

# ANNUAL REPORT 2007-08

## BOARD OF DIRECTORS

MR. D. P. SABOO  
MR. S. G. SABOO  
MR. S. K. SABOO  
MR. B. K. KARNANI  
MR. M. AJMERA  
MR. K. M. SOMANI

## AUDITORS

**M/S JAIN SAWAIMAL & COMPANY**  
**CHARTERED ACCOUNTANTS**  
126, JANAKPURI - I  
IMLIWALA PHATAK  
JAIPUR - 302005  
RAJASTHAN

## BANKERS

UNION BANK OF INDIA  
STATE BANK OF BIKANER & JAIPUR  
IDBI BANK, JODHPUR

## REGISTRAR & SHARE TRANSFER AGENT

MR. S. K. BOHRA  
GENERAL MANAGER & COMPLIANCE OFFICER  
SABOO BROTHERS LIMITED  
E-25A, M.I.A. PHASE – II, BANSI  
JODHPUR – 342005  
RAJASTHAN

## REGISTERED OFFICE

E-25A, M.I.A., PHASE- II, BANSI  
JODHPUR- 342005,  
RAJASTHAN.  
Telephone: 0291-2654120  
Fax: 0291-2744574

## NOTICE

NOTICE is hereby given that the 29<sup>th</sup> Annual General Meeting of Saboo Brothers Limited will be held on Monday, September 29, 2008 at 11.00 a.m at E-25A, M.I.A, Phase II, Basni, Jodhpur – 342005 (Rajasthan), the Registered office of the company, to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2008 and Profit & Loss Account of the Company for the year ended on that date together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Mahesh Ajmera, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. D.P. Saboo, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and to fix remuneration.

### NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
2. The Register of Members and Share Transfer Books of the company shall remain closed from Wednesday the September 24, 2008 Monday the 29<sup>th</sup>, September 2008 (both days inclusive) for the purpose of holding the A. G. M.
3. Members requiring information on the accounts are requested to write to the company at least 10(Ten) days before the date of the meeting to enable the company to furnish the information.
4. Members are requested to:  
e the Company about any change in their Registered Addresses in respect of equity shares held in physical form.  
  
the registered folio number in all future correspondence.  
  
s their grievances, if any, to the Company at its Registered Office.  
  
rs are requested to please bring their copies of Annual Report at the meeting
5. Members and Proxies attending the meeting should bring the attendance slip duly filled in for attending the meeting.
6. As required under Clause 49 of the Listing Agreement, the particulars of Director proposed to be appointed / re- appointed are being furnished in the Corporate Governance Report published in this Annual Report.
7. As per provisions of section 109A of the Companies Act, 1956, the shareholders of the Company are allowed to nominate any person to whom all the rights in shares vests in the event of death of the shareholder. The shareholders who opt to nominate could obtain nomination forms from the Company by sending their formal request at the Registered Office of the Company.

*By order of the Board*

**Sd/-  
(S. G. SABOO)  
Managing Director**

**Date: 12\08\2008  
Registered Office:  
E-25A, M.I.A, Phase II,  
Basni, Jodhpur – 342005  
Report of the Directors**

**To**  
**The Members,**  
**Saboo Brothers Limited**

Yours Directors have pleasure in presenting the 29<sup>th</sup> Annual Report together with Audited Annual Accounts of the Company for the financial year ended 31<sup>st</sup> March 2008.

### Financial Results

(Rs. in Lacs)

<b>PARTICULARS</b>	<b>2007 - 2008</b>	<b>2006 – 2007</b>
Sales	200.99	165.06
Other Income	.80	0.97
Total Expenditure	167.40	140.12
Interest and Finance Charges	2.38	2.78
Miscellaneous expenditure w/o	6.7	6.7
Loss on sale of machinery	7.00	00
Depreciation	24.19	25.66
Profit / (Loss) for the year before Tax	(5.90)	(9.23)
Less: Current Tax	0	0
Deferred Tax	0	0
Net Profit for the year after Tax	(5.90)	(9.23)

### OPERATIONAL PERFORMANCE

During the year Net Sales / Income from Operations has been increased as compared to last year. Net Loss of the Company has also been decreased because of increase in sales of engineering machineries. The operating profit has been increased as compared to last year.

During the year under review the Company has performed well both in sales of machineries of mini cement plant and other mineral grinding machineries due to increase in demand in domestic market. Now the machinery division has shown some improvement. The market environment continues to be very competitive where it faced intense competition from low priced brands, the outlook for the industry is positive given the size of the opportunity.

### TRANSFER TO RESERVES

Due to incurring of losses there is no amount transferred to Reserves.

### DIRECTORS

Mr. Mahesh Ajmera and Mr. D.P.Saboo Directors of the Company retires by rotation in terms of Section 255 and 256 of the Companies Act, 1956 and Articles of Association of the Company at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

**As required under Section 217 of the Companies Act, 1956, your Directors hereby Confirm that:**

- i) in the preparation of annual accounts of the company, the applicable Accounting Standards have been followed along with proper explanation to material departure, if any;
- ii) they 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 and of the Profit & Loss of the Company for that period;
- iii) to the best of their knowledge and information, they 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; and
- iv) They have prepared the Annual Accounts on a "going concern" basis.

### DIVIDEND

The Board of Directors of your Company are of the view that financial resources of the Company be conserved and judiciously utilized for further growth of your Company. The Board therefore decided not to recommend any dividend for the year 2007-2008.

**FIXED DEPOSITS**

During the year 2007 – 2008, the Company has not accepted any deposits in terms of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

**AUDITORS**

The Statutory auditors of the company M/s. Jain Sawaimal & Company, Chartered Accountants, Jaipur holds office until the conclusion of ensuing Annual General Meeting, being eligible, offer them selves for re-appointment.

**AUDITORS REPORT**

The Company has accounted for Leave Encashment and Export benefits on cash basis, as per Company's accounting policy as given in Point No. (A) of Schedule "T" annexed to the Balance Sheet, which is self explanatory and hence doesn't call further explanation.

**PARTICULARS OF EMPLOYEE REQUIRED UNDER SECTION 217(2A) OF THE COMPANIES ACT, 1956.**

None of the employee is covered under the provisions of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.**

Information in accordance with the provisions of section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are given in Annexure "A" to this report.

**CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION ANALYSIS STATEMENT**

**As per clause 49 of the Listing Agreement with Stock Exchange, a separate section on Corporate Governance together with a certificate from Company's Auditors confirming Compliance is set out in the Annexure forming part of this report. Also attached a Management Discussion and Analysis Statement.**

**CONCLUSION**

Your Directors place on record their gratitude for the valuable assistance and co-operation extended by the Government and Government Agencies, Bankers, Valued Customers, shareholders and Employees of the Company and look forward their continuous support in future also.

**For and on behalf of the Board**

Place : Jodhpur  
Date : August 12<sup>TH</sup> ,2008

**Sd/-  
(D.P.SABOO)  
Chairman**

**SABOO BROTHERS LIMITED**

**ANNEXURE 'A' TO DIRECTORS' REPORT**

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

**A. CONSERVATION OF ENERGY**

Your Company strives to make the plant energy efficient to the extent possible and continually reviews various schemes to conserve energy and optimum utilization of utility costs. Particulars with respect to Conservation of Energy are given in Form 'A' enclosed.

**B. TECHNOLOGY ABSORPTION**

Particulars with respect to Technology Absorption are given in Form 'B' enclosed.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	<b>2007-2008 (Rs./Lacs)</b>	<b>2006-2007 (Rs./Lacs)</b>
<b>EARNINGS</b>	Nil	Nil
<b>OUTGO</b>	Nil	Nil

**FORM 'A'**

Form for disclosure of particulars with respect to conservation of energy

<b>A) POWER AND FUEL CONSUMPTION</b>	<b>2007-2008</b>	<b>2006-2007</b>
<b>1) Electricity</b>		
<b>a) Purchased</b>		
Units (KWH)	<b>42131</b>	<b>51667</b>
Total amount (Rs. Lacs)	<b>2.57</b>	<b>3.10</b>
Rate/Unit (Rs./KWH)	<b>6.10</b>	<b>6.00</b>
<b>b) Own generation</b>		
(Through diesel generator)		
Units (KWH)	<b>NIL</b>	<b>NIL</b>
Unit per ltr. of diesel oil	<b>NIL</b>	<b>NIL</b>
Cost/Unit (Rs./KWH)	<b>NIL</b>	<b>NIL</b>
<b>2) Furnace oil</b>		
Quantity (KL)	<b>NIL</b>	<b>NIL</b>
Total Cost (Rs. Lacs)	<b>NIL</b>	<b>NIL</b>
Average rate (Rs./KL)	<b>NIL</b>	<b>NIL</b>
<b>3) Coal</b>		
Quantity (Kg.)	<b>NIL</b>	<b>NIL</b>
Total cost (Rs. Lacs)	<b>NIL</b>	<b>NIL</b>
Average Rate (Rs./Kg.)	<b>NIL</b>	<b>NIL</b>

**FORM 'B'**

Form for Disclosure of particulars with respect to Technology Absorption:

**A. RESEARCH & DEVELOPMENT (R & D):**

**1. Specific areas in which R & D carried out by the Company:**

The company is making all efforts on continuous basis for development of products as per customer's requirement for expanding its market share and to optimize its cost of production to face successfully the stiff competition. The research and development activities of the company are directed towards quality control and improvement of in house facilities.

**2. Benefits derived as a result of the above R & D:**

New consumer preferred products to drive growth and continuous product optimization for funding growth with an absolute focus on quality and cost effectiveness.

**3. Future plan of action:**

The Company will continue to focus on developing high quality products to drive growth and a relentless focus on reducing cost to fund growth.

**4. Expenditure on R & D:**

Capital	Nil
Recurring	Nil
Total	Nil
Total R&D expenditure as a percentage of total turnover	N. A.

**B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

**1. Efforts in brief, made towards Technology absorption, adaptation and innovation:**

The Technology used for manufacturing of products of the Company is fully absorbed and new innovations in process control, product development, cost reduction and quality improvements are being made on continuous basis.

**2. Benefits derived as a result of the above Efforts:**

Improvement in overall productivity, quality of the products and reduced process scrap and cost.

**3. In case of imported technology (imported during the last 5 years reconed from the beginning of the financial year), following information may be furnished:**

Technology Imported	No technology has been imported by the Company.
Year of Import	N. A.
Has technology been fully absorbed	N. A.
If not fully absorbed, areas where this has not taken place, reasons therefore and future plans of action.	N. A.

**For and on behalf of the Board**

Place : JODHPUR  
Date : August 12, 2008

**Sd/-  
(D. P. SABOO)  
Chairman**

## Annexure – “B” to Directors’ Report

### Corporate Governance Report

The Board of Directors of the Company continued to lay greater emphasis on the broad principles of Corporate Governance. Given below is the report on Corporate Governance.

#### Company’s Philosophy on Code of Corporate Governance

Saboo Brothers Limited believes that good Corporate Governance is essential for achieving long term Corporate Goals and for enhancing stake holder’s value. In this pursuit, your Company’s philosophy on Corporate Governance is led by strong emphasis on transparency, accountability and integrity.

#### (I) BOARD OF DIRECTORS:

##### (1) Composition of the Board of Directors

The Board of Directors has a mix of Executive and Non-executive Directors. The Board comprises of Managing Director and five Non-executive Directors. Out of the five Non-executive Directors, three are Independent Directors. Accordingly, composition of the Board is in conformity with the listing agreement.

Except the Managing Director, all other Director are liable to retire by rotation

The composition of the Board and other relevant details relating to Directors are Given Below:

<b>Name of Director</b>	<b>Category</b>
MR. D. P. Saboo	Promoter/Non Executive
Mr. S. G. Saboo	Promoter/Executive
Mr. S. K. Saboo	Promoter/Non Executive
Mr. B. K. Karnani	Independent/Non-Executive
Mr. M. Ajmera	Independent/Non-Executive
Mr. K. M. Somani	Independent/Non-Executive

##### (2) Board Meetings, its Committee Meetings and Procedures:

The day to day business activities are being conducted by the officers and managers of the Company under the supervision and control of Managing Director. The Board of Directors (the Board) meets frequently as and when required each year to review and discuss the performance of the Company, it’s future plans, strategies and other pertinent issues relating to management of the Company.

- (i) The Company holds minimum of four Board Meetings in each year. Apart from the four pre-scheduled Board Meetings, additional Board Meetings will be convened by giving appropriate notice at any time to address the specific needs of the Company. The Board may also approve permitted urgent matters by passing resolution by circulation. The meetings are held at the Company’s Registered Office.
- (ii) The Chairman & Managing Director and the Company Secretary in consultation with other concerned persons in the Senior management, finalize the agenda papers for the Board Meetings.
- (iii) Agenda papers are circulated to the Directors, in advance, in the defined Agenda format. All material information is incorporated in the Agenda Papers for facilitating meaningful, informed and focused discussions at the meeting. Where it is not practicable to attach any document to the Agenda, the same are placed on the table at the meeting with specific reference to this effect in the Agenda.
- (iv) In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Sensitive subject matters may be discussed at the meeting without written material being circulated in advance or at the meeting.
- (v) The Company Secretary records the minutes of the proceedings of each Board and Committee Meetings. Draft minutes are circulated to all the members of the Board for their comments. The minutes of proceedings of a meeting are entered in the Minutes Book within 30 days from the conclusion of the meeting.

### (3) Attendance of each Director at Board Meetings and last Annual General Meeting:

During the year 2007-08, 8 Board Meetings were held on 01/05/2007, 15/06/2007, 20/08/2007, 31/08/2007, 08/10/2007, 25/12/2007, 04/02/2008, 28/03/2008

The last Annual General Meeting of the Company was held on September 29, 2007.

Name of Director	Whether Attended last AGM	No. of Board meetings attended	Other Directorships	Other Board Committees	
				Chairman	Member
MR. D. P. Saboo	Yes	8	2	-	-
Mr. S. G. Saboo	Yes	8	2	-	-
Mr. S. K. Saboo	Yes	8	2	-	-
Mr. B. K. Karnani	Yes	8	2	-	-
Mr. M. Ajmera	Yes	8	2	-	-
Mr. K. M. Somani	Yes	8	-	-	-

Note: The information provided as above pertains to the following Committees of the Board of Directors, in terms of Clause 49 of the Listing Agreement:

- a) Audit Committee
- b) Shareholders / Investors Grievance Committee
- c) Remuneration Committee

#### **Audit Committee**

The Audit Committee comprises of three independent / Non-executive Directors having Chairman of Accounts and Finance background. The Composition of the present Audit Committee is as under:

- A) Mr. B. K. Karnani, Chairman
- B) Mr. M. Ajmera
- C) Mr. K. M. Somani

All the Committee members possess Finance and Accounts knowledge.

The terms of reference of the Audit Committee includes:

1. To investigate any activity within its terms of reference.
2. Oversight of the company's Financial Reporting Process and the disclosure of its financial information to ensure that the financial statement(s) is correct, sufficient and credible.
3. Reviewing with management, the Annual Financial Statements before submission to the Board.
4. To appraise the Board about impact of Accounting Policies, Accounting Standards and legislation and to ensure compliance thereof.
5. To hold periodical discussions with statutory auditors on nature and scope of the audit as well as have post audit discussion to ascertain any area of concern.
6. To review the company's financial and risk management policies.
7. To look in to the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders, (in case of non-payment of declared dividends) and creditors.

During the financial year 2007-08, 4 Audit Committee Meetings were held on 30/07/2007, 30/10/2007, 31/01/2008 and 30/03/2008.

All the three members of the Committee have attended all the four meetings of the Committee.



## Remuneration of Directors

The Company has no pecuniary relationship or transaction with its Non-executive Directors.

The remuneration policy is directed towards rewarding performance. Terms of reference of the Remuneration Committee includes attracting and retaining high caliber talent at the Board Level, to review, consider and recommend appointment of Directors and the remuneration payable thereon. The Remuneration Committee (the Committee) comprises of three independent / Non-executive Directors. The Composition of the present Remuneration Committee is as under:

- A) Mr. B. K. Karnani, Chairman
- B) Mr. M. Ajmera
- C) Mr. K. M. Somani

The remuneration of Executive / Non-Executive Directors is decided by the Committee. During the financial year 2006-07, no meeting of the Committee was held.

Details of remuneration paid to Managing Director of the Company during the year ended March 31, 2007 is as follows:

(Rs. Lacs)

Name of the Managing Director	Remuneration
Mr. S. G. Saboo	The Company has not paid any remuneration to its Managing Director in view of the fact that the Managing Director has forgone its remuneration in view of the losses suffered by the Company and no sitting fee has been paid to Non Executive Directors due to reason stated above.

## Shareholders'/Investors' Grievance Committee

The Shareholders'/ Investors' Grievance Committee consists of three Directors viz. Mr. B. K. Karnani, Chairman and Mr. M. Ajmera and Mr. K. M. Somani. The Committee meets at frequent intervals to consider, inter alia, share transfers, investors complaints etc. During the year 4 meetings of the Committee were held and all the members were present in each of the meeting. At the end of Financial year 2006-07 no investor grievance was pending with the Company. Mr. S. K. Bohra, General Manager is the Compliance Officer.

All valid share transfer applications received during the year 2006-07 have been acted upon by the Company, in time.

## General Body Meetings

Venue and time where the last three Annual General Meetings were held are given below:

Financial Year	Date	Venue	Time
2004-05		E-25A, M.I.A, Phase II, Basni, Jodhpur – 342005.	11 A. M.
2005-06		----- Do -----	11 A. M.
2006-07	September 30, 2006	----- Do -----	11 A. M.

## Details of Special Resolutions passed at last three Annual General Meetings:

Financial Year	Date	Relating to
2004-05		No Special Resolution was passed.
2005-06		No Special Resolution was passed.
2006-07	September 29, 2007	No Special Resolution was passed.

No special Resolution requiring postal ballot is being proposed at the ensuing Annual General Meeting and no resolution requiring Postal Ballot was passed by the Company till date.

## Disclosures

**Disclosures on materially significant related party transactions i.e. transactions of the Company of 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.**

There are no materially significant related party transactions that may have potential conflict with the interests of the Company at large. Attention is drawn to Schedule "T" point no. 14 to the Audited Annual Accounts of the Company for the year 2007-2008.

**b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**

The Company has complied with the requirements of regulatory authorities on capital markets and no penalty / stricture was imposed on the Company during the last three years.

**General Shareholder Information**

**Annual General Meeting**

Date and Time : 29/09/2008 at 11 A. M.

Venue : E-25A, M.I.A, Phase II, Basni, Jodhpur – 342005, Rajasthan.

**Financial Calendar (tentative)**

The Company follows April to March each year as its financial year. The results for every quarter beginning from April are declared in the month following the quarter.

**Stock Code**

The Stock Exchange, Mumbai : **530267**

**Book Closure**

2. The Register of Members and Transfer Books of the Company shall remain closed from Monday, the September 24, 2008 to Saturday, the 30<sup>th</sup> September, 2008 (both days inclusive).

No Dividend has been recommended by the Board.

Performance in comparison to broad based indices viz. BSE Sensex / Crisil Index etc. is not available.

**Listing on Stock Exchanges**

The Shares of the Company are listed on the following Stock Exchanges:

Jaipur Stock Exchange Limited

The Stock Exchange, Ahmedabad

The Stock Exchange, Mumbai

Madras Stock Exchange Limited

The Calcutta Stock Exchange Assn. Ltd.

**Market Price Data: (BSE):**

The same is not available because no trading in the Equity Shares of the Company have taken place during the year.

**Share Transfer System**

The Company falls under compulsory Demat process but presently the company is undertaking the work of physical transfer of its share in house. Applications for transfer of shares held in physical form were received directly by the Company. All valid transfers are processed and effected within the prescribed time limit from the date of receipt.

**Outstanding GDRs/ADRs/Warrants or any convertible instruments**

There were no outstanding GDRs/ADRs/Warrants or any convertible instruments as at March 31, 2007.

**Plant Location**

The PlantS of the Company are located at:

(1) **Shree Engineers,**  
**E-25A, M. I. A., Phase II,**  
**Basni, Jodhpur-342005.**

(2) Saboo Refractory  
 Village: SALAVAS  
 DISTRICT: JODHPUR

**Address for Investors Correspondence**

For any assistance regarding Transfer / Transmission of shares, change of address or any other query relating to shares, the investors may please contact at the following address:

Mr. S. K. Bohra,  
 General Manager and Compliance Officer  
 Saboo Brothers Limited  
 E-25A, M.I.A, Phase II, Basni,  
 Jodhpur – 342005.  
 Telephone : 0291-2654120  
 Fax :0291-2744574

**Shareholding Pattern (as at March 31, 2008)**

<b>Category</b>	<b>No. of shares</b>	<b>Percentage</b>
Indian Promoters (Individuals)	2462300	38.64
Indian Promoters (Body Corporate)	1894800	29.73
Foreign Promoters	0	0.00
Persons acting in Concert	0	0.00
Mutual Funds & UTI	0	0.00
Banks, FIs, Insurance Companies, (Central / State Govt. Institutions / Non-Govt. Institutions)	150000	2.35
Foreign Institutional Investors	0	0.00
Private Corporate Bodies	280200	4.40
Indian Public	1585100	24.87
NRIs / OCB	0	0
Any other	0	0.00
<b>Total</b>	<b>6372400</b>	<b>100</b>

<b>DISTRIBUTION SCHEDULE AS AT 31/03/2008</b>					
<b>NOMINAL VALUE OF EACH EQUITY SHARE IS Rs. 10/-</b>					
<b>No. of Equity Shares held</b>	<b>No. of Share holders</b>	<b>% of total Share-holders</b>	<b>Number of shares held</b>	<b>Amount (In Rs.)</b>	<b>% of total shares</b>
1 to 500	1168	87.59	366300	3663000	5.75
501- 1000	43	3.22	33600	336000	0.53
1001- 2000	28	2.09	48100	481000	0.75
2001- 3000	23	1.72	57700	577000	0.91
3001- 4000	5	0.37	17800	178000	0.28
4001- 5000	7	0.52	30000	300000	0.47
5001-10000	11	0.82	59600	596000	0.94
10001 & Above	49	3.67	5759300	57593000	90.37
<b>Total</b>	<b>1334</b>	<b>100</b>	<b>6372400</b>	<b>63724000</b>	<b>100</b>

### **Management Discussion and Analysis Report**

The Company is engaged in manufacturing of mini cement plant machinery and mineral grinding machinery, refractory cement and processing of minerals. The over all market share of the Company has grown slightly as compared to previous year. During the year sales of machinery division has increased but the sales of refractory cement and minerals have decreased. The company due to continuing losses in the refractory section has closed down the refractory units. With the increase in growth in capital goods industry the company is hopeful to show a better result in the machinery manufacturing section in future.

It may please be noted that the statements in the Management Discussion and Analysis Report describing the Company's objectives and predictions may be forward looking with in the meaning of applicable rules and regulations. Actual results may differ materially from those either expressed or implied in the statement depending on circumstances.

**For & on behalf of Board**

Place : Jodhpur  
Date : August 12, 2008

**Sd/-**  
**D.P.SABOO**  
**Chairman**

## AUDITOR'S REPORT

### **TO THE MEMBERS OF SABOO BROTHERS LIMITED**

1. We have audited the attached Balance Sheet of SABOO BROTHRS LIMITED, as at 31st March, 2008 and also the Profit and Loss Account and Cash Flow Statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit included 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 provided 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 section 227 (4A) of the Companies Act, 1956 we enclose in the annexure the statement on the matter specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the annexure referred to in paragraph 3 above:
  - a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - 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 the books.
  - c) The Balance Sheet, Profit and Loss Account & Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet and Profit and Loss Account and the 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;
  - e) On the Basis of representations received from the directors as on March 31,2008 and taken on record by the board of directors, we report that none of the directors is disqualified as on 31<sup>st</sup> march, 2008 from being appointed as directors in terms of Section 274 (1) (g) of the Companies act, 1956.
    - a. In our opinion and to the best of our information and according to the explanations given to us, the said account, read together with the Company's Accounting Policies and notes thereto, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
      - i) In the case of the Balance Sheet, of the state of affairs of the Company as on 31<sup>st</sup> March,2008;
      - ii) In the case of the Profit and Loss Account of the Loss of the Company for the year ended on that date.
      - iii) In the cash flow statement, of the cash flows for the year ended on that date.

**FOR JAIN SAWAIMAL & COMPANY**  
**Chartered Accountants**

Sd/-  
(S.M.JAIN)  
PROPRIETOR

**PLACE; JAIPUR**  
**DATE : August 12<sup>TH</sup>, 2008**

ANNEXURE REFERRED TO IN PARAGRAPH {3} OF OUR REPORT OF EVEN DATE

Re: Saboo Brothers Limited.

1. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.  
(b) According to the information and explanation given to us the fixed assets have been physically verified by the management during the previous year in accordance with a planned programme of verifying them once in three years which in our opinion is reasonable having regards to the size of the Company and the nature of its assets. As informed no material discrepancies were noticed on such physical verification.  
(c) In our opinion and according to the information and explanation given to us the company has disposed off the out dated part of fixed assets during the year and going concern status of the company is accordingly not affected .
2. (a) According to the information and explanation given to us, the management has conducted physical verification of inventory at reasonable interval during the year.  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of business.  
(c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. (a) According to the information and explanations given to us, the company has not granted/taken unsecured loans to/from companies or other parties covered in the register maintained under section 301 of the Companies Act 1956.
  - a. The Company has not granted any loans to the parties covered in the aforesaid register.
  - b. The Company has not taken loans from parties covered in the aforesaid register.  
(b) According to the information and explanation given to us, since no loan was taken by the company no comments is made in respect of other particulars
4. According to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and nature of its business with regard to the purchase of inventory and fixed assets, and with regard to the sale of goods. During the course of our audit, we have not observed continuing failure to correct major weakness in internal controls.
5. (a) According to the information and explanations to us, we are of the opinion that the transactions that needed to be entered into the register maintained under section 301 have been also entered.  
(b) According to the information and explanations given to us the company has made the transaction in excess of Rs. 5/Lacs in respect of any party. In our opinion, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time
6. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from the public during the year.
7. In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.
8. To the best of our knowledge and as explained the central Government has not prescribed for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in the case of the company.

- 9 (a) According to the records of the company and information and explanations given to us, the company has been regular in depositing undisputed statutory dues including provident fund, Employees state insurance, Income Tax, sales tax, wealth tax, customs duty, excise duty, service tax and other statutory dues with the appropriate authorities during the year.
- (b) According to the records of the company and information and explanations given to us, no undisputed amounts payable in respect of provident fund, employee state insurance, sales tax. Custom duty, excise duty cess and other undisputed statutory dues were outstanding at the year end, for a period of more than six month from the date they become payable.
- (c) According to the records of the company the dues outstanding of income Tax for the year 1995-96 were Rs. 10 Lacs for which appeal is pending before the CIT (Appeal) Mumbai.
- 10 The Company does have accumulated losses as at the end of the year and the company has not incurred cash losses during current and the immediately preceding financial year.
- 11 Based on our audit procedures and on the basis of information and explanations given by the management, we are of the opinion that the company has not defaulted in the repayment of dues to financial institutions and banks.
- 12 According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other Securities.
- 13 The provisions of any special statue applicable to chit fund, Nidhi or Mutual benefit Fund/Societies are not applicable to the Company.
- 14 In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- 15 According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks and financial institutions.
- 16 To the best of our knowledge and belief and According to the information and explanations given to us, term loans availed by the Company were prima facie, applied by the Company during the year for the purposes for which the loans were obtained.
- 17 According to the Cash Flow Statement and records examined by us and According to the information and explanations given to us, on overall basis, funds raised on short term basis have, prima facie, not been used during the year for long term investment and vise versa.
- 18 The Company has not made any preferential allotment to parties and Companies covered under register maintained under section 301 of the Companies Act, 1956, during the year and question of whether the prices at which the shares have been issued is prejudicial to the interest of the company does not arise.
- 19 According to the information and explanations given to us and the records examined by us, the company has not issued any debentures during the year.
- 20 The Company has not raised money by any public issues during the year and hence paragraph 4 (xx) of the order is not applicable.
- 21 To the best of our knowledge and belief and According to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

**FOR JAIN SAWAIMAL & COMPANY**  
**Chartered Accountants**

**Sd/-**  
**(S.M. JAIN)**  
**PROPRIETOR**

**Place : JAIPUR**  
**DATE : August 12<sup>TH</sup>, 2008**





(RS.in 000s)

PARTICULAR	SCH. NO.	FIGURES FOR 31.03.08	FIGURES FOR 31.03.07
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**I.SOURCES OF FUND**

1. SHAREHOLDERS FUNDS			
A. SHARE CAPITAL	1	59416	59416
B. RESERVES AND SURPLUS	2	84817	84817
2. LOAN FUND			
A. SECURED	3	2433	1519
B. UNSECURED	4	0	0
<b>TOTAL</b>		<b>146666</b>	<b>145752</b>

**II. APPLICATION OF FUND**

1.FIXED ASSETS	5		
GROSS BLOCK		82968	89968
LESS:DEPRECIATION		25538	29420
NET BLOCK		57430	60548
CAPITAL WORK IN PROGRESS & Advance		3738	3738
2. INVESTMENT	6	0	0
3. CURRENT ASSETS, LOANS AND ADVANCES			
A. INVENTORIES	7	21836	21823
B. SUNDRY DEBTORS	8	27817	23694
C. CASH & BANK BALANCES	9	123	139
D. LOANS AND ADVANCES	10	15159	12039
TOTAL		64935	57695
LESS: CURRENT LIABILITIES & PROVISIONS	11	6347	3219
DEFERRED TAX LIABILITY		3508	3508
NET CURRENT ASSETS		55080	50968
MISCELLANEOUS EXPENSES (TO THE EXTENT NOT W/O)	12	30418	30498
<b>TOTAL</b>		<b>146666</b>	<b>145752</b>

ACCOUNTING POLICIES & NOTES TO THE ACCOUNTS

19 For and on Behalf of Board

The Schedules referred to above form an integral part of  
accounts

REFERRED TO IN OUR REPORT  
OF EVEN DATE

FOR JAIN SAWAI MAL & CO.

Chartered accountants

Sd/-

(S. M. JAIN)

PROPRIETOR

PLACE : JAIPUR

DATE : August 12, 2008

Sd/-  
(S.G.SABOO)  
MANAGING DIRECTOR

Sd/-  
(S.K.SABOO)  
Director

Sd/-  
(B.K.KARNANI)  
Director

Sd/-  
(K.M.SOMANI)  
Director

Sd/-  
(D.P.SABOO)  
DIRECTOR

Sd/-  
(MAHESH AJMERA)  
Director

<u>PARTICULAR</u>	SCH. NO.	FIGURES FOR <u>31.03.08</u>	FIGURES FOR <u>31.03.07</u>
<b><u>I.INCOME</u></b>			
a. SALES		20099	16506
b. OTHER INCOME		80	97
<b><u>TOTAL</u></b>		<b>20179</b>	<b>16603</b>
<b><u>II.EXPENDITURE</u></b>			
a. RAW-MATERIAL CONSUMED		10367	8064
b. MANUFACTURING EXPENSES		1354	3129
c. Excise Duty Paid		0	0
d. ADMINISTRATIVE EXPENSES		1786	1335
e. SELLING & DISTRI. EXPENSES		2063	198
f. DEPRECIATION W/O		2419	2566
g. FINANCIAL EXPENSES		239	278
h. PAYMENT TO & FOR EMPLOYEES		1171	1286
i. MISCELLANEOUS EXPENDITURE W/ OFF		670	670
j. LOSS ON SALE OF MACHINERY		700	0
<b><u>TOTAL</u></b>		<b>20769</b>	<b>17526</b>
PROFIT/LOSS (-) OF THE YEAR		-590	-923
Less: Tax Expense			
A. Current Tax		0	0
B. Deferred Tax w-off/(back)		0	0
C. Total Tax Expenses		0	0
PROFIT/LOSS (-) AFTER TAX		-590	-923
Balance B/ F earlier year		-28541	-27618
Profit carried to Balance Sheet		-29131	-28541

REFERRED TO IN OUR REPORT  
OF EVEN DATE

Sd/-  
(S.G.SABOO)  
MANAGING DIRECTOR

Sd/-  
(D.P.SABOO)  
DIRECTOR

FOR JAIN SAWAI MAL & CO.  
Chartered accountants  
Sd/-  
(S. M. JAIN)  
PROPRIETOR

Sd/-  
(S.K.SABOO)  
Director

Sd/-  
(B.K.KARNANI)  
Director

Sd/-  
(MAHESH AJMERA)  
Director

PLACE : JAIPUR  
DATE : August 12, 2008

Sd/-  
(K.M.SOMANI)  
Director

(RS.in 000s)

PARTICULAR	FIGURES FOR 31.03.08	FIGURES FOR 31.03.07
<u>SCHEDULE -1 SHARE CAPITAL</u>		
AUTHORISED SHARE CAPITAL		
6510000 Equity share of Rs.10/ each	65100	65100
<u>ISSUED SUBSCRIBED AND PAID UP CAPITAL</u>		
6372400 Equity Share of Rs.10/ each		
fully paid up in cash	63724	63724
Less: Calls in Arrears	-4308	-4308
TOTAL	59416	59416
<u>SCHEDULE-2 RESERVE AND SURPLUS</u>		
Share Premium	107678	107678
Less: Allotment money in Arrears	-23367	-23367
Balance	84311	84311
Subsidy	114	114
Investment Allowance reserve	392	392
TOTAL	84817	84817
<u>SCHEDULE-3 SECURED LOANS</u>		
WORKING CAPITAL LOANS FROM		
1.UNION BANK OF INDIA,SOJATI GATE,JDU.		-3
(Secured against hypothecation of Raw Materials, stores,finished goods,etc. of Unit Saboo Refractories,Salavas, Jodhpur)		
3.STATE BANK OF BIKANER & JAIPUR,JALORI GATE, JODHPUR	2433	1522
(Secured against hypothecation of Raw Materials, stores,finished goods,etc. of Unit Shree Engineers,Jodhpur)		
4. IDBI BANK, JODHPUR	0	0
TOTAL	2433	1519
<u>SCHEDULE-4 UNSECURED LOANS</u>		
TOTAL	0	0
<u>SCHEDULE-5:FIXED ASSETS</u>		
(As per Schedule Attached)	57429	66849
TOTAL	57429	66849
<u>SCHEDULE-6:INVESTMENTS</u>		
TOTAL	0	0

**SABOO BROTHERS LIMITED, JODHPUR**

PARTICULAR	FIGURES FOR 31.03.2008	FIGURES FOR 31.03.2007
<b><u>SCHEDULE-7: INVENTORIES</u></b>		
(As Valued and Certified by the Management Valued at Cost)		
Raw-materials	8797	9754
Work in Progress(Construction)	0	0
Store & Spares	3150	3070
Semi Finished Goods	9589	8691
Finished Goods	0	54
Scrap & Defective	300	254
TOTAL	21836	21823
<b><u>SCHEDULE-8:SUNDRY DEBTORS</u></b>		
(For which the Company holds no security other than the personal security of the Debtors)		
More than six month	17055	15854
Less than six month	11457	7840
TOTAL	28512	23694
<b><u>SCHEDULE-9 CASH AND BANK BAL.</u></b>		
Cash in Hand	47	63
Bank Balances with Scheduled Banks	31	31
Deposit in National Security	45	45
TOTAL	123	139
<b><u>SCHEDULE-10:LOANS AND ADVANCES</u></b>		
(Unsecured considered good, and subject to confirmation)		
Suppliers	7675	6911
Advance for Expenses & Others	2063	0
Advances to Labour & Staff	698	396
Security Deposits	4724	4731
TOTAL	15160	12038
<b><u>SCHEDULE-11 CURRENT LIABILITIES AND PROVISIONS</u></b>		
Sundry Creditors for goods & supplier	4875	1025
Against Expenses & Others	113	591
Against Orers		244
Provision for Bad debts	1359	1359
TOTAL	6347	3219
<b><u>SCHEDULE-12:MISCELLENOUS EXP.</u></b>		
Deferred Revenue Expenditure	370	690
Research & Development	917	1267
Profit & Loss Account	29131	28541
TOTAL	30418	30498
<b><u>SCHEDULE-13: SALES</u></b>		
Exort Sales	0	0
Domestic Sales	20099	16506
TOTAL	20099	16506
<b><u>SCHEDULE-14:OTHER INCOME</u></b>		
Other Income	80	97
Testing Charges	0	0
TOTAL	80	97

**SABOO BROTHERS LIMITED, JODHPUR**

PARTICULAR	FIGURES FOR 31.03.2008	FIGURES FOR 31.03.2007
<u>SCHEDULE-15:RAW-MATERIAL CONSUMED</u>		
Opening Stock		
Raw Material	9754	9697
Work In rogress	0	0
Semi Finished Goods	8691	5589
Finished Goods	54	87
Scraps & Defectives	254	300
Add:Purchases & Transfers	10300	11144
TOTAL	29053	26817
Less : Closing Stock		
Raw Material	8797	9754
Work In rogress	0	0
Semi Finished Goods	9589	8691
Finished Goods	0	54
Scraps & Defectives	300	254
TOTAL	10367	8064
<u>SCHEDULE-16:MANUFACTURING EXP.</u>		
Power Expenses	257	400
Factory Expenses	23	27
Fabrication charges	274	0
Generator R & M Expenses	40	16
Generator Exp	134	0
Plant & Machinery R & M	52	106
Supervision charges	41	0
Production Exp	212	0
Pattern Exp	3	34
Machining Charges	283	0
Job Charges	0	2466
Water Expenses	7	0
Store expenses	27	80
TOTAL	1353	3129
<u>SCHEDULE-17 PAYMENT TO &amp; FOR EMPLOYEEES</u>		
Salaries & Wages	929	970
Contribution to E.S.I.	25	120
Labour Welfare	68	0
Staff Welfare	53	0
Contribution to E.P.F	85	0
Group Insurance	7	0
House Rent	4	0
Other Benefits		196
TOTAL	1171	1286
<u>SCHEDULE-18:ADMINISTRATIVE EXPENSES</u>		
Printing and Stationery	25	22
Computer Exp.	7	0
Fee & Subscription	7	11
Postage, Telegram & Telephone	33	92
Travelling & Conveyance Expenses	224	344
Legal & Consultancy	37	59
Professional Service Charges	93	251

Books & Periodicals	18	1
Insurance Expenses	23	10
Electric Power A16	19	0
Motor Car Expenses	26	49
Charity & Donation	251	53
Service Charges to RIICO	59	
Service tax on TP	2	
Vehicle Expenses		0
Rent	110	0
Bombay Office Expenses	141	126
Office Expenses	0	
Auditors Remuneration	30	0
Fringe Benefit Tax	24	60
Sales Tax Defferment	219	0
Sales Tax Demand	118	0
Misc. Expenses	3	22
<b>REPAIRS AND MAINTENANCE EXPENSES</b>		
Building	113	106
Cooler	1	0
Electric	66	0
Furniture	45	0
Motor Car	32	0
Vehicle	1	
General	58	129
TOTAL	1785	1335
<b><u>SCHEDULE-19 SELLING EXPENSES</u></b>		
Carriage Outward	21	6
Bad Debts w/off	1956	0
Prize & Rewards	15	0
Rate Difference	0	0
Rebate & Discount	0	113
Provision for bad debts	0	0
Advertisement	21	0
Entertainment To Guest	50	69
Other Selling Expenses		10
TOTAL	2063	198
<b><u>SCHEDULE-19:FINANCIAL EXPENSES</u></b>		
Bank Commission & Processing	17	65
Bank Interest	222	213
TOTAL	239	278

Sd/-  
(S.G.SABOO)  
MANAGING DIRECTOR

Sd/-  
(D.P.SABOO)  
DIRECTOR

FOR JAIN SAWAI MAL & CO.

Chartered accountants

Sd/-

(S. M. JAIN)

PROPRIETOR

Sd/-  
(S.K.SABOO)

Director

Sd/-  
(B.K.KARNANI)

Director

Sd/-  
(MAHESH AJMERA)

Director

PLACE : JAIPUR

DATE : August 12, 2008

Sd/-  
(K.M.SOMANI)

Director

S. NO.	NAME OF THE ASSETS	GROSS BLOCK			DEPRECIATION			NET BLOCK		
		01.04.07	ADD.	DEDUCT	TOTAL	UPTO 07	DR.YEAR	TOTAL	31.03.08	31.03.07
1	GOODWILL	150	0	0	150	0	0	0	150	150
2	LEASEHOLD LAND	3621	0	0	3621	0	0	0	3621	3621
3	BUILDING	21157	0	0	21157	5990	507	6497	14660	15167
	Internal Roads & Site Development	2231	0	0	2231	74	72	147	2084	2156
4	PLANT & MACHINERY	54866	0	7000	47866	14027	1607	15635	32231	40839
							0			
5	FURNITURES AND									
6	FIXTURES	481	0	0	481	266	10	277	204	214
7	OTHER MISC.ASSETS	7463	0	0	7463	2761	223	2985	4479	4702
	<b>TOTAL</b>	<b>89969</b>	<b>0</b>	<b>7000</b>	<b>82969</b>	<b>23118</b>	<b>2419</b>	<b>25541</b>	<b>57429</b>	<b>66849</b>

PLCAE : JAIPUR  
DATE : August12th, 2008

FOR JAIN SAWAI MAL & CO.  
Chartered accountants  
Sd/-  
(S. M. JAIN)  
PROPRIETOR

For and on Behalf of Board

Sd/-                      Sd/-  
(S.G.SABOO)      (D.P.SABOO)  
MANAGING DIRECTOR      DIRECTOR

Sd/-                      Sd/-  
(B.K.KARNANI)      (MAHESH AJMERA)  
Director                      (Director)

## SCHEDULE 20

### NOTES TO THE ACCOUNTS

#### A. NATURE OF OPERATIONS:

The Company is presently engaged in manufacturing of capital goods machineries used in manufacturing of Portland Cement , mineral grinding machineries etc. Previously the Company was also manufacturing refractory Cement but the operation was closed due to high cost and not having regular demand.

#### B. SIGNIFICANT ACCOUNTING POLICIES:

##### 1. ACCOUNTING CONVENTIONS:

The financial statements have been prepared to comply in all material respects with the notified accounting standards by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting polices have been consistently applied by the Company and are consistent with those used in the previous year.

##### 2. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting presentation of financial statements requires management to make estimates and assumption that affect the reported amounts of assets and liabilities and discloser of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and action, actual results could defer from these estimates.

##### 3. FIXED ASSETS

- i) Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working conditions for its intended use.
- ii) Insurance spares/ stanby equipments are capitalized as part of mother assets.

##### 4. RECOGNIZATION OF INCOME & EXPENDITURE:

- a. Sales revenue is recognized when goods are cleared from factory and is inclusive of excise duties.
- b. Export sales are recognized at the time of shipment of products to customer and are inclusive of incentives and exchange fluctuation of export.
- c. Income, expenditure and incentives / benefits are accounted for on accrual basis.
- d. Claim & refunds due from government authorities and parties though receivable/ refundable are not recognized in the accounts if the amount there of is not ascertainable. These are accounted for as admitted /parties in favor of the company.

##### 5. DEPRECIATION:

Depreciation on fixed assets is provided on straight line method at the rates and in the manner prescribed in schedule XIV to the Companies Act.

##### 6. IMPAIRMENT

- i) The carrying amounts of assets are reviewed at each balance sheet if there is any indication of impairment based on internal / external factor. An impairment loss is recognized wherever the carrying amount of an assets exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows re discounted to their present value at the weighted average cost of capital.

##### 7. INVENTORIES:

Inventories are valued at cost and net realizable value whichever is lower. In the case of work in progress valuation is based on raw material cost and overhead. Net relizable value is the estimated current procurement price in the ordinary course of the business.

##### 8. BORROWING COSTS:

Interest and other costs in connection with the borrowing of the funds to the extent related / attributable to the acquisition / construction of qualifying fixed assets are capitalized up to the date when such assets are ready for its intended use and other borrowing costs are charged to profit and Loss account.

##### 9. FOREIGN CURRENCY TRANSACTIONS:

Foreign currency transactions are accounted at exchange rates prevailing on the date of the transaction. All foreign currency assets and liabilities if any at the Balance Sheet date are translated into rupees at the applicable exchange rates prevailing at that date. All exchange difference are dealt with in the profit and loss account except those relating to acquisition of fixed assets which are adjusted in the cost of the fixed assets.

##### 10. REVENUE RECOGNISATION OF INCOME AND EXPENDITURE:

All incomes are on accrual basis except in respect of claim receivable that are accounted when admitted.

##### 11. RETIREMENT BENEFITS:

Company Contribution to Provident Fund and Superannuation fund are charged to Profit & loss Account.



**12. PROVISION FOR BAD & DOUBTFUL DEBTS:**

Provision is made in accounts for bad and doubtful debts/advances which in the opinion of the management is considered irrecoverable.

**13. EARNING PER SHARE:**

Basic earning per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighed average number of equity shares out standing during the period. Since there is loss during the year, accumulated losses and unabsorbed depreciation for earlier years the earning per share is negative figure.

**14. MISLELEOUS EXPENDITURE:**

The Miscellaneous Expenditure consisting of Preliminary Expenses, Deferred Revenue Expenditure are amortized over a period of 10 years, commencing from the year in which they are incurred/ commencement of commercial operations by the company, as the case may be.

**15. PARTICULARS OF CONTINGENT LIABILITY**

2008

2007

Claimed against the company  
Not acknowledge the debits as  
Certified by management.

NIL

NIL

Contract remaining to be  
executed on capital account

NIL

NIL

Contingent liabilities  
Bill discounted with bank

NIL

NIL

Disputed income tax demand

5 Lacs

15 lacs

Disputed excise demand

NIL

NIL

16. The Refractory cement plant of the company at village Salavas has been closed down due to sluggish demand and high cost. However the company has claimed the depreciation on the straight line method at the rate prescribed under the Companies Act.

17. During the year the Company has written off Rs. 1656000/ in respect of certain long overdue advances and sundry debtors since the management has considered necessary to write off the debts as these are not recoverable

18. The balances grouped under sundry debtors, creditors and advances are still under reconciliation and confirmation from respective parties awaited. The final adjustment if any shall be made only after reconciliation.

19. The stock of raw material, semi-finished goods and stores are as per inventory prepared, valued and certified by the management.

20. In the opinion of the management current assets and advances if realized in the ordinary course of business have value of realization at least of the amount at which they are stated in the Balance Sheet.

21. As per the information available with the company there are no small scale industrial undertaking to whom the Company owed any sum as at 31<sup>st</sup>, March 2008 and there is no balances outstanding for more than 30 days as at 31<sup>st</sup>, March ,2008.

22. The Company has not paid the remuneration to the Managing Director in view of not claiming the remuneration by managing director due to losses suffered by the Company..

23. Sundry debtors include Rs. (Rs. lakhs) due from the firm and companies in which directors are interested. Similarly Advances include Rs.(Rs. lakhs) given to firms and companies in which directors are interested.

**24. Auditors Remuneration**

31.03.2008

31.03.2007

a. As audit Fee

7500

7500

b. Tax Audit Fee

5000

5000

c. For Certificate &

Consultation

7500

7500

---

Total

20000

20000

25. Income Taxes

Tax expense comprises current, deferred and fringe benefit tax. Current income tax and fringe benefit tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax. Deferred income tax reflect the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred Tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. If the Company has carry forwarded unabsorbed depreciation or carry forwarded tax losses, deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits. Due to uncertainty of income deferred Tax need not be accounted for as the Company has huge accumulated business losses.

26. Previous year figures have been regrouped wherever necessary so as to correspond with those of the current year.

27. Earnings Per Share (EPS): (Rs. In 000)  
Net Profit/(Loss) as per

Profit After Tax	-	780
No. of Equity Shares (in Nos.)		637240
No. of Equivalent Equity Shares		594160
Earnings Per Share (in Rs.) (Basic & Diluted)		1.31

Note: There are no further diluted  
Or anti dilute securities affecting  
The existing issued capital

Additional information pursuant to the provisions of paragraphs 3, 4c of part – ii of schedule vi to the Companies Act, 1956 as certified by the management: are as per annexure.

Additional information as required under part-II of schedule V to the companies Act, 1956 to the extent applicable to the company is as under

1. LICENCED & INSTALLED CAPACITY, PRODUCTION, STOCK AND TURNOVER

A. LICENSED & INSTALLED CAPACITY, PRODUCTION:

	LICENSED CAPACITY	INSTALLED CAPACITY	PRODUCTION
1. CEMENT CLINKER GRINDING PLANTS (50 TO 200 TPD) OTHER SPARES	N.A	20 NOS	0
2. REFRACTORY CEMENT	N.A. N.A.	N.A 4000 M.T. P.A.	NOS. M.T

B. STOCKS

STOCK OF FINISHED GOODS

Opening Stock

Closing Stock

Machinery                      Refractory  
Mini cement plant              Cement

NIL                                      ( M.t)

NIL                                      ( M.t)

C.TURNOVER (AMOUNT IN THOUSANDS)

PARTICULAR	UNIT	QUANTITY		VALUE	
		2007-08	2006-07	2007-08	2006-07
1. Cement Plant Machinery & Mineral Grinding plants and Spares	Nos.		1308	16506	16506
2. Refractory Cement		00	00 00	00	00
4. Others		00		00	00
TOTAL	M. T Nos.	00	1308	00	16506

E. RAW- MATERIAL CONSUMED

PARTICULAR	UNIT	QUANTITY		VALUE	
		2007-08	2006-07	2007-08	2006-07
1. Iron & steel & allied Materials	M.T.	0	145	0	7024
2. Electric Motors & V belts	Nos.	0	24	0	850
3. Components	Nos.	0	0	0	0
4. others	Nos.			0	136
5. TOTAL		0	169	0	7874

28. Segment information for the year ended 31.03.08

	Mini cement Machinery	Refractory Cement & Min	Total
Revenue			
External Sales	16603	0	16603
Results			
Segment Results	2089	(2129)	(40)
Interest Expenses	213	0	213
OPERATING INCOME	1876	(2129)	(253)
Less: Unallocated Corporate Expenses	0	0	0
Net PROFIT/ LOSS	1876	(2129)	(253)

Capital Expenditure			
Depreciation	437	2129	
Non-cash expenses			
Unallocated Non Cash Expenses	0	0	

29. RELATED PARTY DISCLOSER

The discloser in pursuance to as 18 on "Related Party discloser is as under:

a. Name of Related Parties & Relationship

Name	relationship	Manner
1.Saboo Engineers (P)Ltd.	Associate	Directors are Director
2.Saboo Emery Stone Ind.	Associate	Directors are Partner
3.Saboo Synthetics Stones	Associate	Directors are Partner
4.Synthetic Stones	Associate	Directors are Partner
5.Avon Emery Industries	Associate	Directors are Partner
6.Abrasive India	Associate	Directors are Partner
7.Saboo Founders	Associate	Directors are Partner
8. Saboo Mill Stones	Associate	Director are Partner

  

TRANSACTION	TOTAL	ASSOCIATE	KEY MANAGEER	RELATIVE Of KEY MANAGER
Purchase of Goods	NIL	NIL	NIL	NIL
Sales of goods			NIL	NIL
Managarical Remuneration	NIL	NIL	NIL	NIL
Balances outstanding As on 31.03				
Amount payable	95.23 Lacs	95.23 Lacs	NIL	NIL
Amount receivable	26.82 Lacs	26.82 Lacs	NIL	NIL

**SABOO BROTHERS LIMITED.**  
**A-16, SHASTRI NAGAR, JODHPUR**  
BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

1. REGISTRATION

REGISTRATION NO	STATE CODE	BALANCE DATE.	SHEET
01851	17	31.03.2008	

2. CAPITAL RAISED DURING THE YEAR

PUBLIC ISSUE	RIGHT ISSUE	BONUS SHARE	PRIVATE PLACEMNT
NIL	NIL	NIL	NIL

3. POSITION OF MOBILISATION AND DEVELOPMENT OF FUND: (In Thousands)

TOTAL LIABILITIES	TOTAL ASSETS
<b>146666</b>	<b>146666</b>

4. SOURCE OF FUND ( IN Rs.)

PAID UP CAPITAL	59416
Res. & Surplus	84817
Secured Loan	2432
Unsecured Loans	0

APPLICATION OF INCOME (IN Rs.)

Net Fixed Assets	57428
Investments	0
Net Current Assets	55080
Miscellaneous Exp.	30417

5. PREFORMANCE OF COMPANY: ( In Thousands)

Turnover & other Income	20179
Total Expenditure	19399
Profit/loss Before Tax	-780
Earnings per Share (Rs.)	0
Dividend Rate	Nil

GENERIC NAMES OF PRINCIPAL PROUCTS,  
SERVICES OF THE COMPANY

Item Code No.	Product Description
8474.10	Mini cement plants & spares
69022002	High Alumina Refractory Cement
69001009	Calcined Magnisite

Place: Jaipur  
DATE : Aug.12<sup>th</sup>,2008

FOR Jain Sawaimal & Company  
Chartered Accountants

Sd/- (S.G.SABOO) DIRECTOR  
Sd/- (D.P.SABOO) DIRECTOR

Sd/- (S. M. JAIN)  
PROPRIETOR

Sd/- ( M.AJMERA) DIRECTOR  
Sd/- B.K.KARNANI) DIRECTOR

Sd/- (K.M.SOMANI)  
DIRECTOR