FINANCIAL STATEMENTS
OF

SEAM INDUSTRIES LIMITED

NAGPUR

FOR THE YEAR ENDED 31ST MARCH 2011

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS

K.K . MANKESHWAR & CO.
CHARTERED ACCOUNTANTS

KINGSWAY, NAGPUR. 440 001
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AUDITORS' REPORT

To,
THE MEMBERS OF SEAM INDUSTRIES LIMITED.

1. We have audited the attached Balance Sheet of **SEAM INDUSTRIES LIMITED**, as at 31st March 2011, the related Profit and Loss Account and the Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003, as amended by Companies (Auditor's Amendment) Order 2004 (the "Order"), issued by the Central Government in terms of sub section (4A) of Section 227 of the Companies Act, 1956, and on the basis of such checks of the books and records of the company as we considered appropriate and according to the information and explanation given to us, we enclose in the **Annexure 'A'** a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, we also 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 the books;

   (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with Notes thereon comply with the mandatory accounting standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;

   (e) On the basis of written representations received from the Directors of the Company as on 31st March 2011, and taken on record by the Board of Directors, we report that none of the Director is disqualified from being appointed as a director of the company under clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

   (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the Notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2011;

(ii) In case of the Profit and Loss Account, of the **PROFIT** for the year ended on that date; and

(iii) In the case of the Cash Flow Statement of the Cash Flows for the year ended on that date.

As per our report attached

ASHWIN MANKESHWAR
Partner
Membership No. 046219
For and on behalf of
K.K.MANKESHWAR & CO.
Chartered Accountants
FRN: - 106009W

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Nagpur, dated the,
30th April, 2011

ANNEXURE 'A' TO AUDITORS' REPORT

(Referred to in paragraph 3 of the Auditors' report of even date to the members of **SEAM INDUSTRIES LIMITED** on the Financial Statements for the year ended 31st March, 2011)

1. **In respect of fixed assets:**

   a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. As explained to us, the management has during the year, physically verified the fixed assets. There was no material discrepancies noticed on such verification. In our opinion, having regard to the size of the Company and the nature of its operations, the frequency of verification is reasonable.

   c. The company has not disposed of any substantial part of fixed assets during the year and the going concern status of the company is not affected.

2. **In respect of inventories:**

   a. The Inventory has been physically verified by the management. In our opinion, the frequency of verification is reasonable.

   b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   c. The Company is maintaining proper records of inventories. As explained to us there were no materials discrepancies noticed on physical verification of inventories, as compared to the book records.

3. In respect of loans, secured or unsecured, granted or taken by the company to / from Companies, firms or other parties covered in the registered maintained under section 301 of the Companies Act, 1956:

   a. *The company has taken unsecured loan from one company covered in the register maintained under section 301 of The Companies Act 1956.The maximum amount involved during the year was Rs. 4,00,00,000 and the year-end balance of loan taken from such parties was Rs. 3,00,00,000.*

   The company has not granted any loan secured or unsecured to any companies/firms covered in the register maintained under section 301 of the Companies Act, 1956

   b. In our opinion and according to the information and explanations given to us, the rate of interest, wherever applicable and other terms and conditions are not *prima facie* prejudicial to the interest of the company.

   c. There is no overdue amount in respect of loan taken by the Company. In respect of loan taken by the Company, these are repayable on demand and therefore the question of overdue amount does not arise.

4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures 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. During the course of our audit, we have not observed any major weakness in internal controls.

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

5. **In respect of transactions covered under section 301 of the Companies Act, 1956:**

   a. In our opinion and according to the information and explanations given to us the transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act. 1956 have been so entered.

   b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.

6. In our opinion and according to the explanations given to us, the company has not accepted any deposit from the public within the meaning of section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed there under.

7. In our opinion the company has an internal audit system commensurate with its size and the nature of its business.

8. The Central Government has not prescribed maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956.

9. **In respect of statutory dues:**

   a. According to the records of the Company, except for delays in depositing Tax deducted at source and Tax collected at source, all undisputed statutory dues including Provident fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service Tax, Excise Duty, cess and other statutory dues have been generally regularly deposited with the appropriate authorities.

      According to the information and explanation, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2011 for a period of more than six month from the date of becoming payable.

   b. According to the information and explanation given to us and the records of the company, no dues in respect of Income tax, Wealth tax, Sale tax, Service Tax, Excise Duty, and other statutory dues have been regularly deposited with the appropriate authorities.

10. The Company has no accumulated losses and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.

11. According to the information and explanation given to us, in our opinion the company has not defaulted in repayment of dues of financial institution or bank, as at the balance sheet date.

12. In our opinion and according to the information and explanation given to us, no loans and advances have been granted by the Company on the basis of security by way of pledge of shares debentures and other securities.

13. In our opinion the Company is not a chit fund or nidhi / mutual benefit fund / society therefore clause 4 (xiii) of the Companies (Auditors Reports) order 2003 is not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments.

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
NAGPUR

15. The Company has not given guarantees for loans taken by others from banks or financial institutions.

16. In our opinion, according to the information and explanation given to us and to the best of our knowledge and belief on an overall basis, the term loans taken and / or utilized during the year have been applied for the purpose for which they were obtained.

17. According to the information and explanation given to us and on the basis of an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment and vice versa.

18. According to the information and explanation given to us, the Company has not made any preferential allotment of shares to parties and Companies covered in the registered maintained under section 301 of the Companies Act, 1956.

19. The Company has not issued any debentures during the year. Hence, reporting on paragraph 4 (xix) of Companies (Auditor's Report) Order, 2003 pertaining to creation of security or charged for debentures does not arise.

20. The Company has not raised any money by way of public issues during the year. Accordingly reporting on paragraph 4 (xx) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.

21. During the course of our examination of the books and records of the company, carried out in accordance with the Generally Accepted Accounting Practices In India, and in accordance to the information and explanation given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

As per our report attached

Amankeshwar

ASHWIN MANKESHWAR
Partner
Membership No: 046219
For and on behalf of
K. K. MANKESHWAR & CO.
Chartered Accountants
FRN: - 106009W

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Nagpur, dated the,
30th April , 2011.

SEAM INDUSTRIES LIMITED
Balance Sheet as at 31st March 2011

	Sch.	31st March, 2011 Rs.		31st March, 2010 Rs.	
I. SOURCES OF FUNDS :					
1. Shareholders Fund :					
Capital	A	41,300,000		41,300,000	
Reserve & Surplus	B	85,701,753		48,822,458	
			127,001,753		**90,122,458**
2. Loan Funds :					
Secured Loans	C	208,707,865		107,169,158	
Unsecured Loans	D	30,000,000		-	
			238,707,865		**107,169,158**
Total			**365,709,618**		**197,291,616**
II APPLICATION OF FUNDS :					
3. Fixed Assets :	E				
Gross Block		98,868,646		87,485,780	
Depreciation		30,230,296		21,971,504	
Net Block		68,638,350		65,514,276	
Capital Work In Progress		23,781,871		7,933,251	
			92,420,221		**73,447,527**
4. Investments	F		**6,677,478**		**1,936,536**
5. Deferred Tax Asset (net)			**2,623,741**		**2,084,717**
6. Current Assets,Loans and Advances:					
Inventories	G	41,481,573		121,186,940	
Sundry Debtors	H	464,795,121		220,373,085	
Cash & Bank Balances	I	1,367,118		12,060,451	
Loans & Advances	J	118,943,069		42,281,263	
		626,586,881		395,901,739	
Less:-Current Liabilities and provisions:					
Liabilities	K	323,014,600		256,047,519	
Provision for income tax		39,584,103		21,610,648	
		362,598,703		277,658,167	
Net Current Asset			**263,988,178**		**118,243,572**
7. Miscellaneous Expenditure	L		**-**		**1,579,264**
(To the extent not written off)					
Total			**365,709,618**		**197,291,616**
Notes to Accounts	M				

The Schedules referred to above and Notes to Accounts form an integral part of Balance sheet

As per our report attached

ASHWIN MANKESHWAR
Partner
Membership No. 046219
For and on behalf of
K.K. Mankeshwar & Co.
Chartered Accountants
FRN: 106009W

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Nagpur, dated the
30th April, 2011

For SEAM INDUSTRIES LIMITED

DIRECTOR **DIRECTOR**

SEAM INDUSTRIES LIMITED
Profit & Loss Account for the year ended 31st March 2011

	Schedule	31st March, 2011 Rs.	31st March, 2010 Rs.
INCOME			
Sales	N	808,673,292	470,872,735
Other Income	O	1,273,131	7,401,367
Total		**809,946,423**	**478,274,102**
EXPENDITURE			
Raw Material Consumed	P	596,338,684	319,236,677
Manufacturing Expenses	Q	83,580,220	59,097,504
Administrative Expenses	R	28,528,344	22,549,813
Personnel Cost	S	16,898,501	11,414,491
Interest & Financial Charges	T	20,948,892	14,105,095
Miscelleneous expenses written off		1,579,264	225,609
Depreciation *(Refer note 6 of Schedule T (II))*		8,258,792	16,504,541
Total		**756,132,697**	**443,133,730**
PROFIT BEFORE TAX		**53,813,726**	**35,140,372**
Provision for Tax		17,973,455	14,626,430
Deferred Tax Expense / (Income)		(539,024)	(2,682,221)
PROFIT AFTER TAX		**36,379,295**	**23,196,163**
Surplus Brought Forward from previous year		32,322,458	9,126,294
Balance for Appropriation		-	-
Total		**68,701,753**	**32,322,458**
Less: Transferred to General Reserve		-	-
		-	-
Surplus carried to Balance Sheet		**68,701,753**	**32,322,458**
Basic Earning Per Share		**8.81**	**5.62**

Notes forming part of Profit & Loss Account. **U**

The Schedules referred to above and Notes to Accounts form an integral part of this Profit & Loss account

As per our report attached

ASHWIN MANKESHWAR
Partner
Membership No. 046219
For and on behalf of
K.K. Mankeshwar & Co.
Chartered Accountants
FRN:- 106009W

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Nagpur, dated the,
30th April, 2011

For SEAM INDUSTRIES LIMITED

DIRECTOR **DIRECTOR**

SEAM INDUSTRIES LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2011

	31st March, 2011 Rs.	31st March, 2010 Rs.
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit BEFORE tax and extraordinary items	53,813,726	35,140,372
Add / (Less)		
Depreciation	7,979,723	16,504,541
Amortization of Leasehold Land	279,069	-
Provision for Gratuity & Leave Encashment	958,937	-
Misc. Expenditure Write off	1,598,407	225,609
Interest & financial Charges	2,501,418	14,105,095
Interest Income	(244,791)	(75,265)
Operating Profit before Working Capital Changes	**66,886,489**	**65,900,352**
Adjustment for		
Trade & Other Receivables & Advances	(247,273,921)	(135,341,590)
Inventory / WIP	79,705,367	(69,211,973)
Trade & Other Payables	66,767,081	156,116,689
Cash Used in Operations	**(33,914,984)**	**17,463,477**
Direct Taxes (Paid)	16,300,000	9,000,000
Subtotal (A) : Net Cash Used in Operating Activity	**(50,214,984)**	**8,463,477**
B. CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of Fixed Assets	(27,231,486)	(18,679,107)
Advance for Assets (Capital WIP)	(58,288,000)	-
Purchase of Investments	(4,740,942)	-
Interest Received	244,791	75,265
Subtotal (B) : Net Cash Used in Investment Activity	**(90,015,637)**	**(18,603,842)**
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of Share Capital Including Security Premium		
Proceeds from Warrants		
Proceeds / (Repayment) from long term borrowing (NET)		
Loans Accepted / (Repaid) during the year (NET)	131,538,707	35,295,141
Interest & Financial Charges	(2,501,418)	(14,105,095)
District Industries Centre (DIC) Grant Recevied	500,000	500,000
Subtotal (C) : Net Cash Used in Financing Activities	**129,537,289**	21,690,046
Net Increase / (Decrease) in cash & Cash Equivalents (A+B+C)	(10,693,333)	11,549,681
Cash & Cash Equivalent at Begning of the Year	12,060,451	510,770
Cash & Cash Equivalent at Closing of the Year	1,367,118	12,060,451

NOTES
1. The above statement has been prepared following the Indirect Method.
2. Increase in Fixed Assets are stated inclusive of movements of Capital work in progress and Capital advances.
3. Proceeds from long term and other borrowings are shown net of repayments.
4. Cash and Cash Equivalents represent Cash and Bank Balances only.
5. Figures for the previous year have been rearranged and regrouped wherever necessary to conform to Current year's classification.

As per our report attached

ASHWIN MANKESHWAR
Partner
Membership No. 046219
For and on behalf of
K.K. Mankeshwar & Co.
Chartered Accountants
FRN 106009W

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Nagpur, Dated the
30th April, 2011

For SEAM INDUSTRIES LIMITED

DIRECTOR **DIRECTOR**

SEAM INDUSTRIES LIMITED

Schedules "A To "M"
ATTATCHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2011

SCHEDULE "A": SHARE CAPITAL	31st March 2011 Rs	31st March 2010 Rs
AUTHORISED		
100,00,000 Equity Shares of Rs 10 each	10,00,00,000.00	10,00,00,000
ISSUED AND SUBSCRIBED		
41,30,000 Equity Shares of Rs 10 each	4,13,00,000.00	4,13,00,000
*out of these, 3500000 equity shares are held by Sunil Hitech Engineers Ltd. (Holding co.)		
Total Rs.	**4,13,00,000.00**	**4,13,00,000**

SCHEDULE "B" : RESERVES & SURPLUS

I General Reserve		
As per Last Balance Sheet	1,50,00,000.00	1,50,00,000
Sub Total I	**1,50,00,000.00**	**1,50,00,000**
II Profit & Loss Account		
As per Profit and Loss Account	6,87,01,752.97	3,23,22,458
Sub Total II	**6,87,01,752.97**	**3,23,22,458**
III Capital Reserve		
Capital subsidy received from District Industries Centre (DIC)	20,00,000.00	15,00,000
Sub Total III	**20,00,000.00**	**15,00,000**
Total Rs.	**8,57,01,752.97**	**4,88,22,458**

SCHEDULE "C": SECURED LOANS

Term Loans From Banks* (Due within 1 year, Rs. 1,20,00,000)	5,43,52,051.00	1,02,19,839
Working Capital Facilities from Banks*	15,43,55,814.00	9,69,49,320
Total Rs.	**20,87,07,865.00**	**10,71,69,159**

Notes:
**Refer Notes to Accounts Point No.11 of Schedule U(III)*

SCHEDULE "D": UNSECURED LOANS

From Shareholders (Holding Co.) (Due within 1 year, NIL)	3,00,00,000.00	-
Total Rs.	**3,00,00,000.00**	-

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

SCHEDULE "E" : FIXED ASSETS

Particulars	Gross Block (at Cost)				Depreciation			Net Block	
	As at 1.4.2010	Addition/ Adjustment during the year	Sale/Adjustments/Disposal during the year	Total as at 31.3.2011	As at 1.4.2010	During the Period	Total as at 31.3.2011	As on 31.3.2011	As on 31.3.2010
Leasehold Land*	9,542,803	3,548,500	3,361,878	9,729,425	-	279,069	279,069	9,450,356	9,542,803
Factory Shed & Office Building	39,569,799	5,098,524	-	44,668,323	10,302,233	3,378,032	13,680,265	30,988,058	29,267,566
Plant & Machinery	30,575,870	2,272,810	-	32,848,680	8,396,001	3,191,099	11,587,100	21,261,580	22,179,869
Motor Vehicle	2,375,108	993,957	-	3,369,065	1,111,585	561,900	1,673,485	1,695,580	1,263,523
Air Conditioner	49,750	54,986	-	104,736	5,445	12,187	17,632	87,104	44,305
Electrical Installation	2,432,223	769,600	-	3,201,823	953,557	209,789	1,163,346	2,038,477	1,478,666
Office Equipment	643,084	431,256	-	1,074,340	163,753	84,684	248,437	825,903	479,331
Furniture & Fixture	1,330,791	1,233,942	-	2,564,733	566,547	282,047	848,594	1,716,139	764,245
Computers & Softwares	966,352	341,169	-	1,307,521	472,383	259,985	732,368	575,153	493,969
Total	**87,485,780**	**14,744,744**	**3,361,878**	**98,868,646**	**21,971,504**	**8,258,792**	**30,230,296**	**68,638,350**	**65,514,277**
Previous Year	**76,739,924**	**10,745,856**	-	**87,485,780**	**5,466,962**	**16,504,541**	**21,971,503**	**65,514,276**	-

Note: The depreciation during the year represents amortization of Leasehold Land of Rs.98277 for the current year and Rs.180792 upto 31st March,2010

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

SCHEDULE "F" : INVESTMENTS

	31st March 2011 Rs	31st March 2010 Rs
Term Deposits with Oriental Bank of Commerce (It includes Interset of Rs.244791.00 accrued but not due)	6,677,478	1,936,536
Total Rs.	**6,677,478**	**1,936,536**

SCHEDULE "G" : INVENTORIES

(Lower of the cost or Net Realisable Value as taken, Valued & Certified by the Management)

Raw Materials -At Cost	33,368,679	69,087,617
Stock of Stores and Spares - At Cost	6,563,279	6,673,564
Stock in Process -At Cost	1,549,615	45,425,759
Total Rs.	**41,481,573**	**121,186,940**

SCHEDULE "H" : SUNDRY DEBTORS

Debts outstanding for a period exceeding six months- Unsecured -Considered Good	17,385,861	114,781,106
Other Debts- Unsecured -Considered Good	447,409,260	105,591,980
Total Rs.	**464,795,121**	**220,373,086**

SCHEDULE "I" : CASH AND BANK BALANCES

Cash in Hand	950,860	100,544
Bank Balances with Scheduled Banks On Current Accounts	416,258	11,959,907
Total Rs.	**1,367,118**	**12,060,451**

SCHEDULE "J" : LOANS & ADVANCES

Unsecured -Considered Good: Advances,Deposits and Prepaid Expenses recoverable in cash or in kind or for value to be received	145,418	56,806
Capital Advance (Holding Company)	58,288,000	-
Securtity Deposit & EMD Receivable	2,110,298	1,015,419
Creditors having Debit balances	9,217,318	10,462,179
Balance With Excise /VAT Authorities	9,874,271	8,311,774
Advance Tax Including Tax Deducted At Source	39,293,352	18,768,307
Advance for Land Purchase	-	3,517,600
Imprest Advance	14,412	149,178
Total Rs.	**118,943,069**	**42,281,263**

SCHEDULE "K" : CURRENT LIABILITIES & PROVISIONS

A) LIABILITIES		
Creditors for Raw Materials	292,651,055	176,768,513
Creditors for Capital assets	3,745,846	142,384
Creditors for expenses	19,155,649	22,582,930
Advance from Customers	1,040,000	53,486,881
Liability for expenses	4,146,145	2,168,966
Taxes and Duties Payable	1,057,949	480,225
Security Deposit Payable	1,217,956	417,620
	323,014,600	256,047,519
B) PROVISIONS		
Income tax	39,584,103	21,610,648
Total Rs.	**362,598,703**	**277,658,167**

SCHEDULE "L" : MISCELLENEOUS EXPENDITURE

Pre-operating Expenditures	-	1,579,264
Total Rs.	-	**1,579,264**

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
NAGPUR

SEAM INDUSTRIES LTD.

SCHEDULE "M" NOTES TO THE FINANCIAL STATEMENTS.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES

I. NATURE OF BUSINESS:

The company is in the business of manufacturing, fabricating, assembling, designing and construction of boiler parts or similar items used in manufacture of Thermal power plants / Hydro Power Plants or like.

II. SIGNIFICANT ACCOUNTING POLICIES:

A. ACCOUNTING CONVENTION

The Financial Statements are prepared on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles In India, provisions of the Company's Act, 1956 and comply in material aspects with the accounting standards notified under section 211 (3C) of the Company's Act, 1956 read with Company's (Accounting Standards) Rule, 2006.

B. CASH FLOW STATEMENT

The Cash flow Statement has been prepared under the "Indirect Method" in accordance with the requirements of Accounting Standard -3 "Cash flow Statement".

C. FIXED ASSETS AND CAPITAL WORK IN PROGRESS:

i. Fixed assets are stated at cost of acquisition and subsequent improvement thereto including Freight, Duties, Taxes and other incidental expenses related to acquisition and installation.

ii. Expenditure during construction period including interest on specific borrowings for new major project is capitalized prior to the date of commercial operations

D. DEPRECIATION:

Depreciation on Fixed Asset is provided on Written Down Value Method in accordance with Schedule XIV of the Companies Act, 1956 however Leasehold Land is amortized over the period of lease.

E. INVENTORY VALUATION:

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.

F. REVENUE RECOGNITION:

i. Revenue from the sale of products is recognized on dispatch of goods to the customer, which corresponds to transfer of significant risk and reward of ownership and is net off excise duty, sales tax and trade discounts.

ii. Revenue from interest income is recognized on accrual basis.

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G. **EMPLOYEE BENEFITS / RETIREMENT BENEFITS:**

Contribution to defined contribution scheme such as provident fund, other superannuation funds etc. are charged to the Profit and Loss account as incurred. The company also provides for retirement benefits in the form of Gratuity and such defined benefits are charged to the Profit and Loss account based on actuarial valuations, as at the balance sheet date, made by an independent actuary. However provision for Leave Encashment made as per the management estimates.

H. **TAXATION:**

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from the "timing difference" between book and taxable profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in the future.

I. **PROVISIONS AND CONTINGENCIES:**

The company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made, where there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

III. **NOTES TO ACCOUNTS:**

1. Contingent Liability

   - Bank Guarantee outstanding is Rs. 89,44,189 (Previous year Rs. Nil)

2. Capital Commitment:

   - Estimated amount of contract remaining to be executed on Capital Account is Rs. 10,00,000 (Previous year Rs. Nil)

3. SEAM INDUSTRIES LTD. which was originally incorporated on 17th May 2005 under the Company's Act, 1956 as SUNIL HI-TECH ENGINEERS AND MANUFACTURERS PRIVATE LIMITED, after being duly passed necessary resolution on 30th December, 2010 in terms of section 31/21 read with section 44 of the Company's Act, 1956, the said PRIVATE LIMITED COMPANY has been converted into SEAM INDUSTRIES LIMITED w.e.f. 10th February 2011 and the certificate has been issued pursuant to section 23(1) of the Company's Act, 1956 by the Registrar of Companies, Maharashtra, Mumbai and change of name has been reported to all concerned departments.

4. The Company is in the process of identifying the suppliers under Micro, Small and Medium Enterprises Development Act 2006 and in the absence of adequate response, the company is unable to produce the information.

5. As per the Company Accounting policy, a provision of Rs. 2,00,000 in respects of Leave Encashment was provided in the books of accounts.

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6. Miscellaneous expenditure amounting to Rs.15,79,264 (opening balance as on 01/04/2010) charged to Profit & Loss account.

7. Amortization of Leasehold Land:
Rs.2,79,069 being amortized amount of Leasehold Land up to 31st March 2011 which corresponds to four Leasehold lands which is being charged to Profit and Loss Account, out of which Rs.1,80,792 corresponds to period before 1st April 2010.

8. Interest of Rs.2,44,791 on term deposit, accrued but not due during the year.

9. **Disclosure as required by Accounting Standards:**

A.Information on Related Parties as required by Accounting Standard AS-18 "Related Party Disclosure".

a. Name of the Related Parties.

i.	Holding Company	-	Sunil Hi-tech Engineers Limited.
ii.	Subsidiaries	-	Nil
iii.	Fellow Subsidiaries	-	Nil
iv.	Associates	-	Nil

b. As per Accounting Standard 18, issued by the Institute of Chartered Accountants of India, the disclosure of transactions with related parties is given below:

Sr. No.	Nature of Transactions	Name of the Related Parties	Amount (Rs.)
(a)	Remuneration / Professional fees	Swati R. Gutte (Director)	10,01,876
(b)	Interest paid on Inter corporate loan during the year.	Sunil Hi-Tech Engineers Ltd (Holding Company)	34,65,755
(c)	Purchase of Consumable Materials.	Sunil Hi-Tech Engineers Ltd (Holding Company)	11,80,925
(d)	Sale of finished goods and services.	Sunil Hi-Tech Engineers Ltd (Holding Company)	2,47,62,716
(e)	Inter corporate loan taken during the year.	Sunil Hi-Tech Engineers Ltd (Holding Company)	4,00,00,000
(f)	Inter corporate Loan repaid during the year.	Sunil Hi-Tech Engineers Ltd (Holding Company)	1,00,00,000
(g)	Capital advance given during the year.	Sunil Hi-Tech Engineers Ltd (Holding Company)	5,82,88,000

c. Key Managerial Personnel

Mr. Ratnakar M Gutte - Managing Director
Mr. Sunil R Gutte - Director
Mr. Vijay R Gutte - Director

d. Relative of Key Managerial Personnel

Mrs. Swati Gutte Phad – Daughter of Mr.Ratnakar. M. Gutte.

B.Deffered Tax Assets/ Liabilities :- Due To timing differance are in respect of.

Sr. No.	Particulars	2011	2010
1.	Difference Between book & Tax Depreciation	130525	2492557
2.	Provision For Bad & doubtful Debts/Advances/Expenses	66435	0
3.	Disallowance of Expenditure As per Income Tax	342064	189664
4.	Net Deferred Tax (Assets)	5,39,024	26,82,221

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

10. **Earnings Per Share:**

Profit Computation for Basic EPS	**2010-11**	**2009-10**
Net Profit after tax attributable to equity Shareholders	3,63,79,295	2,31,96,163
Number of shares for Basic Earning per share	41,30,000	41,30,000
Number of shares for Diluted Earning per share	41,30,000	41,30,000
Basic earnings per share	8.81	5.62
Diluted earnings per share	8.81	5.62
Nominal value per equity share	10	10

11. The Term loan from bank are secured by: -

    a. First charge by way of Hypothecation on all Plant & Machinery.

    b. First charge by way of equitable mortgage of Factory Land and building situated at K-43/2, Five Star Industrial Zone, Butibori, MIDC, Nagpur.

    c. Personal Guarantees of:
    - Mr. Ratnakar M. Gutte
    - Mr. Sunil R. Gutte
    - Mr. Vijay R. Gutte

    d. Corporate Guarantee: -
    The above is also collaterally secured by way of corporate guarantee of M/s. Sunil Hi-Tech Engineers Ltd. (Holding Co.)

    e. Second charge by way of hypothecation on all the current assets of the borrower company for securing their working capital facility.

12. Figures of the previous year have been re-arranged and regrouped, wherever necessary to make them comparable to the classification of current year.

As per our report attached

ASHWIN MANKESHWAR
Partner
Membership No. 046219
For and on behalf of
K K MANKESHWAR & CO.
Chartered Accountants
FRN: - 106009W

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

For **SEAM INDUSTRIES LIMITED**

DIRECTOR **DIRECTOR**

Nagpur, dated the,
30th April, 2011.

SEAM INDUSTRIES LIMITED

Schedules "N" To "U"
ATTATCHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 31ST MARCH,2011

SCHEDULE "N" : SALES

	31st March 2011 Rs	31st March 2010 Rs
NET SALES :		
Structures	364,481,597	274,337,658
Pressure Parts	10,458,167	19,453,510
Sale of Carbon Steel Piping	427,537,825	176,796,597
Job Work	6,195,703	284,970
Total Rs.	**808,673,292**	**470,872,735**

SCHEDULE "O" : OTHER INCOME

	31st March 2011 Rs	31st March 2010 Rs
Interest on Term Deposits (Accrued but not due)	244,791	6,725,691
Sale of scrap	1,028,340	675,676
Total Rs.	**1,273,131**	**7,401,367**

SCHEDULE "P" : RAW MATERIAL CONSUMED

	31st March 2011 Rs	31st March 2010 Rs
Opening Stock (A)	121,186,940	51,974,967
Add: Purchases		
Raw Material Purchase		
Structures & Pressure parts	237,662,425	258,721,832
Carbon Steel Piping	270,244,389	114,175,225
Tanks	-	6,980,016
Others Allied Purchases	8,726,503	8,571,577
Total Rs. (B)	**516,633,317**	**388,448,650**
Less : Closing Stock		
Raw Material	33,368,679	69,087,617
Stores & Spares	6,563,279	6,673,564
Stock in process	1,549,615	45,425,759
Total Rs. (C)	41,481,573	121,186,940
Raw Material Consumed (A+B-C)	**596,338,684**	**319,236,677**

SCHEDULE "Q" : MANUFACTURING EXPENSES

	31st March 2011 Rs	31st March 2010 Rs
Spares & Consumables	2,766,207	2,175,659
Custom Duty & Clearing charges	-	1,026,371
Power & fuel	5,078,990	2,910,451
Fuel Oil & Lubricants	1,446,977	1,260,355
Freight & Cartage	777,523	652,695
Job Work charges	56,267,988	41,448,568
Loading and unloading Charges	261,255	-
General Charges	23,780	19,110
Hydra Crane Hire Charges	646,866	1,267,184
Inspection Expenses	904,040	360,118
Packing & Forwarding Charges	126,933	137,490
Radiography Charges	120,820	31,691
Testing Charges	245,964	94,916
Transportation Charges	9,771,853	4,419,343
Wages	4,196,972	2,955,168
Water Charges	944,052	338,385
Total Rs.	**83,580,220**	**59,097,504**

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SCHEDULE "R": ADMINISTRATION EXPENSES

Office Expenses	8,968,048	3,879,326
Operating Expenses	2,988,010	1,470,121
Statutory Charges	113,921	153,731
Indirect Factory Expenses	11,361,437	15,031,590
Late Delivery charges	1,858,177	-
Value Added Tax	1,250,082	-
Travelling & Conveyance Expenses	1,988,669	2,015,045
Total Rs.	**28,528,344**	**22,549,813**

SCHEDULE "S" : PERSONNEL COST

Salaries & wages including stipend	11,337,322	8,522,222
Directors Remuneration	1,001,876	-
Contribution to Provident & other funds	3,138,335	1,522,333
Staff welfare including allowances	1,420,968	1,369,936
Total Rs.	**16,898,501**	**11,414,491**

SCHEDULE "T" : INTEREST & FINANCE CHARGES

Bank Charges & commission	1,491,902	1,650,982
Interst on cash credit	12,999,617	8,915,576
Interest on Term Loan	2,501,418	1,193,755
Interest on Unsecured Loans	3,955,955	2,344,782
Total Rs.	**20,948,892**	**14,105,095**

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
NAGPUR

SEAM INDUSTRIES LTD.
Schedule "U" forming part of Profit & Loss Account

ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF PARAGRAPH (3) TO (4D) OF PART II SCHEDULE VI OF COMPANIES ACT 1956 TOGETHER WITH OTHER NOTES.

1. Particulars in respect of goods Manufactured,Licensed and Installed Capacities :

(Quantity in '000)

Class of Goods	LICENSED CAPACITY ANNUAL		INSTALLED CAPACITY ANNUAL		ACTUAL PRODUCTION ANNUAL	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year

Note : Since all the Boiler components are in different units thus bifurcation is not possible

2. Particulars in respect of Stock of Finished Goods and Sales :
Stock of Finished Goods and Sales

(Figures Rs. in '000)

Class of Goods	Unit	OPENING STOCK		PURCHASES		CLOSING STOCK		SALES	
		Quantity	Value	Quantity	Value	Quantity	Value	Quantity	Value

*Since all the Boiler components are in different units thus bifurcation is not possible

* Since items being numerous, it is not possible for us to give quantiative details thereof.

3. Analysis of Materials consumed :

(Figures Rs. in '000)

Unit	QUANTITY		AMOUNT	
	Current Year	Previous Year	Current Year	Previous Year

*Since all the Boiler components are in different units thus bifurcation is not possible

4. Value of Imports on CIF basis

(Figures Rs. in '000)

	Current Year	Previous Year
a) Raw Materials and Consumables	0	0
b) Capital Goods	0	0
	0	0

Note: Purchase of imported items through canalizing agents are treated as indigenous purchases.

(Figures Rs. in '000)

	Current Year	Previous Year
5. Expenditure in Foreign Currency	0	0
	0	0

6. Earnings in Foreign Currency

(Figures Rs. in '000)

	Current Year	Previous Year
a. FOB Value of Exports	0	0
	0	0

7. Value of imported raw materials, spare parts and components (exlcuding stores) consumed and the value of all indigenous raw materials, spare parts and components (excluding stores) similarly consumed and the percentage of each to the total consumption -

(Figures Rs. in '000)

	AMOUNT		Percentage	
	Current Year	Previous	Current Year	Previous
Imported	0	0	0.00%	0.00%
Indigenous	0	0	0.00%	0.00%
	0	0	0.00%	0.00%

8. Particulars of amount remitted during the year in Foreign currencies on account of dividends the number of non-resident shareholders togethe with the number of shares held by them on the dividends were due and the year to which the dividend related:

- N I L -

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
NAGPUR

SEAM INDUSTRIES LTD.

9. Remuneration paid/payable to the Managerial Personnels:

	(Figures Rs. in '000) Current Year	Previous Year
Salaries	1002	940
	1002	940

The above remuneration does not include the Company's contribution to Provident Fund

10. Amount paid/payable to Auditors:

	(Figures Rs. in '000) Current Year	Previous Year
Audit Fees(including ser.tax)	143.39	130
In other Capacity	0	0
Out of pocket expenses	0	0
	143.39	130

11. The aggregate value of stores and spare parts consumed during the year amounts to Rs. 2766 thousand (PY: Rs. 2175 thousand) which were charged to various account heads" including capital expenditure.

12. Figures for the previous year has been rearranged, regrouped and recasted whereever necessary to conform to the current year's figures.

As per our report attached

ASHWIN MANKESHWAR
Partner
Membership No. 046219
For and on behalf of
K.K. Mankeshwar & Co.
Chartered Accountants
FRN 106009W

Nagpur, Dated the
30th April , 2011

For SEAM INDUSTRIES LIMITED

DIRECTOR **DIRECTOR**

SEAM INDUSTRIES LIMITED

Additional information persuant to the provisions of Part IV of Schedule VI of Companies Act 1956

Balance Sheet abstract and Company's General Business Profile

Registration Details

Registration No	U28120MH2005PLC153364	State code	11
Balance sheet Date:	31.03.2011		

Capital raised during the year (Amount in Rs. Thousands)

Public Issue	NIL	Rights Issue	NIL
Bonus Issue	NIL	Private Placement	NIL

Position of Mobilisation & Deployment of funds (Amount in Rs.thousands)

Total Liabilities :	**3 65 710**	Total Assets:	**3 65 710**
Sources of Funds		**Application of Funds**	
Paid up Capital:	41 300	Net Fixed Assets:	92 420
Reserves & Surplus:	85 702	Investment :	6 677
Secured Loans:	2 08 708	Net Current Assets :	2 63 988
		Deferred Tax Assets	2 624
Unsecured Loans:	30 000	Misc Expenditure :	0

Performance of Company (Amount in Rs. thousands)

Turnover/Other income :	8 09 946	Total Expenditure:	7 56 133
Profit/Loss before Tax:	53 814	Profit/Loss after Tax:	36 379
Earning per share:	8.81	Dividend rate %:	0.00

Generic Names of Three Principal Products/Services of Company (as per monetary terms)

Product Description :	Item Code No.(ITC Code)
Structure pressure parts,carbon piping , tubes ,Towers,Column & Vessels.	84029020

As per our report attached

ASHWIN MANKESHWAR
Partner
Membership No. 046219
For and on behalf of
K.K. Mankeshwar & Co.
Chartered Accountants
FRN:- 106009W

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

For SEAM INDUSTRIES LIMITED

DIRECTOR **DIRECTOR**

Nagpur, dated the
30th April, 2011