

AUDIT REPORT

SOMI CONVEYOR BELTINGS LIMITED

**FOR THE YEAR
2011-2012**

P. SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
BEHIND MEDICAL AUDITORIUM,
166-A, SECTOR-D, SHASTRI NAGAR,
JODHPUR (RAJ)

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of **SOMI CONVEYOR BELTINGS LIMITED**, which comprises of the Balance Sheet as on March 31, 2012 and the Statement of Profit and Loss and Cash Flow Statement for the year ended, 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 these 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 misstatement, 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 of the financial statements, whether due to fraud or 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 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, 2012;
- (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.



D-166, SHASTRI NAGAR, JODHPUR- 342 003 ☎ 0291 (O) 2624933, 2612933 (R) 2613933 FAX : 2626933

- (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, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 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

(Signature)

(KEWAL CHAND DAKALIYA)
PARTNER
M.No. 71013



PLACE: JODHPUR
DATED: 29TH AUGUST, 2012

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2012 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.
- (c) The company has taken unsecured loans from one party covered in the register maintained under section 301 of the Act. Loans of Rs.30.00 Lacs were taken during the year and at the year end balance of such loans is Rs.167.44 Lacs.
- 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 correct.



- 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 income tax, sales tax, service tax and cess as at March 31, 2012 on account of any dispute. Only Entry Tax demand pertaining to Central Sales Tax of Rs.266131.00 relating to A.Y.2005-06 & 2006-07 is pending with Appellate Authority up to Commissioner's Level.
- x) The Company has no accumulated losses as at March 31, 2012 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 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 company has taken term loan of Rs.1386 Lacs in 2009-10 from Punjab National Bank for expansion work of Unit - II at village Tanawara, Jodhpur which has been applied for the said purpose.
- 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, the 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.

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

Kewal Chand Dakaliya

(KEWAL CHAND DAKALIYA)
PARTNER
M.No. 71013



PLACE: JODHPUR
DATED: 29TH AUGUST, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	NOTE	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
EQUITY AND LIABILITIES			
Shareholders' Fund			
Share Capital	1	117796560	117796560
Reserves & Surplus	2	323979119	304251987
Share Application Money Pending Allotment		-	-
Non Current Liabilities			
Long Term Borrowings	3	87355073	110643809
Deferred Tax Liability	4	7261851	7451241
Other Long Term Liabilities	5	17628270	18122179
Long Term Provisions	6	1393009	705390
Current Liabilities			
Short Term Borrowings	7	98417688	89669531
Trade Payables	8	23235033	21584977
Other Current Liabilities	9	123303050	41915712
Short Term Provisions	10	185039	0
		TOTAL	TOTAL
		<u>800554692</u>	<u>710141386</u>
ASSETS			
Non Current Assets			
Tangible Assets	11	373160956	289229039
Intangible Assets	11	-	-
Capital Work-In-Progress	11	26981928	160674505
Non Current Investments	12	3000	3000
Long Term Loans and Advances	13	4854309	5461006
Other Non Current Assets	14	13793252	12902534
Current Assets			
Inventories	15	198397510	174225877
Trade Receivables	16	59190875	32355702
Cash and Bank Balances	17	37870289	28067096
Short Term Loans and Advances	18	18370451	17045341
Other Current Assets	19	67932124	10177286
		TOTAL	TOTAL
		<u>800554692</u>	<u>710141386</u>

Significant Accounting Policies
and Notes on Accounts

1 To 33

AS PER OUR REPORT OF EVEN DATE ATTACHED.

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

(KEWAL CHAND DAKALIYA)
PARTNER
M.NO. 71013



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

O.P. BHANSALI
(MANAGING DIRECTOR)

GAURAV BHANSALI
(WHOLE TIME DIRECTOR)

AMIT BAXI
(COMPANY SECRETARY)

PLACE : JODHPUR
DATED : 29TH AUGUST, 2012

STATEMENT OF PROFIT & LOSS ACCOUNT STATING EBITDA FOR THE YEAR ENDED ON 31ST MARCH, 2012

PARTICULARS	NOTE	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
INCOME			
Revenue from Operations	20	363033975	250022017
Other Income	21	10572721	3477903
		<u>373606696</u>	<u>253499920</u>
EXPENDITURE			
Cost of Material Consumed	22	240536551	180394763
Changes in Inventories of Finished Goods and WIP	23	(27989940)	(20257590)
Employee Benefits Expenses	24	10405363	7417252
Finance Cost	25	29528156	14457599
Depreciation	26	45573241	24208100
Other Expenses	27	45689193	28168785
		<u>343742564</u>	<u>234388909</u>
Profit Before Tax		29864132	19111011
Provision for Current Tax		(10326390)	(4994179)
Deferred Tax (Liability)/Asset		189390	(1776494)
Profit After Tax		19727132	12340338
Balance brought forward		67979166	55638828
Balance carried forward to Balance Sheet		87706298	67979166
The accompanying schedules form an integral part of the Profit and Loss Account.			
EARNING PER SHARE	28	1.67	1.05
Significant Accounting Policies and Notes on Accounts	1 To 33		

AS PER OUR REPORT OF EVEN DATE ATTACHED.

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

(KEWAL CHAND DAKALIYA)
PARTNER
M.NO. 71013



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

O.P. Bhansali
O.P. BHANSALI
(MANAGING DIRECTOR)

Gaurav Bhansali
GAURAV BHANSALI
(WHOLE TIME DIRECTOR)

Amit Baxi
AMIT BAXI
(COMPANY SECRETARY)

PLACE : JODHPUR
DATED : 29TH AUGUST, 2012

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2012

PARTICULARS	For the year ended 31.03.2012	For the year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	29,864,132	19,111,011
Add: Depreciation Charged	45,573,241	24,208,100
Preliminary Expenses written off	2,959,898	2,959,898
Interest Charged	25,622,299	11,815,177
	104,019,570	58,094,186
Less: Interest Received	1,272,345	715,957
Profit on Sale of Machinery	1,022,845	-
Operating Profit Before Working Capital Changes	101,724,380	57,378,229
Trade and Other Receivables	(30,685,790)	24,595,554
Inventories	(24,171,633)	(22,701,755)
Trade Payables & Provisions	71,265,384	(8,458,655)
Loans & Advances and Other Current Assets	(55,039,947)	7,187,491
Advance Tax Paid	(4,040,000)	(815,000)
Cash Generated From Operating Activities	59,052,394	57,185,864
Direct Taxes Paid	(4,107,631)	(2,077,952)
Net Cash Flow From Operating Activities (a)	54,944,763	55,107,912
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase /Acquisition of Fixed Assets	(16,769,734)	(104,111,915)
Sale of Fixed Assets	1,980,000	-
Security Deposit	606,697	(395,141)
Purchase of Investment	-	-
Sale of Investment	-	2,610,000
Interest Received	1,272,345	715,957
Net Cash used in Investing Activities (b)	(12,910,692)	(101,181,099)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loans	10,250,384	49,249,888
Unsecured Loans	(16,858,963)	31,403,049
Interest Paid	(25,622,299)	(11,815,177)
Net Cash from Financing Activities (c)	(32,230,878)	68,837,760
Net Increase / (Decrease) in Cash & Cash Equivalents (a+b+c)	9,803,193	22,764,573
Cash & Cash Equivalent At The Beginning of The Year	28,067,096	5,302,523
Cash & Cash Equivalent At The End of The Year	37,870,289	28,067,096

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

(KEWAL CHAND DAKALIYA)
PARTNER
M.NO. 71013



FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

P. BHANSALI
MANAGING DIRECTOR

GAURAV BHANSALI
(WHOLE TIME DIRECTOR)

AMIT BAXI
(COMPANY SECRETARY)

PLACE : JODHPUR
DATED : 29TH AUGUST, 2012

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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	958056	8.13
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	67979166	55638828
Add: Appropriated during the year	<u>19727132</u>	<u>12340338</u>
	<u>323979119</u>	<u>304251987</u>





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
3 LONG TERM BORROWINGS		
Secured Loans		
Term Loans from Bank	10691330	41835391
Foreign Currency Loans- Buyer's Credit	59919657	51585369
Unsecured Loan		
Loan from Related Party	16744086	17223049
	<u>87355073</u>	<u>110643809</u>

3.1 Term loans from bank are secured by way of Hypothecation of Land, Building, Plant & Machinery.

3.2 Buyers 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.

3.3 Maturity Profile of Term Loan from Bank are set out below:

Rate of Interest	2013-14
14.25%	10691330

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

Rate of Interest	2013-14	2014-15
1.75%	24888000	35031657

Maturity Profile of Unsecured Loan from related party are set out below:

Rate of Interest	2016-17	2017-18
5%	5581362	5581362

4 DEFERRED TAX LIABILITY (NET)

Depreciation	7759456	7706042
Provision for Gratuity	(430440)	(217966)
Liability allowed on payment basis	(67165)	(36835)
	<u>7261851</u>	<u>7451241</u>





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
5 OTHER LONG TERM LIABILITIES		
Trade Payables	4104956	4069676
Payables on purchase of Fixed Assets	13490014	12019203
Others	33300	33300
	<u>17628270</u>	<u>16122179</u>
5.1 Others long term liabilities comprises of creditor for expense.		
6 LONG TERM PROVISIONS		
Provision for Gratuity	1393009	705390
	<u>1393009</u>	<u>705390</u>
7 SHORT TERM BORROWINGS		
Secured		
Working Capital Loan	54967688	73289531
Packing Credit	43450000	0
Unsecured		
Loans & Advances	0	16380000
	<u>98417688</u>	<u>89669531</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.

7.2 Other Loans & Advances comprises of loan from directors and other firms which is repayable on demand.

8 TRADE PAYABLES

Micro, Small and Medium Enterprises	0	0
Others	23235033	21584977
	<u>23235033</u>	<u>21584977</u>





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
9 OTHER CURRENT LIABILITIES		
Creditors for Capital Expenditure	491062	1408888
Term Loan Instalment due within one year	37332000	29400000
Forward Contract Payable	61442490	0
Advance from Customers	7514409	861610
Other Payables	16523089	10245214
	<u>123303050</u>	<u>41915712</u>
9.1 Other payables comprises of creditors for expenses and statutory dues.		
10 SHORT TERM PROVISIONS		
Provision for Leave Encashment	185039	0
	<u>185039</u>	<u>0</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	4854309	5461006
	<u>4854309</u>	<u>5461006</u>
14 OTHER NON CURRENT ASSETS		
Long Term Trade Receivables	10833353	6982736
Share issue expenses	2959899	5919798
(To the extent not written off)	13793252	12902534
	<u>13793252</u>	<u>12902534</u>
15 INVENTORIES		
Stock of Raw Materials	85797350	89615657
Work-In-Progress	17200000	7700000
Finished Goods	95400160	76910220
	<u>198397510</u>	<u>174225877</u>



**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012**

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
16 TRADE RECEIVABLES		
(Unsecured and Considered Good)		
More Than Six Months	1992849	820486
Less Than Six Months	<u>57198026</u>	<u>31535216</u>
	<u>59190875</u>	<u>32355702</u>
17 CASH AND BANK BALANCES		
Cash In Hand	7879462	1377438
With Scheduled Bank in Current A/c	13968736	6582931
FDR (For BG/LC Margin)	<u>16022091</u>	<u>20106727</u>
	<u>37870289</u>	<u>28067096</u>
18 SHORT TERM LOANS AND ADVANCES		
Loans and Advances to Staff	914136	704662
(Unsecured and Considered Good)		
Prepaid Insurance	1012911	1052403
Balance With Revenue Authorities	9716404	8561276
Others	<u>6727000</u>	<u>6727000</u>
	<u>18370451</u>	<u>17045341</u>
18.1 Others comprises share application money which is not yet allotted.		
19 OTHER CURRENT ASSETS		
Unbilled Revenue	1244650	773116
Unamortised Premium on Forward Contract	2689748	
Share Issue Expenses	2959899	2959898
(To the extent not written off)		
Forward Contract Receivable	59060181	0
Duty Drawback Receivable	487091	0
Others	<u>1490555</u>	<u>6444272</u>
	<u>67932124</u>	<u>10177286</u>





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

CURRENT YEAR

PREVIOUS YEAR

AMOUNT (Rs.)

AMOUNT (Rs.)

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

19.2 Share issue expenses not written off are to be written off within 12 months.

20 REVENUE FROM OPERATIONS

Sale of Products	396058681	273940429
Other Operating Revenue	1326022	798688
Less: Central Excise Duty	<u>(34350728)</u>	<u>(24717100)</u>
	<u>363033975</u>	<u>250022017</u>

20.1 Sale of Products Comprises

Manufactured goods		
Conveyor Belt	372436956	262277646
Rubber Sheet	<u>23621725</u>	<u>11662783</u>
	<u>396058681</u>	<u>273940429</u>

20.2 Other Operating Income comprises of income from DEPB License (export incentive).

21 OTHER INCOME

Interest	1272345	715957
Income from Exchange Fluctuation		1970216
Profit on sale of Fixed Assets	1022845	-
Income on cancellation of forward contract <i>of currency</i>	6222505	-
Other Incomes	<u>2055026</u>	<u>791730</u>
	<u>10572721</u>	<u>3477903</u>



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

21.1 Interest income comprises interest receivable on FDR of Rs. 1193823 (Previous Year Rs. 359819) & Interest received on deposit to JVVN of Rs. 78522 (Previous Year Rs. 56138).

21.2 Other Income includes discount received and insurance claim received of Rs. 466816 during the year.

22 COST OF MATERIAL CONSUMED

	% of Consumed	Amount	% of Consumed	Amount
Imported	22.56	54253136	19.00	34281038
Indigenous	77.44	186283415	81.00	146113725
	100	240536551	100	180394763

22.1 PARTICULARS OF MATERIAL CONSUMED

Carbon	15477166	12194251
Chemical	24167043	16652474
Fabric	32218896	44611325
Process Oil	7514666	268285
Rubber	160132558	106668428
Others	1026222	
	<u>240536551</u>	<u>180394763</u>

23 CHANGES IN INVENTORIES OF FINISHED GOODS & WIP

Inventories (at closing)

Finished Goods	95400160	76910220
WIP	<u>17200000</u>	<u>7700000</u>
	112600160	84610220

Inventories (at beginning)

Finished Goods	76910220	50980018
WIP	<u>7700000</u>	<u>13372612</u>
	84610220	64352630

(27989940)(20257590)



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
24 EMPLOYEE BENEFITS EXPENSES		
Salaries & Wages	9028918	6585025
Contribution to Provident Fund & Other Fund	527596	316842
Gratuity (Unfunded)	687619	404819
Staff Welfare Expenses	161230	110566
	<u>10405363</u>	<u>7417252</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	270316	170439
---	--------	--------

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.

25 FINANCE COSTS

Interest	25622299	11815177.00
Other Borrowing Cost	3905857	2642422.00
	<u>29528156</u>	<u>14457599</u>

26 DEPRECIATION AND AMORTISATION COSTS

Depreciation on sale of Fixed Asset	85602	0
Depreciation	45487639	24208100
	<u>45573241</u>	<u>24208100</u>





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (Rs.)		AMOUNT (Rs.)	
27 OTHER EXPENSES				
Manufacturing Expenses				
Power & Fuel	10346039		8863479	
Consumable Stores	3090002		750127	
Repairs & Maintenance	1223506		1338536	
Testing Charges	50921		115718	
Factory Expenses	261429		290765	
Freight Expenses	2683655		2065107	
Packing Expenses	1384337		1039643	
Water Expenses	133400	19173289	97340	14560715
Selling and Distribution Expenses				
Selling and Distribution Expenses	9444780	9444780	7307747	7307747
Other Expenses				
Administrative Expenses	3539563		1830350	
Auditor's Remuneration	320000		140000	
Insurance	1218585		481094	
Charity and Donation	1000		0	



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (Rs.)		AMOUNT (Rs.)	
Loss on foreign currency transactions and translation	8061780		0	
Office Rent	110000		110000	
Other Expenses	860298		778981	
Amortisation of share issue expenses	2959898	17071124	2959898	6300323
		<u>45689193</u>		<u>28168785</u>

27.1 VALUE OF CONSUMABLE STORES AND RAW MATERIAL CONSUMED:

	% of Consumed	Amount	% of Consumed	Amount
Imported	0	0	0	0
Indigenous	100	3090002	100	750127
	<u>100</u>	<u>3090002</u>	<u>100</u>	<u>750127</u>

27.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

Raw Materials and Stock -in-Trade	75257799	31891614
Capital Goods	159893	106560351
	<u>75417692</u>	<u>138451965</u>

27.3 PAYMENT TO AUDITORS AS:

Internal Audit Fees	80000	40000
Statutory Audit Fees	120000	50000
Cost Audit Fees	20000	0
Tax Audit Fees	50000	25000
Professional Fees	50000	25000
	<u>320000</u>	<u>140000</u>

28 EARNINGS PER SHARE

i) Net profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.)	19727132	12340338
ii) No. of Weighted Average Equity Shares	11779656	11779656





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
iii) Basic and Diluted Earnings per share (Rs.)	1.67	1.05
iv) Face Value per equity share (Rs.)	10	10

29 EARNINGS IN FOREIGN EXCHANGE

FOB value of Exports	<u>37307743</u>	<u>11182999</u>
	<u>37307743</u>	<u>11182999</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





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

CURRENT YEAR

PREVIOUS YEAR

AMOUNT (Rs.)

AMOUNT (Rs.)

(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	801152
Sale of Goods	0	0	7132653
Managerial Remuneration	888000	0	0
Purchase & Other Expenses	0	0	464246
Loan Received	0	0	3000000
Loan Repaid	1055000	2945000	15380000

Balance as at 31st March, 2012

Trade Receivable

Loans

0

16744086





NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
31 FINANCIAL AND DERIVATIVE INSTRUMENTS		
Derivative contracts entered into by the company and outstanding as on 31 st March, 2012		
For Hedging Currency Related Risks :		
Forward Contract Payable	61442490	0
32 CONTINGENT LIABILITIES AND COMMITMENTS		
		Rs. (In Lakhs)
(i) Claims against company disputed liabilities		
Entry Tax Demand	2.66	2.66
(ii) Guarantees		
Performance Guarantees	182.04	742.64
Financial Guarantee	54.88	0
Guarantee against Buyer's Credit	531.07	0
(iii) Letter of credit	127.73	155.96

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.



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

NOTE 11

FIXED ASSETS (CONSOLIDATED)

PARTICULARS	GROSS BLOCK AS ON 01-04-2011	ADDITIONS DURING THE YEAR	DEDUCTIONS/ADJUSTMENT	TOTAL	RATE	DEPRECIATION			W.D.V.		
						AS AT 01.04.2011	CURRENT YEAR	DEDUCTIONS/ADJUSTMENT	TOTAL	AS ON 31.03.2011	AS ON 31.03.2012
Land	59379925	0	0	59379925	NIL	NIL	NIL	0	0	59379925	59379925
Building	81756249	21962719	0	103718968	10.00%	22565462	7859804	0	30425266	59190787	73293702
Computer	1268440	589234	0	1857674	40.00%	917667	319390	0	1237057	350773	620617
Plant & Machinery	197718087	124677728	1503800	320892015	13.91%	46860472	36513585	461043	84913014	148857615	235979001
Furniture & Fixtures	786750	3232632	0	4021382	18.10%	385868	518956	0	904844	402862	3116538
Vehicles	2912152	0	0	2912152	26.89%	1982234	240756	0	2222990	929918	689162
Vehicles (c)	270978	0	0	270978	30.00%	153819	35148	0	188967	117159	82011
Total	344094581	150462313	1503800	493053094		74865542	46487639	461043	119892138	269229039	373160956
Capital WIP	160674505	486000	134178579	26981926		0	0	0	0	160674505	26981926
TOTAL	504769086	150949313	135682379	520035020		74865542	45487639	461043	119892138	429903544	400142682

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).





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. Gains arising out of fluctuation in rate between transaction date and settlement date in respect of revenue items are 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 Contract

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 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 on 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.

18. 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.

