
Profit/(Loss) before Interest & Depreciation	77.09	4.14
Interest	5.52	8.30
Depreciation	27.40	27.63
Profit/(Loss) before Taxation/Deferred Tax	44.17	(31.79)
Taxation – Current Tax	4.82	-
Deferred Tax -		
Income/(Expenses)	11.51	1.72
Profit/Loss after Taxation	27.84	(30.07)

Your Directors inform that the company has earned a profit of Rs. 77.09 lacs before interest and depreciation. The net profit after providing for interest of Rs. 5.52 lacs and depreciation of Rs. 27.40 lacs is 44.17 lacs. The Current tax provision is of Rs.4.82 lacs and deferred tax expense for the year is Rs. 11.51 lacs and the profit of Rs.27.84 lacs is carried forward to balance sheet.

OPERATIONS:

The sales and other income of the company has shown a growth of 67.56 % during the year after having regrouped and company earned most of the revenues from other income. The product of the company, i.e., gutkha is health sensitive product and market for the product is substantially eroded besides yielding losses and lots & lots of central excise statutory compliance, the Company has halted the production of Gutkha during the year. The Company is contemplating to improve the turnover of Fruit Masala, other important product of the Company by expanding the market in terms of geographically and inducing further demand.

SUBSIDIARY:

During the year the Company has acquired at about 51% stake in the associate concern Durga Diary Limited and its has become a subsidiary of the Company. In accordance with section 212 of the Companies Act, 1956, the detailed accounts and the Directors' Report etc. of the aforesaid subsidiary companies form part of this Annual Report.

MERGER AND DEMERGER:

The company has in the process of taking the future prospect of the company has taken up an Scheme of Arrangement by which way the company wishes to demerge its Infrastructure division into a separate entity by the name and style Crane Infrastructure Limited wherein all the Infrastructure in the form of land, building and infrastructure would be transferred to the said entity and in the process the substantial holding subsidiary Durga Diary Limited will be merged with the company. The same would give value to the business of the company. The said Scheme of Arrangement has been applied to the Honorable High Court of Judicature of Andhra Pradesh has issued a direction to hold Extra Ordinary General Meeting of the Shareholders of the company of the Company vide its Order dt. 04.11.2008 and the Company has issued notices calling for meeting on 06.12.2008 at it Factory premises.

We are of the hope that the entire exercise shall be helpful to the Company in the wake of withdrawing a product Gutkha from its business and in the present scenario of global recession clubbed with industrial recession the Company shall put forth every effort to boost the markets for the products of the new Company after the proposed arrangement.

DIVIDENDS:

No dividend is declared for the year 2007-2008.

PUBLIC DEPOSITS:

The company has not accepted/renewed Fixed Deposits from Shareholders, Employees and Public during the period under review.

LISTING:

The company's shares are listed at The Hyderabad Stock Exchange Ltd, Xitnayal nagar, Hyderabad-500 029 and The Mumbai Stock Exchange Ltd., Jeejee Bhoy Towers, Dalal Street, Mumbai-400 001. (The listing fee payable to Hyderabad Stock Exchange is in arrears for the year 2003-2004, 2004-2005, 2005-06, 2006-07 & 2007-08.)



Virat Crane Industries Ltd.

DIRECTORS

Sri G. Subba Rao and P. Bhaskara Rao, retires by rotation in accordance with Articles of Association of the Company and being eligible for reappointment offers their services for reappointment.

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to the requirements of section 217 (2AA) of the companies act 1956 with respect to the directors responsibility statements it is hereby confirmed that:

- In the preparation of the Annual Accounts for the year 2007-2008 the applicable accounting standards have been followed with proper explanations where required.
- The directors have selected such accounting policies and applied them consistently and made judgements and estimates to give a true and fare view of the state of affairs of the company as at 31.03.2008 and of the loss of the company for that year.
- Proper and sufficient care is taken 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 prevention and detection of fraud and irregularities.
- The Annual Accounts are prepared on a going concern basis.

AUDIT COMMITTEE:

The company has an audit committee, whose composition, role functions and powers are in accordance with the legal/SEBI requirements. The Audit Committee comprises of Sri R.Jagadish Kumar, Sri G.Subba Rao and Sri P.Bhaskara Rao as members.

CORPORATE GOVERNANCE:

A separate section on Corporate Governance along with auditors certificate is attached to this report. A note on Management discussion and analysis is also attached to this report.

AUDITORS:

M/s Jawahar and Associates, Chartered Accountants, Hyderabad who are the auditors of the company and hold office up to the conclusion of the ensuing Annual General Meeting are recommended for re-appointment.

They have confirmed their eligibility as per Section 224(1) of the Companies Act.

PERSONNEL:

The Management appreciated the efforts of the employees of the company and its subsidiary for their co-operation and support during the year and acknowledge their contribution.

There are no employees as per the provision of Section 217 (2A) of the Companies Act 1956, employed throughout the year who are in receipt of remuneration of Rs. 24,00,000/- or more or employed for part of the year and in receipt of Rs. 200000/- per month.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/Outgoings:

Consumption of energy is very insignificant, as the company's production is very much low. However the company has taken adequate steps to conserve the energy.

Foreign exchange earnings/outgoings: NIL

ACKNOWLEDGEMENTS:

The directors of the company placed their appreciation to the bankers of the company, various Government Authorities, employees, distributors and Bankers for their cooperation.

For and on behalf of the Board

Sd/-

Sd/-

P.BHASKARA RAO
DIRECTOR

G.V.S.L.KANTHA RAO
MANAGING DIRECTOR

PLACE : GUNTUR

DATE : 1.12.2008.

ANNEXURE TO DIRECTORS REPORT

CORPORATE GOVERNANCE :

1. Company's Philosophy:

The Company believes good corporate governance that leads to long-term relationship with shareholders, customers, employees and other stakeholders. The Board has constituted various committees, for smooth and swift functioning of the company. The company has setup, audit committee, share transfer committee and Remuneration committee. Corporate Governance practices are being further strengthened.

2. Board of Directors:

The Board of directors comprises of five directors. The details of their category, directorships and attendance is as under:

**Virat Crane Industries Ltd.**

Sl. No	Name of the Director	Category	Attendance particulars of Board Meeting Held Attended Last AGM			No. of other Directorship/ Committee membership	
			Held	Attend -ed	Last AGM	Direct ship	Com. men/chair
1	Sri G.Subba Rao	Promoter	5	5	No	1	1
2	Sri R Jagadish kumar	Non – Executive Independent	5	4	Yes	---	2
3	Sri P Bhaskara Rao	Non – Executive Independent	5	5	Yes	1	2
4	Sri P V Sri Hari	Non – Executive	5	5	Yes	1	---
5	SRI G V L S Kantha Rao	Executive Promoter	5	5	Yes	4	1

During the year the Board meetings were held on 23rd April 2007, 5th July 2007, 24th July 2007, 31st October 2007 & 11th February, 2008.

3. Audit Committee & Remuneration Committee:

Sri R. Jagadish Kumar Chairman
P. Bhaskara Rao Member
Sri G. Subba Rao Member

During the year committee met 4 times during the year on 23 April, 2007, 24 July, 2007, 31 October, 2007 and 11 February, 2008.

Details of Remuneration paid to Directors.

The aggregate value of salary and perquisites and other benefits paid for the year ending 31st March 2007 to Sri G.V.S.L.Kantha Rao, Managing Director is Rs 225000/-pa.

6. General Body Meetings:

The details of last 3 AGM 's are :				
S.No.	Year	Place	Date & Time	Remarks
1.	2004-2005	Factory premises Ankireddypalem Chilakaluripet Road Guntur.	31.12.2005 at 10.00 AM	Special resolu. passed No postal ballot
2.	2005-2006	—do—	29.09.2006 at 10.00 AM	No postal ballot.
3.	2006-2007	—do—	29.09.2007 at 10.00 A.M	No postal ballot



Virat Crane Industries Ltd.

7. Disclosures:

- A. None of the transactions with any related parties are in conflict with the interest of the Company. The details of the related party transaction are furnished in notes to accounts.
- B. There are no instances of non-compliance of any matter related to capital markets during the last three years, except, non payment of annual listing fee for the year 2003-2004, to 2007-08 Stock Exchange of Hyderabad.

8. Means of communication:

The quarterly, half yearly and annual results are sent to Stock Exchanges at Hyderabad and Mumbai. They are also published in English and Telugu news papers.

9. General share holders information.

1. Annual General Meeting:

Date & time : 31.12.2008 at 10.00 A.M

Place : Factory premises at
Ankireddypalem village,
Chilakaluripet Road, Guntur.

Financial Calendar:

April 2007 to March 2008

1st quarter results : 24th July 2007

2nd quarter results : Last week of October 2007

3rd quarter results : Last week of January 2008

4th quarter results : Last week of April 2008

Audited Annual Results : Last week of August 2008

Dates of book closure :

28.12.2008 to 31.12.2008

Listing on Stock Exchanges :

Hyderabad and Bombay Stock Exchange.

Stock Code : HSE: VCI

BSE: 19457.

ISIN of Dematerialised shares: INE 295C 01014.

STOCK PRICE DATA

Monthly High and Low quotations in BSE for the financial year 2006-2007.

Month	Open (Rs.)	High (Rs.)	Low (Rs.)	Close (Rs.)	No. of Shares
April 2007	13.35	15.80	13.00	14.48	98441
May 2007	14.00	14.88	11.25	12.36	68846
June 2007	12.04	13.70	11.50	13.56	63010
July 2007	14.23	23.39	14.23	23.39	688849
August 2007	24.25	28.25	20.50	22.10	840716
September 2007	23.00	23.75	18.00	21.85	215526
October 2007	24.00	27.70	18.05	18.15	538053
November 2007	17.30	23.25	16.80	19.25	192963
December 2007	19.85	23.90	19.85	23.90	306744
January 2008	25.05	31.20	14.85	16.35	408674
February 2008	16.40	18.75	13.00	13.90	99477
March 2008	13.95	14.00	7.85	11.30	119672

The shares of the company are not actively traded at HSE.

Registrars and Transfer Agents:

M/s Sathguru Management Consultants Pvt. Ltd.,

Plot no.15, Hindi Nagar, Punjagutta, Hyderabad-

500 034 are the Registrar & Transfer Agents for

both physical and dematerialised shares.

Distribution of Shares:

The share holding patterns is as follows.

CATEGORY	NO.OF SHARES HELD	%OF SHARE HOLDERS
INDIVIDUALS	3262478	45.05
COMPANIES	451933	6.24
FI / BANKS	27300	0.38
PROMOTERS/ DIRECTORS AND THEIR RELATIVES	3500289	48.33
TOTAL	7242000	100.00



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The distribution of share holding as 31.03.2008 is as follows:

No. of equity Shares held	No. of share holders	% of total shareholder	No. of shares held	% of total shares
1-5000	6389	85.39	14774090	20.41
5001-10000	571	7.63	4791480	6.62
10001-20000	236	3.15	3522900	4.86
20001-30000	109	1.46	2748920	3.80
30001-40000	29	0.39	1017030	1.40
40001-50000	65	0.87	3143450	4.34
50001-100000	48	0.64	3515860	4.85
100001 & above	35	0.47	38906270	53.72
Total	7482	100.00	7242000	100.00

Dematerialization of shares: The shares fall under compulsory dematerialisation.

The company has not issued any GDRs/ADRs/Warrants or any other convertible instruments.

Plant Location: Ankireddypalem Village,
Chilakaluripet Road,
Guntur-522 004.

Regd. Office and Address for correspondence: 25-2-1, Opp.Mastan Darga,
G.T.Road, Guntur-522 004.

**ANNEXURE TO DIRECTORS REPORT:
MANAGEMENT DISCUSSION AND ANALYSIS:**

A) Scope and Potential: The Company's Plan as contemplated for expansion of the market network for the products – Chewable products, Ghee products and other new products (in course of diversification) is anticipated in the near future . In the new scenario it is reiterated that the company has opportunity to introduce its products in the markets of the existing subsidiary company where the Parent Company has no established market and in the same way the subsidiary company can make use of Parent Company's market network.

B) Opportunities and Challenges:

1. Opportunities: The Company is trying to explore new markets through out India apart from Andhra Pradesh from the point of view of the present Parent & Subsidiary Companies.
2. Challenges: Stiff competition from unorganized markets and the Government controls / bans at any point of time.

C) Out Look: The Company is continuously studying various propositions to diversify its activities. The Management is confident that they will be Successfully implemented once they are finalized. With the proposed merger the Company

firmly believes to expand, diversify and explore new opportunities.

D) Risks & Concerns: There is lot of awareness among public with respect to availability of products of other Brands.

E) Internal Control System is reasonable and adequate.

F) Financial performance:

- 1) Capital Structure: The company has only equity shares and the paid-up capital is Rs.723.85 lacs
- 2) Loan Profile: The company's outstanding Term Loan is of Rs. 27.75 lacs.
- 3) Assets: The company is having net fixed assets of Rs. 2406.57 lacs after revaluation of Company's Freehold land and Buildings.

G) Cautionary Statement : The Market fluctuations and government policies/ regulations will have an impact on the projections and the future outlook.

CEO CERTIFICATION

DECLARATION BY THE EXECUTIVE CHAIRMAN & CEO UNDER CLAUSE 49(1D) OF THE LISTING AGREEMENT.

I hereby confirm that all the Board Members and Senior Management personnel's have affirmed compliance with the code of conduct for Directors and Senior Management as approved by the Board for the financial year ended March 31, 2008.

Sd/-

G.V.S.L.KANTHA RAO
MANAGING DIRECTOR
Virat Crane Industries Ltd.

PLACE: Guntur

Dated: 1st December 08



Virat Crane Industries Ltd.

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of Virat Crane Industries Ltd.,

We have examined the compliance of conditions of Corporate Governance by Virat Crane Industries Ltd., Guntur for the year ended 31st March, 2008 as stipulated in Clause 49 of the listing agreements entered by the company with the Stock Exchanges.

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 statements of the Company.

In our opinion and to the best of our knowledge and information and accordance 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 Agreements as applicable to the Company.

We have been explained that no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

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 Jawahar & Associates
Chartered Accountants

Sd/-
V.Umapathi
Partner

Place: Guntur,

Date : 30th August, 2008

AUDITOR'S REPORT

The Members Of

Virat Crane Industries Limited, Guntur.

1. We have audited the attached Balance Sheet of M/s. Virat Crane Industries Limited as at 31st March, 2008 the Profit and Loss account and the cash flow statement for the year ended on that date annexure there to. 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, 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 purposes of our audit.
 - (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 is in agreement with the books of account.
 - (iv) In our opinion, the Balance Sheet and Profit and Loss Account, 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 *except AS-15 retirement benefit to employees.*
 - (v) On the basis of written representations received from the directors, as on 31st March, 2008 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2008 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.