VINOD GANDHI & ASSOCIATES
CHARTERED ACCOUNTANTS
205, Indira Arcade, Residency Road, Sadar, Nagpur.
Call: 0712-2557420, 9823046941

SEAM INDUSTRIES PRIVATE LTD.

SCHEDULE NO. Q:

Statement on Significant Accounting Policies and Notes to Accounts:

SIGNIFICANT ACCOUNTING POLICIES ADOPTED IN THE PREPERATION AND PRESENTATION OF ACCOUNTS:

1. Description of Business
   SEAM INDUSTRIES PVT. LTD. engaged in the business of manufacturing, fabricating, assembling, designing and construction of boiler plants or such similar items used in manufacture of Thermal power plants, hydra power projects.

2. Basis of Preparation of Financial statements
   The Financial statements are prepared under the historical cost convention in accordance with the Generally Accepted Accounted Practices (GAAP) and comply with mandatory accounting standards and statements issued by the Institute of Chartered Accountants of India and the Companies Act 1956. All Income and expenditure having a material bearing on the financial are recognized on accrual basis.

3. Basis Of Accounting:-

i) The Company follows mercantile system of accounting and recognizes Income and Expenditure on accrual basis.
ii) The accounts have been prepared in accordance with the generally accepted accounting principles and Accounting Standards referred to in Sub-section (3c) of the section 211 of the Companies Act,1956.
iii) Financial Statements are based on historical cost convention.

4. Use of Estimates:-
   The preparation of Financial Statement required by the management of the company to make estimates and assumption that affect the reported balances of assets and liability and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to the accounting estimates is recognized prospectively in current and future periods.

5. Revenue Recognition:-

i) Revenue from interest income is recognized on time basis.
ii) Revenues from sale of products is recognized on dispatch of goods to the customers, which corresponds, to transfer of significant risks and reward of ownership and is net of Excise duty, sales tax and trade discounts.

6. Fixed Assets and Depreciation
   Fixed Assets are stated at the cost of acquisition impairment loss if any. All direct costs related to acquisition of fixed assets are capitalized as part of the cost of such assets till commencement of commercial production. Costs include all expenses incurred to bring the assets to its present location and condition. These costs include freights, installation costs, duties and taxes, and other allocated expenses, including finance cost that are attributable to specific borrowing incurred during the acquisition or construction of a qualifying assets. Advances paid towards the acquisition of assets and

VINOD GANDHI & ASSOCIATES NAGPUR Dt.

cost of assets not ready for their intended use before such dates are disclosed under capital work in progress.

The method of Depreciation has been changed from Straight Line Method to **Written Down Value Method**. The depreciation is charged by applying the rates prescribed in the schedule XIV Companies Act, 1956. The financial impact due to change in method of charging depreciation is detailed in Notes to Accounts.

7. Borrowing Costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets.

During the year the company has not utilized any loans for qualifying assets, thus no borrowing cost is capitalized.

8. Retirement & Other Employee Benefits :-

Cost of retirement benefit i.e. provident fund is accounted for on accrual basis.

Retirement benefits in the form of provident fund and superannuation Schemes and contribution charged to the profit & loss Account of the year when the contributions are charged to the respective funds are due

9. Current and Deferred Tax:

i) Tax expenses comprise current tax & deferred tax. The effect of the Deferred Tax (as per Accounting Standard -22) has been provided in the books of accounts.
ii) Provision for current income tax is made in accordance with the Income Tax Act, 1961 and based on the expected outcome of the assessment.
iii) In case of matters under Appeal, if any due to disallowances or otherwise, full provision is made when the said liabilities are accepted by the company.
iv) The deferred tax for timing differences between the books and tax profit for the year is accounted for using the tax rates and laws that have been enacted as of the balance sheet date .Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that the assets can be realized in future.

10. Related Party Disclosure:-

As per Accounting Standards 18, issued by The Institute Of Chartered Accountants Of India, the disclosures of transactions with the related parties as defined in the Accounting Standards are given below:

Name of the related party	Relationship
Sunil Hi Tech Eng.Ltd	Holding Company
Swati R Gutte (Phad)	Relative of Directors

The present entity i.e. SEAM INDUSTRIES PVT. LTD. has the following directors:

a) Mr. Ratnakar Gutte
b) Mr. Sunil Gutte
c) Mr. Vijay Gutte

VINOD GANDHI & ASSOCIATES NAGPUR Dt. Chartered Accountants

Out of the above directors, all the three directors are the director in its parent Public Company **M/s. SUNIL HITECH ENGINEERS LIMITED** and this disclosure is being initiated under the provisions of ACCOUNTING STANDARD -18 on Related Party Disclosure. The following particulars arise as a result of the above:

Transaction with Related Party during the year:

Sr. No.	Transaction	Name of the Related Party	Amount (Rs.)
1.	Sales of Finished Goods and Services	Sunil Hi tech Engineers Ltd.	3,13,64,697.00
2.	Inter Corporate Deposit Taken & Repaid		5,50,00,000.00
3.	Interest paid on Loan Taken		19,55,589.00
4.	Remuneration	Swati R Gutte (Phad)	9,40,000.00

11. Inventories:-

Items of inventories are measured at lower of cost or net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition. Raw material and components, & Work In progress are determined on FIRST IN FIRST OUT BASIS.

12. General:

Other accounting policies of the company are consistent with generally accepted accounting policies.

13. Provisions, Contingent Liabilities and Contingent Assets:-

i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an out sources of resources. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These provisions are reviewed at each balance sheet date and are adjusted up or down to reflect the current best estimate.

Contingent liabilities are not provided for in the accounts are disclosed hereunder:

a) Bank Guarantees outstanding :Rs. 57,39,000/-
b) Claims against company not acknowledged :NIL
c) Contracts remaining to be executed on Capital accounts :NIL
a. Earning in foreign currency (Turnover) :NIL
b. Remittances in foreign currency :NIL
(Actually received in the financial year)

ii) Contingent assets are neither recognized nor disclosed in the financial statements.

14. Sundry Debtors, Advances & Deposits:-

Book Debts, advances, and deposits balances considered irrecoverable are written off.

VINOD GANDHI & ASSOCIATES NAGPUR Dt. Chartered Accountants

VINOD GANDHI & ASSOCIATES
CHARTERED ACCOUNTANTS
205, Indira Arcade, Residency Road, Sadar, Nagpur.
Call: 0712-2557420, 9823046941

15. Statutory Books:-
Companies Act, 1956 has through its different sections, made it obligatory on the part of the companies to maintain various registers books etc. These registers are needed to be maintain statutorily. The company has maintained these registers as required by the Companies Act 1956.

B) NOTES ON ACCOUNTS:

1. Balances reflected in the financial statements in respect of Creditors, Loans & Advances are subject to confirmation from the respective parties.

2. Statement of Particulars pursuant to the provisions of Section 217(2A) of the companies Act, 1956 is not applicable as none of the employee of the company was in receipt of a remuneration of Rs.12,00,000/- or more during the year.

3. In the current financial year the company has changed its name from Sunil Hitech Engineers & Manufacturers Pvt. Ltd. to **SEAM Industries Pvt. Ltd.** The change of name has been intimated to all concerned departments & Government authorities as well as business contacts. The change has been effected from 4th June 2009. The board resolution has been passed to that effect.

4. In this year the company has changed the accounting policy for Depreciation on Fixed Assets. Up to FY 2008-09, company was charging depreciation by Straight Line Method. From FY 2009-10 the company has changed its method of charging depreciation to Written Down Value method at the rates prescribed in the Schedule XIV of the Companies Act, 1956.

   The Holding Company i.e. Sunil Hi Tech Engineers Ltd. is charging the depreciation by Written Down Value method and in order to harmonized the accounting policy to facilitate the consolidation of accounts and for better presentation of the Financial Statements, the company has changed the method of depreciation.

   The financial impact due to change in accounting policy is as under

Sr. No.	Particulars	Amount (Rs.)
1	Depreciation as per Existing Accounting Policy for FY 2009-10 (SLM)	33,70,377
2	Depreciation as per Revised Accounting Policy for FY 2009-10 (WDV)	72,23,147
3	Increase in the amount of Depreciation for the FY 2009-10 **(2 - 1)**	38,52,770
4	Difference of Depreciation calculated retrospectively due to change in method	92,81,394
5	Total amount of Increase in Depreciation for FY 2009-10 **(3 + 4)**	1,31,34,164

VINOD GANDHI & ASSOCIATES NAGPUR Dt. Chartered Accountants

5. The Term Loan Facility has been shifted from UCO Bank to OBC. The loan amount together with the interest thereon / additional interest premia and prepayment remuneration payable to lead bank cost, charges, Expenses and other monies whatsoever shall continue to be secured by:
   A. First charge by way of Hypothecation on all Plant & Machineries:
      As per Annexure Enclosed
   B. (i) First Charge by way of Mortgage on Borrowers property ; as per Annexure Enclosed
      (ii) Personal Guarantees of:
1. Shri. Ratnakar M. Gutte
2. Shri. Sunil R. Gutte
3. Shri Vijay R. Gutte.

(iii) Second charge by way of Hypothecation on all the current assets of the borrower for securing their Working Capital Facility.

6. Capital Commitment:
   In the Opinion of the Board of Directors all the Current Assets, Loans and advances have a value on Realization in the ordinary course of business at least equal to the amount at which they are stated and all the known liabilities relating to the year have been provided for.

7. Auditors Remuneration:

Particular	2009-10	2008-09
Statutory Audit	50000.00	50000.00
Other Professional Services	80000.00	115000.00
Reimbursement of Expenses	NIL	NIL

8. Earning Per Share:

Sr. No.	Particular	2009-10	2008-09
1	Net Profit after Tax (Rs.'000)	23196	11966
2	Number of Equity Shares	4130000	4130000
3	Nominal Value per Share (in Rupees)	10	10
4	Earning per Share (In Rupees)	5.61	2.90

9. In the current year none of the employees is in receipt of salary in excess of the limits specified under section 217(2A) of Companies Act, 1956.

10. Quantitative Details: No Quantitative Details have been maintained by the company. The Opening, Closing stock are certified by Management.

VINOD GANDHI & ASSOCIATES NAGPUR Dt. Chartered Accountants

VINOD GANDHI & ASSOCIATES
CHARTERED ACCOUNTANTS
205, Indira Arcade, Residency Road, Sadar, Nagpur.
Call: 0712-2557420, 9823046941

11. Deferred Tax:

The income as per accounting statement is less than the income computed under the provisions of Income Tax Act which gives rise to the Deferred Tax Asset of Rs.26, 82,221.00, calculated at the rate of Income Tax enacted on the Balance Sheet date, which is adjusted against the Balance of Deferred Tax Liability resulting into the net Deferred Tax Asset of Rs.20, 84,717.00.

For Vinod Gandhi & Associates
Chartered Accountants

VINOD GANDHI & ASSOCIATES NAGPUR Dt. Chartered Accountants

Seam Industries Pvt. Ltd. Butibori, Nagpur

For and on behalf of the
Board of Directors

Vinod Gandhi
Partner
M. No. 106335
Nagpur Dt: 30.04.2010

Director

Director

SEAM INDUSTRIES PRIVATE LIMITED * Balance Sheet as at

(Value in Rupees)

	Schdl	31st March, 2010		31st March, 2009	
		Rs.		Rs.	
SOURCES OF FUNDS:					
Shareholders' Fund :					
Share Capital	A	41,300,000.00		41,300,000.00	
Reserve & Surplus	B	48,822,457.55		25,126,294.26	
			90,122,457.55		66,426,294.26
Leverage :					
Secured Loans	C	107,169,158.82		71,874,018.15	
Unsecured Loans	D	-		-	
			107,169,158.82		71,874,018.15
Deferred Tax Liabilities (Net)			-		597,504.00
Total			**197,291,616.37**		**138,897,816.41**
APPLICATION OF FUNDS:					
Fixed Assets :	E				
Gross Block		87,485,780.00		76,739,923.89	
Less: Depreciation		21,971,503.36		5,466,962.25	
Net Block		65,514,276.64		71,272,961.64	
Capital Work in Progress		7,933,251.00		-	
			73,447,527.64		71,272,961.64
Investments	F		-		-
Current Assets, Loans & Advances	G				
Inventories		121,186,940.00		51,974,967.00	
Sundry Debtors		220,373,086.24		99,316,173.24	
Cash & Bank Balances		12,060,451.01		510,769.76	
Loan & Advances		33,755,619.24		10,389,761.92	
		387,376,096.49		162,191,671.92	
Less: Current Liabilities & Provisions	H				
Liabilities		245,585,340.00		89,387,471.39	
Provision		21,610,648.86		6,984,218.86	
		267,195,988.86		96,371,690.25	
Net Current Asset			120,180,107.63		65,819,981.67
Deferred Tax Asset (net)			2,084,717.00		-
Miscallanious Expenditure (To the extent not written off)	I		1,579,264.10		1,804,873.10
Total			**197,291,616.37**		**138,897,816.41**
			-		-

Notes on Accounts Q

The Schedules A to I referred as above and notes to accounts form an integral part of the Balance Sheet

For Vinod Gandhi & Asssociates
Chartered Accountants

Vinod Gandhi
Partner
M. No. 106335
Nagpur, Date : 30-04-2010

VINOD GANDHI & ASSOCIATES NAGPUR Dt. Chartered Accountants

Seam Industries Pvt. Ltd. Butibori, Nagpur

For and on behalf of the
Board of Directors

Director Director

SEAM INDUSTRIES PRIVATE LIMITED * Schedules forming a part of Balance sheet as at

Schedule A : Share Capital	31st March, 2010	31st March, 2009
Authorised Capital 1,00,00,000 Equity Shares @ Rs.10 Each	100,000,000.00	100,000,000.00
Issued & Paid Up Capital : 41,30,000 Equity Shares @ Rs. 10 Each	41,300,000.00	41,300,000.00
Total Rs.	**41,300,000.00**	**41,300,000.00**

Schedule B : Reserves & Surplus			
A) General Reserve			
Opening balance	15,000,000.00		
Transferred during the year	-	15,000,000.00	15,000,000.00
B) Profit & Loss Account	32,322,457.55		9,126,294.26
Less Adjustments :			
TDS deducted against interest reeivable	-		
		32,322,457.55	
C) Depreciation Reserve		21,971,503.25	5,466,962.25
D) Capital Reserve			
Subsidy Received From DIC		1,500,000.00	1,000,000.00
Total Rs.		**70,793,960.80**	**30,593,256.51**

Schedule C : Secured Loans			
BOI Term Loan	-		6,955,897.00
BOI CC	-		20,128,422.63
UCO Bank CC	-		36,865,346.72
UCO Term Loan	-		6,834,270.37
OBC CC A/c	86,802,125.00		-
OBC Term Loan	10,219,839.00		-
ABN Amro Bank Ltd.	-		281,475.00
Kotak Mahindra Bank Ltd.	174,024.00		448,791.00
MAGMA Leasing Ltd.	54,755.82		359,815.43
LC Payable	9,918,415.00		-
		107,169,158.82	71,874,018.15
Total Rs.		**107,169,158.82**	**71,874,018.15**

Schedule D : Unsecured Loans		
From Promoters	-	-
From Others	-	-
Total Rs.	**-**	**-**

VINOD GANDHI & ASSOCIATES
NAGPUR Dt.
Chartered Accountants

Schedule E: Fixed Assets & Depreciation
(WDV Method)
01.04.2009 to 31.03.2010

Particulars	Rate of Dep.	Gross Block (at Cost) Opening Balance	Addition / (Deletion)	Total	Depreciation Block Upto 31.3.2009	During the Period	Upto 31.3.2010	Net Block As on 31.3.2010	As on 31.3.2009
Air Conditioner	13.91%	-	49,750.00	49,750.00	-	5,445.00	5,445.00	44,305.00	-
Electric Installation	13.91%	2,432,223.00	-	2,432,223.00	271,143.00	682,414.00	953,557.00	1,478,666.00	1,717,579.00
Furniture & Fixture	18.10%	1,134,991.00	195,800.00	1,330,791.00	165,462.50	401,084.00	566,546.50	764,244.50	728,116.00
Computers & Softwares	40.00%	520,707.00	445,645.00	966,352.00	161,032.35	311,351.00	472,383.35	493,968.65	232,317.00
Motor Vehicle	25.89%	1,893,015.00	482,093.00	2,375,108.00	296,849.56	814,735.00	1,111,584.56	1,263,523.44	1,176,818.00
Plant & Machinery	13.91%	22,225,532.00	8,339,303.00	30,564,835.00	2,037,852.33	6,356,710.00	8,394,562.33	22,170,272.67	16,804,372.00
Office Equipment	13.91%	342,511.00	300,573.00	643,084.00	35,178.51	128,574.00	163,752.51	479,331.49	248,235.00
Factory Shed & Office Building	10.00%	38,648,142.00	921,657.00	39,569,799.00	2,499,444.00	7,802,789.00	10,302,233.00	29,267,566.00	28,246,792.00
Misc Assets	13.91%	-	11,035.00	11,035.00		1,439.00	1,439.00	9,596.00	-
Land	0.00%	9,542,803.00	-	9,542,803.00		-	-	9,542,803.00	9,542,803.00
Total		**76,739,924.00**	**10,745,856.00**	**87,485,780.00**	**5,466,962.25**	16,504,541.00	**21,971,503.25**	**65,514,276.75**	**58,697,032.00**

For Vinod Gandhi & Asssociates
Chartered Accountants

Vinod Gandhi
Partner
M. No. 106335
Nagpur, Date : 30-04-2010

VINOD GANDHI & ASSOCIATES NAGPUR Dt. Chartered Accountants

Seam Industries Pvt. Ltd. Butibori, Nagpur

For and on behalf of the
Board of Directors

Director

Director

SEAM INDUSTRIES PRIVATE LIMITED * Schedules forming a part of Balance sheet as at			
Schedule G : Current Assets			
A) Closing Stock:		121,186,940.00	51,974,967.00
(Lower of the cost or Net Realisable Value as Valued & Certified by the Management)			
B) Sundry Debtors		220,373,086.24	99,316,173.24
C) Other Debit Balances		5,868,026.64	2,230,960.00
D) Cash & Bank Balance:			
i.Cash in Hand	100,544.00		65,114.00
ii.With Bank (Scheduled Banks)	11,959,907.01		445,655.76
		12,060,451.01	510,769.76
E) Loans & Advances:			
1) Statutory Deposits			
Central Excise Deposit	63,420.00		(302,943.00)
Central Excise E D Cess Deposit	17,609.00		9,078.38
Central Excise HE Cess @ 1%	151.00		(4,197.00)
Cenvat Credit for Input Services	3,509.00		3,509.00
Cenvat Deposit on Capital Goods(50%)	360,260.00		-
Cenvat on Raw Material	1,920,275.00		-
Cenvat on Raw Material ED Cess	26,132.38		-
Cenvat on Raw Material H.E. Cess @ 1 %	12,654.00		-
Service Tax Billing @ 12%	(36,400.00)		(930,000.00)
Service Tax E D Cess Billing @ 2%	(727.00)		(18,600.00)
Service Tax on H E Cess Billing @ 1%	(362.00)		(9,298.00)
Service Tax on Input Service	824,236.04		729,413.18
Service Tax on Input Service E D Cess @2%	16,447.77		14,583.22
Service Tax on Input Service H E Cess @ 1%	8,238.73		7,289.46
V A T input on Raw Material @4%	2,350,302.68		570,764.68
V A T input on Consu & Non Consu @ 4%	348,884.00		3,288.00
V A T input on Consu & Non Con @ 12.5%	1,839,203.00		13,214.00
V A T input on Captial goods @ 12.5%	556,151.00		(21,519.00)
V A T on Capital goods @ 4%	1,789.00		1,673.00
		8,311,773.60	66,255.92
2) Prepaid Expenses	56,806.00		
		56,806.00	166,960.00
3) Advances :			
Imprest Advances	149,178.00		60,851.00
Advance For Land Purchase	3,517,600.00		1,012,500.00
Income Tax (A.Y. 2008-2009)	2,272,000.00		2,272,000.00
Income Tax (A.Y. 2009-2010)	4,500,000.00		4,500,000.00
Income Tax (A.Y. 2010-2011)	9,000,000.00		-
FBT Advance Tax 07-08	25,000.00		25,000.00
FBT Advance Tax 08-09	55,235.00		55,235.00
		19,519,013.00	7,925,586.00
Total Rs. (A+B+C+D+E)		**387,376,096.49**	**162,191,671.92**

VINOD GANDHI & ASSOCIATES * Chartered Accountants NAGPUR Dt.

SEAM INDUSTRIES PRIVATE LIMITED * Schedules forming a part of Balance sheet as at

Schedule H : Current Liabilities & Provisions			
A) Current Liabilities			
Trade Creditors - Goods Supply	166,306,334.00		87,119,779.39
Trade Creditors - Capital Assets	142,384.00		31,634.00
		166,448,718.00	87,151,413.39
B) Other Current Liabilities			
Taxes & Duties Payable			
Service Tax Payable	87,366.00		-
FBT Payable 09-10	-		45,360.00
WCT deducted against VAT A/c.	-		1,673.00
TDS deducted from contractors	206,030.00		-
TDS deducted from House Rent	94,833.00		-
TDS deducted from professionals	79,537.00		776,091.00
TDS deducted from salary	4,985.00		2,800.00
TDS deducted from ICD (Shel)	7,474.00		-
		480,225.00	825,924.00
Security Deposit Payable			
S.D.of Jagannath Engg.Entps.	112,927.00		
S.D.of Ppn Engineering Works	5,760.00		
S.D of Priyanka Engineering Works	145,729.00		
S.D of Sanyasi Rahul	46,899.00		
S.D.of V.S.Contruction	2,900.00		
S.D. from Kanchi Consortium	81,565.00		
S.D. of Mata Kanyaka Associates	21,840.00		
		417,620.00	
Advances From Customer			
Advance from Customers	53,486,881.00		-
		53,486,881.00	
Payroll & Benefits Payable			
Salaries to Staff Payable	2,153,421.00		1,399,574.00
Professional Tax Deducted From Salary	15,545.00		10,560.00
		2,168,966.00	1,410,134.00
Other Expenses Payable			
Bills Payable	12,936,956.00		-
Job Work Expenses Payable	9,348,050.00		-
Other Payable	297,924.00		-
		22,582,930.00	
C) Provision for Tax			
Previous balance	6,984,218.86		
Provision for current years Tax	14,626,430.00	21,610,648.86	6,984,218.86
Total Rs.		**267,195,988.86**	**96,371,690.25**

Schedule I :Miscellenous Expenditure			
Pre-operating Expenditures	1,579,264.10		1,804,873.10
		1,579,264.10	
Total Rs.		**1,579,264.10**	**1,804,873.10**

VINOD GANDHI & ASSOCIATES
NAGPUR Dt.
Chartered Accountants