

AUDIT REPORT

SOMI CONVEYOR BELTINGS LIMITED

**FOR THE YEAR
2012-2013**

**P.SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
D-166 SHASTRI NAGAR
JODHPUR (RAJ)**

INDEPENDENT AUDITOR'S REPORT

TO
THE MEMBERS
SOMI CONVEYOR BELTINGS LTD.
JODHPUR (RAJASTHAN)

We have audited the accompanied financial statements of **SOMI CONVEYOR BELTINGS LIMITED**, which comprises of the Balance Sheet as on 31st March, 2013 and the Statement of Profit and Loss and Cash Flow statement for the year ended 31st March, 2013 and a summary of significant Accounting Policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial statements, whether due to fraud or an error. In making these risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of Accounting policies used and the reasonableness of the Accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the adequate information required by the Act in the manner so required and give a true and fair view in conformity with the Accounting Principles Generally Accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

(a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) 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.

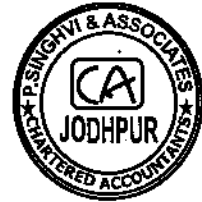


- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- (e) On the basis of written representations received from the directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

FOR P.SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
FR. NO.113602W

PLACE: JODHPUR
DATED: 30TH MAY, 2013


(PRAVEEN SINGHVI)
PARTNER
M.No. 71608



ANNEXURE REFERRED TO IN PARAGRAPH 3 OF INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2013 OF SOMI CONVEYOR BELTINGS LTD.

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

- i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management during the year and no material discrepancies between the book records and the physical records have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the period.
- ii) (a) The inventory has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventory as compared to book records, were not material.
- iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The company has not taken unsecured loans from directors on the Balance Sheet date.
- iv) In our opinion and according to the information and explanations given to us, certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system that commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v) (a) In our opinion and according to the information and explanations given to us, during the year under audit, the contracts and arrangements which need to be entered in the register, have been duly entered under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has not taken any deposit under Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- vii) In our opinion the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management commensurates with the size of the company and the nature of its business.
- viii) We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the central government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.



- ix) (a) In our opinion and according to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Provident Fund, Wealth Tax, Custom Duty, ESI, service tax and cess as at March 31, 2013 on account of any dispute. The dues of income tax, sales tax Entry Tax as discussed below have not been deposited by company on account of disputes.

Name of the Statute	Nature of dues	Amount	Period to which the amount relates	Forum where dispute is pending
Entry Demand Tax	Entry Tax	266131.00	A.Y 2005-06, 2006-07 & 2007-08	Hon. High Court
Entry Demand Tax	Entry Tax	239008.00	A.Y 2005-06 & 2006-07	Hon. High Court
Income Demand Tax	Income Tax	4657870.00	A.Y. 2010-11	CIT(Appeal)
Sales Penalty Tax	Sales Tax	146947.00	A.Y. 2008-09	Commissioner (A) Commercial Tax Department
Sales Demand Tax	Sales Tax (ITC)	1316184.00	A.Y. 2008-09	Commissioner (A) Commercial Tax Department
		300000.00	A.Y. 2009-10	

- x) The Company has no Accumulated losses as at March 31, 2013 and it has not incurred any cash losses in the year ended on that date or in the immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any bank as at the balance sheet date.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit company / societies are not applicable to the company.
- xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.
- xvi) In our opinion and according to the information and explanations given to us, the term loan taken by the company has been applied for the purpose for which they were raised.
- xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis, which have been used for long-term investment.
- xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by way of public issue during the year. Therefore



provisions of clause 4(xx) of the Order are not applicable to the company.

- xxi) During the course of examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor we have been informed of such case by the management.

PLACE: JODHPUR
DATED: 30TH MAY, 2013

FOR P.SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
FR. NO.113602W


(PRAVEEN SINGHVI)
PARTNER
M.No. 71608



BALANCE SHEET AS AT 31ST MARCH, 2013

PARTICULARS	NOTE	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
<u>EQUITY AND LIABILITIES</u>			
<u>Shareholders' Fund</u>			
Share Capital	1	117796560	117796560
Reserves & Surplus	2	363378776	323979119
<u>Share Application Money Pending Allotment</u>			
<u>Non Current Liabilities</u>			
Long Term Borrowings	3	64906588	87355073
Deferred Tax Liability	4	6847639	7261851
Other Long Term Liabilities	5	13754788	17628270
Long Term Provisions	6	1732934	1393009
<u>Current Liabilities</u>			
Short Term Borrowings	7	89138307	98417688
Trade Payables	8	51318927	23235033
Other Current Liabilities	9	106522247	123303050
Short Term Provisions	10	364458	185039
	TOTAL	815761224	800554692
<u>ASSETS</u>			
<u>Non Current Assets</u>			
Tangible Assets	11	348546219	373160956
Intangible Assets	11	-	-
Capital Work-In-Progress	11	29329191	26981926
Non Current Investments	12	3000	3000
Long Term Loans and Advances	13	4851262	4854309
Other Non Current Assets	14	12261855	13793252
<u>Current Assets</u>			
Inventories	15	129898090	198397510
Trade Receivables	16	141417356	59190875
Cash and Bank Balances	17	42020962	37870289
Short Term Loans and Advances	18	34932028	18370451
Other Current Assets	19	72501261	67932124
	TOTAL	815761224	800554692


Significant Accounting Policies and Notes on Accounts

1 To 33

Schedules & Notes referred to above form an integral part of Financial Statements.

AS PER OUR REPORT OF EVEN DATE ATTACHED.

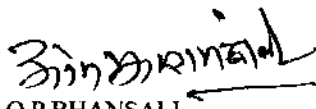
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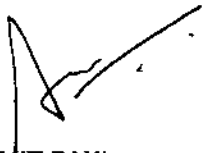


PLACE : JODHPUR
DATED : 30TH MAY, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.


O.P. BHANSALI
(MANAGING DIRECTOR)


GAURAV BHANSALI
(WHOLE TIME DIRECTOR)


AMIT BAXI
(COMPANY SECRETARY)

STATEMENT OF PROFIT & LOSS ACCOUNT STATING EBITDA FOR THE YEAR ENDED ON 31ST MARCH, 2013

PARTICULARS	NOTE	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
INCOME			
Revenue from Operations	20	793948562	363033975
Other Income	21	7158866	10572721
		<u>801107428</u>	<u>373606696</u>
EXPENDITURE			
Cost of Material Consumed	22	496107747	240536551
Changes in Inventories of Finished Goods and WIP	23	77151095	(27989940)
Employee Benefits Expenses	24	13290112	10405363
Finance Cost	25	30633098	29528156
Depreciation	26	42774585	45573241
Other Expenses	27	81522475	45689193
		<u>741479112</u>	<u>343742564</u>
Profit Before Tax		59628316	29864132
Provision for Current Tax		(20642871)	(10326390)
Deferred Tax (Liability)/Asset		414212	189390
Profit After Tax		39399657	19727132
Balance brought forward		87706298	67979166
Balance carried forward to Balance Sheet		127105955	87706298
EARNING PER SHARE (Basic & Diluted)	28	3.34	1.67
Significant Accounting Policies and Notes on Accounts	1 To 33		
Schedules & Notes referred to above form an integral part of Financial Statements.			

AS PER OUR REPORT OF EVEN DATE ATTACHED.

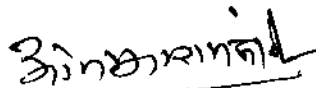
FOR P.SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
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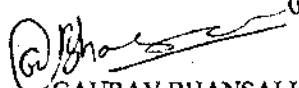

(PRAVEEN SINGHVI)
PARTNER
M.NO. 71608




PLACE : JODHPUR
DATED : 30TH MAY, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.


O.P. BHANSALI
(MANAGING DIRECTOR)


GAURAV BHANSALI
(WHOLE TIME DIRECTOR)


AMIT BAXI
(COMPANY SECRETARY)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2013

PARTICULARS	For the year ended 31.03.2013	For the year ended 31.03.2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	59,628,316	29,864,132
Add: Depreciation Charged	42,774,585	45,573,241
Preliminary Expenses written off	2,959,899	2,959,898
Interest Charged	22,487,169	25,622,299
	127,849,969	104,019,570
Less: Interest Received	(1,970,023)	(1,272,345)
Profit on Sale of Machinery	-	(1,022,845)
Operating Profit Before Working Capital Changes	125,879,946	101,724,380
Trade and Other Receivables	(83,654,983)	(30,685,790)
Inventories	68,499,420	(24,171,633)
Trade Payables & Provisions	30,889,532	71,265,384
Loans & Advances and Other Current Assets	(6,630,714)	(55,039,947)
Advance Tax Paid	(14,500,000)	(4,040,000)
Cash Generated From Operating Activities	120,483,201	59,052,394
Direct Taxes Paid	(6,251,450)	(4,107,631)
Net Cash Flow From Operating Activities (a)	114,231,751	54,944,763
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase /Acquisition of Fixed Assets	(20,507,113)	(16,769,734)
Sale of Fixed Assets	-	1,980,000
Security Deposit	3,047	606,697
Purchase of Investment	-	-
Sale of Investment	-	-
Interest Received	1,970,023	1,272,345
Net Cash used in Investing Activities (b)	(18,534,043)	(12,910,692)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loans	(52,315,780)	10,250,384
Unsecured Loans	(16,744,086)	(16,858,963)
Interest Paid	(22,487,169)	(25,622,299)
Net Cash from Financing Activities (c)	(91,547,035)	(32,230,878)
Net Increase / (Decrease) in Cash & Cash Equivalents (a+b+c)	4,150,673	9,803,193
Cash & Cash Equivalent At The Beginning of The Year	37,870,289	28,067,096
Cash & Cash Equivalent At The End of The Year	42,020,962	37,870,289

Notes: The above cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 (Revised) on Cash Flow Statements as prescribed by Companies (Accounting Standard) Rules, 2006.

FOR P. SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R. NO. 113602W



(PRAVEEN SINGHVI)
PARTNER
M.NO. 71608



PLACE : JODHPUR
DATED : 30TH MAY, 2013

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.


O.P. BHANSALI
(MANAGING DIRECTOR)


GAURAV BHANSALI
(WHOLE TIME DIRECTOR)


AMIT BAXI
(COMPANY SECRETARY)

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
1 SHARE CAPITAL		
Authorised		
25000000 Equity Shares of Rs.10 each	<u>250000000</u>	<u>250000000</u>
Issued, Subscribed & Paid up		
11779656 Equity Shares of Rs.10 each fully paid up	<u>117796560</u>	<u>117796560</u>
	<u>117796560</u>	<u>117796560</u>

1.1 The details of shareholders holding more than 5% shares :

Name of Shareholders	Current Year		Previous Year	
	No. of Shares	% held	No. of Shares	% held
Om Kumari Bhansali	989394	8.40	989394	8.40
Om Prakash Bhansali	4162658	35.34	4162658	35.34

1.2 The reconciliation of the number of shares outstanding is set out below:

Particulars	Current Year	Previous Year
	No. of Shares	No. of Shares
Equity shares at the beginning of the year	11779656	11779656
Add: Shares issued	0	0
Less: Shares buy back	0	0
Equity Shares at the end of the year	<u>11779656</u>	<u>11779656</u>

2 RESERVES AND SURPLUS

General Reserve	0	0
Security Premium	181816800	181816800
Re- Valuation Reserve	54456021	54456021
Net Profit		0
As per Last Balance Sheet	87706298	67979166
Add: Appropriated during the year	39399657	19727132
	<u>363378776</u>	<u>323979119</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
3 LONG TERM BORROWINGS		
Secured Loans		
Term Loans from Bank	0	10691330
Foreign Currency Loans- Buyer's Credit	63307288	59919657
HDFC Car Loan	1599300	
Unsecured Loan		
Loan from Related Party	0	16744086
	64906588	87355073

3.1 Buyer's Credit is secured by way of Hypothecation of Plant & Machinery. Buyer's Credit will be paid by converting Buyer's credit into Term Loan and will be paid in Instalments.

3.2. HDFC Car Loan is secured by way of Hypothecation of Car.

3.3 Maturity Profile of Buyer's Credit are set out below:

Rate of Interest	2013-14	2014-15	2015-16
2.60%	12444000	37332000	13531288

Maturity Profile of HDFC Car Loan are set out below:

Rate of Interest	2013-14	2014-15	2015-16
10%	579300	765000	255000

4 DEFERRED TAX LIABILITY (NET)

Depreciation	7435114	7759456
Provision for Gratuity	(535477)	(430440)
Liability allowed on payment basis	(51998)	(67165)
	6847639	7261851

5 OTHER LONG TERM LIABILITIES

Trade Payables	302734	4104956
Payables on purchase of Fixed Assets	13452054	13490014
Others	0	33300
	13754788	17628270





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)

5.1 other long term liabilities comprises of creditor for expenses.

6 LONG TERM PROVISIONS

Provision for Gratuity	1732934	1393009
	<u>1732934</u>	<u>1393009</u>

7 SHORT TERM BORROWINGS

Secured

Working Capital Loan (PNB Jodhpur)	89138307	54967688
PNB Packing Credit	0	43450000
	<u>89138307</u>	<u>98417688</u>

7.1 Working Capital Loan is secured by way of Hypothecation of Current Assets present and future including entire stocks, raw materials, consumable stores and spares, finished goods and book debts.

8 TRADE PAYABLES

Micro, Small and Medium Enterprises	0	0
Others	51318927	23235033
	<u>51318927</u>	<u>23235033</u>

9 OTHER CURRENT LIABILITIES

Creditors for Capital Expenditure	921673	491062
Term Loan Instalment due within one year	0	37332000
Forward Contract Payable	66837740	61442490
Advance from Customers	10111470	7514409
Other Payables	28851364	16523089
	<u>106522247</u>	<u>123303050</u>

9.1 Other payables comprises of creditors for expenses and statutory dues.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013**NOTE 11**
FIXED ASSETS (CONSOLIDATED)

PARTICULARS	GROSS BLOCK AS ON 01-04- 2012	ADDITIONS DURING THE YEAR	DEDUCTIONS/ ADJUSTMENT	TOTAL	RATE	DEPRECIATION				W.D.V.	
						AS AT	CURRENT	DEDUCTIONS/	TOTAL	AS ON	AS ON
						01.04.2012	YEAR	ADJUSTMENT		31.03.2012	31.03.2013
Land	59379925	0	0	59379925	NIL	NIL	NIL	0	0	59379925	59379925
Building	103718968	2385698	0	106104666	10.00%	30425266	7510422	0	37935688	73293702	68168978
Computer	1857674	129875	0	1987549	40.00%	1237057	276948	0	1514005	620617	473544
Plant & Machinery	320892015	10572998	528455	330936558	13.91%	84913014	33255227	0	118168241	235979001	212768317
Furniture & Fixtures	4021382	1011758	0	5033140	18.10%	904844	703571	0	1608415	3116538	3424725
Vehicles	2912152	4587974	0	7500126	25.89%	2222990	1003814	0	3226804	689162	4273322
Vehicles (c)	270978	0	0	270978	30.00%	188967	24603	0	213570	82011	57408
Total	493053094	18688303	528455	511212942		119892138	42774585	0	162666723	373160956	348546219
Capital WIP	26981926	2347265	0	29329191		0	0	0	0	26981926	29329191
TOTAL	520035020	21035568	528455	540542133		119892138	42774585	0	162666723	400142882	377875410

The gross block of Fixed Assets includes Rs. 54456021 on account of revaluation of Land as at 15.02.2006 (Rs. 32000000), 16.02.2006 (Rs. 6693991), 26.03.2010 (Rs. 15762030).



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
10 SHORT TERM PROVISIONS		
Provision for Leave Encashment	364458	185039
	<u>364458</u>	<u>185039</u>
12 NON CURRENT INVESTMENT		
In Govt. Securities - Unquoted		
National Saving Certificate	3000	3000
	<u>3000</u>	<u>3000</u>
13 LONG TERM LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Security Deposits	4851262	4854309
	<u>4851262</u>	<u>4854309</u>
14 OTHER NON CURRENT ASSETS		
Long Term Trade Receivables	12261855	10833353
Share issue expenses	0	2959899
(To the extent not written off)	<u>12261855</u>	<u>13793252</u>
15 INVENTORIES		
Stock of Raw Materials	94449025	85797350
Work-In-Progress	6575000	17200000
Finished Goods	28874065	95400160
	<u>129898090</u>	<u>198397510</u>
16 TRADE RECEIVABLES		
(Unsecured and Considered Good)		
More Than Six Months	19747783	1992849
Less Than Six Months	121669573	57198026
	<u>141417356</u>	<u>59190875</u>
17 CASH AND BANK BALANCES		
Cash In Hand	5895541	7879462
With Scheduled Bank in Current A/c	8148501	13968736
FDR (For BG/LC Margin)	27976920	16022091
	<u>42020962</u>	<u>37870289</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
18 SHORT TERM LOANS AND ADVANCES		
Loans and Advances to Staff (Unsecured and Considered Good)	1162570	914136
Prepaid Expenses	1201720	1012911
Balance With Revenue Authorities	25840738	9716404
Others	6727000	6727000
	34932028	18370451

18.1 Others comprises share application money which is not yet allotted.

19 OTHER CURRENT ASSETS

Unbilled Revenue	2268997	1244650
Unamortised Premium on Forward Contract	2743002	2689748
Share Issue Expenses (To the extent not written off)	2959899	2959899
Forward Contract Receivable	62792447	59060181
Duty Drawback Receivable	1405412	487091
Others	331504	1490555
	72501261	67932124

19.1 Unbilled Revenue comprises of Advance to raw material suppliers and Advance against factory expenses.

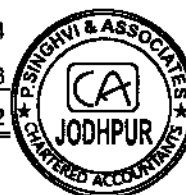
19.2 Share issue expenses written off within 12 months.

20 REVENUE FROM OPERATIONS

Sale of Products	877562152	396058681
Other Operating Revenue	3225889	1326022
Less: Central Excise Duty	(86839479)	(34350728)
	793948562	363033975

20.1 Sale of Products Comprises of:

Manufactured goods		
Conveyor Belt	863741294	372436956
Rubber Sheet	13820858	23621725
	877562152	396058681



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
20.2 Other Operating Income comprises of income from DEPB License (export incentive) & Duty Drawback .		
21 OTHER INCOME		
Interest	1970023	1272345
Income from Exchange Fluctuation	0	0
Profit on sale of Fixed Assets	0	1022845
Income on cancellation of forward contract	831240	6222505
Other incomes	4357603	2055026
	7158866	10572721

21.1 Interest income comprises of interest receivable on FDR of Rs.1841995 (Previous Year Rs. 1193823) & Interest received on deposit to JVVN of Rs.128028 (Previous Year Rs. 78522).

21.2 Other Income includes discount received , Sales Tax Subsidy received of Rs. 1237415 and insurance Claim of Rs. 302662.

22 COST OF MATERIAL CONSUMED

	% of Consumed	Amount	% of Consumed	Amount
Imported	27.57	136775455	22.56	54253136
Indigenous	72.43	359332292	77.44	186283415
	100	496107747	100	240536551

22.1 PARTICULARS OF MATERIAL CONSUMED

Carbon	27539555	15477166
Chemical	48899302	24167043
Fabric	137252773	32218896
Process Oil	9789915	7514666
Rubber	271485877	160132558
Others	1140325	1026222
	496107747	240536551



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (Rs.)		AMOUNT (Rs.)	
23 CHANGES IN INVENTORIES OF FINISHED GOODS & WIP				
Inventories (at closing)				
Finished Goods	28874065		95400160	
WIP	<u>6575000</u>	35449065	<u>17200000</u>	112600160
Inventories (at beginning)				
Finished Goods	95400160		76910220	
WIP	<u>17200000</u>	112600160	<u>7700000</u>	84610220
		<u>77151095</u>		<u>(27989940)</u>
24 EMPLOYEE BENEFITS EXPENSES				
Salaries & Wages		12316228		9028918
Contribution to Provident Fund & Other Fund		464945		527596
Gratuity (Unfunded)		339925		687619
Staff Welfare Expenses		<u>169014</u>		<u>161230</u>
		<u>13290112</u>		<u>10405363</u>

24.1 Leave Encashment given by company is not retirement benefit but it is encashed in every year.

24.2 As per Accounting Standard 15 "Employee Benefits" the disclosures as defined in the Accounting Standard are given below:

Defined Contribution Plans

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Employer's contribution to Provident Fund	246750	270316
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Defined Benefit Plans

The employee's gratuity scheme managed by LIC is a defined benefit plan. The present value of obligation is on actuarial valuation using the Projected Unit Credit Method, which recognises each period of services as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
25 FINANCE COSTS		
Interest	22487169	25622299
Other Borrowing Cost	8145929	3905857
	<u>30633098</u>	<u>29528156</u>
26 DEPRECIATION AND AMORTISATION COSTS		
Depreciation on sale of Fixed Asset	0	85602
Depreciation	42774585	45487639
	<u>42774585</u>	<u>45573241</u>
27 OTHER EXPENSES		
Manufacturing Expenses		
Power & Fuel	21523342	10346039
Consumable Stores	4314809	3090002
Repairs & Maintenance	3946337	1223506
Testing Charges	178184	50921
Factory Expenses	466986	261429
Freight Expenses	5957337	2683655
Packing Expenses	4494132	1384337
Water Expenses	246130	133400
	<u>41127257</u>	<u>19173289</u>
Selling and Distribution Expenses		
Selling and Distribution Expenses	24874696	9444780
	<u>24874696</u>	<u>9444780</u>
Other Expenses		
Administrative Expenses	5309189	3539563
Auditor's Remuneration	320000	320000
Insurance	2350344	1218585
Charity and Donation	11000	1000
Loss on foreign currency transactions and translation	3674941	8061780
Office Rent	427500	110000
Other Expenses	467649	860298



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (Rs.)		AMOUNT (Rs.)	
Amortisation of share issue expenses	2959899	15520522	2959898	17071124
		<u>81522475</u>		<u>45689193</u>

27.1 VALUE OF CONSUMABLE STORES AND RAW MATERIAL CONSUMED:

	% of Consumed	Amount	% of Consumed	Amount
Imported	0	0	0	0
Indigenous	100	4314809	100	3090002
	<u>100</u>	<u>4314809</u>	<u>100</u>	<u>3090002</u>

27.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

Raw Materials and Stock -in-Trade	119295706	75257799
Capital Goods	0	159893
	<u>119295706</u>	<u>75417692</u>

27.3 PAYMENT TO AUDITORS AS:

Internal Audit Fees	80000	80000
Statutory Audit Fees	120000	120000
Cost Audit Fees	20000	20000
Tax Audit Fees	50000	50000
Professional Fees	50000	50000
	<u>320000</u>	<u>320000</u>

28 EARNINGS PER SHARE

i) Net profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.)	39399657	19727132
ii) No. of Weighted Average Equity Shares	11779656	11779656
iii) Basic and Diluted Earnings per share (Rs.)	3.34	1.67
iv) Face Value per equity share (Rs.)	10	10



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
29 EARNINGS IN FOREIGN EXCHANGE		
FOB value of Exports	87072108	37307743
	<u>87072108</u>	<u>37307743</u>

30 RELATED PARTY DISCLOSURES:

(i) S.N. Name of the Related Party	Relationship
1 O.P. Bhansali	
2 Vimal Bhansali	
3 Gaurav Bhansali	Key Managerial Personnel (KMP)
4 Om Kumari Bhansali	
5 Priya Bhansali	
6 Ruchi Bhansali	
7 Madhu Mehta	Relative of Key Managerial Personnel (RKMP)
8 Oliver Micon Inc.	
9 Earth Movers enterprises	
10 OM Prakash Bhansali HUF	
11 Vimal Bhansali HUF	
12 Gaurav Bhansali HUF	
13 Ghunguru Hotels & Resorts Ltd.	KMP/RKMP exercise significant influence

(ii) Transactions during the year with related parties :

Nature of Transactions	Key Managerial Personnel	Relative of key Managerial Personnel	Entities in which KMP/RKMP have significant influence
Interest Paid	0	0	837204
Sale of Goods	0	0	5925222
Managerial Remuneration	1440000	0	0
Purchase & Other Expenses	0	0	107771
Loan Received	0	0	0
Loan Repaid	0	0	17497570





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
Balance as at 31st March, 2013		
Trade Receivable	460944	
Loans	0	

31 FINANCIAL AND DERIVATIVE INSTRUMENTS

Derivative contracts entered into by the company and outstanding as on 31st March, 2013

For Hedging Currency Related Risks :

Forward Contract Payable	68637740	61442490
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32 CONTINGENT LIABILITIES AND COMMITMENTS

Rs. (In Lakhs)

(i) Claims against company disputed liabilities

Entry Tax Demand	4.59	2.66
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(ii) Guarantees

Performance Guarantees	617.51	182.04
Financial Guarantee	4.76	54.88
Guarantee against Buyer's Credit	531.07	531.07

(iii) Letter of credit	307.23	127.73
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33 The Company is in the process of identifying Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium development Act, 2006. Hence, disclosure relating to amounts unpaid as at the year end together with interest payable thereon has not been given.



SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, from books of accounts maintained on an accrual basis, in conformity with all material aspects with the Generally Accepted Accounting Principles and comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act.

2. FIXED ASSETS AND DEPRECIATION

- a) Fixed Assets are stated at cost (net of cenvat/value added tax) including freight, duties, customs, adjustments arising from exchange rate variation and other incidental expenses relating to acquisition and installation and includes amount added on revaluation, less accumulated depreciation and impairment loss, if any.
- b) Depreciation has been provided on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- c) Capital work-in-progress- Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

3. INVESTMENTS

Long term investments intended to be held for more than a year from the date of acquisition, are classified as long term investments and are carried at cost. Provision is made for diminution, other than temporary, in value of investments. Current investments are valued at lower of cost and market value.

4. INVENTORIES

Items of inventories are measured at lower of cost or net realizable value. Cost of Raw material, stores and spares are determined on first in first out basis. Cost of finished goods and semi-finished goods include cost of raw materials and packing materials, cost of conversion and other costs incurred in bringing the inventories to the present location and condition.

5. REVENUE RECOGNITION

Revenue from sale of goods is accounted for on the basis of dispatch of goods. Sales are inclusive of Excise Duty and net of sales return and trade discounts. Interest Income is accounted on accrual basis.

6. TAXATION

a) INCOME TAX PROVISION

The provision for taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961.

b) DEFERRED TAX

As per AS-22 issued by the Institute of Chartered Accountants of India, deferred tax is recognised, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Asset is not recognised unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.

7. FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are accounted for at the exchange rate prevailing on the transaction date. The loss arising out of fluctuation in rate between transaction date and settlement date in respect of revenue is recognised in the Profit and Loss Account.



Monetary Assets and Liabilities in foreign currency are translated at the year end at the closing exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account.

Non monetary foreign currency items are carried at cost.

Accounting for Forward Contracts

In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on date of contracts is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

8. INTANGIBLE ASSETS

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. All costs, including financing costs till commencement of commercial production and adjustments arising from exchange rate variations attributable to the intangible assets, are capitalized.

9. RETIREMENT BENEFITS

(i) Defined Contribution Plans

The company has a Defined Contribution Plan for post employment benefits namely Provident Fund which is administered through appropriate authorities.

The Company makes contributions to state plans namely Employees' State Insurance Fund and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to revenue every year.

(ii) Defined Benefit Plan

The gratuity will be paid as and when employee leaves. Liability towards gratuity is based on actuarial valuation carried out by the an authorized actuary which is in compliance with AS-15(revised) issued by the Institute of Chartered Accountants of India.

10. BORROWING COST

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Account.

11. IMPAIRMENT OF FIXED ASSETS

An asset is treated as impaired when the carrying cost of an asset exceeds its recoverable value. An impairment loss is charged to Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable Amount.

12. OPERATING LEASE

(a) Operating lease payments are recognised as an expense in the Profit and Loss Account.

(b) Finance lease is taken at lower of fair value of the assets and present value of the minimum lease rentals and is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss Account. All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Initial direct costs in respect of the lease are expensed in the year in which such costs are incurred. Income from lease assets is accounted by applying the interest rate implicit in the lease to the net investment.



13. INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims admitted or expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities, if any, are not provided for in the financial statements. However, they are separately disclosed by way of notes on accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

15. USE OF ESTIMATES

The presentation of the financial statements in conformity with the Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialized.

16. EARNING PER SHARE

As per AS-20 issued by The Institute of Chartered Accountants of India basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except where the results would be anti-dilutive.

17. CASH AND CASH EQUIVALENTS

Cash comprises cash in hand & demand deposits with banks. Cash equivalents are short term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

18. CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of non – cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

19. SHARE ISSUE EXPENSES

Share issue expenses and redemption premium are adjusted against the Securities Premium Account as permissible under Section 78(2) of The Companies Act, 1956; to the extent balance is available for utilization in the Securities Premium Account. The balance of share issue expenses is carried as an asset and is amortised over a period of 5 years from date of the issue of shares.

