AUDIT REPORT & FINANCIAL STATEMENT OF

OF

SEAM INDUSTRIES LIMITED

FOR THE FINANCIAL YEAR ENDING ON 31ST MARCH,2012

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS

K.K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS

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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 2012, the related Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We 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 para 3 above, attention is drawn to Note 16 (III) (3) regarding non disclosure of information as required under Micro, Small and Medium Enterprises Development Act,2006.***

5. Further to our comments in the Annexure referred to in paragraph 3 above, 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 the books;

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

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss 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 2012, 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.

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

(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:

(i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;

(ii) In case of the Statement of Profit and Loss, 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

ABHAY UPADHYE
Partner
Membership No.049354
For and on behalf of
K.K.MANKESHWAR & CO.
Chartered Accountants
FRN: - 106009W

Nagpur, dated the,
28th June,2012.

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, 2012)

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. 3,00,00,000 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, 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, 2012 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 records of the company examined by us, there are no dues of income tax, sales tax, wealth tax, custom duty, excise duty, service tax and cess which have not been deposited on account of any dispute.

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 funds raised on short-term basis have not been used for long-term purposes.

18. According to the information and explanation given to us, the Company has made preferential allotment of shares to one party covered in the register maintained in section 301 of the act; in our opinion, the price at which shares have been issued is not prejudicial to the interest of the company by issuing 1400000 shares having face value Rs. 10 at a premium of Rs. 20 per share.

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

Upadhye

ABHAY UPADHYE
Partner
Membership No: 049354
For and on behalf of
K. K. MANKESHWAR & CO.
Chartered Accountants
FRN: - 106009W

Nagpur, dated the,
28th June,2012.

SEAM INDUSTRIES LIMITED
BALANCE SHEET AS AT 31ST March, 2012

(Figures in Rs.)

	Particulars	Note No.	As on 31st March 2012	As on 31st March 2011
I.	EQUITY AND LIABILITIES			
1	SHAREHOLDERS' FUNDS			
	(a) Share capital	1	5,53,00,000	4,13,00,000
	(b) Reserves & surplus	2	16,85,79,238	8,57,01,753
2	SHARE APPLICATION MONEY PENDING ALLOTMENT		-	-
3	NON-CURRENT LIABILITIES			
	(a) Long-term borrowings	3	7,72,65,815	7,73,52,051
	(c) Other Long term liabilities	4	2,46,99,524	-
	(b) Long-term provisions	5	10,28,980	7,58,937
	(c) Deferred tax liability	6	47,77,541	-
4	CURRENT LIABILITIES			
	(a) Short-term borrowings	7	29,28,63,463	15,43,55,815
	(b) Trade payables & Other Current Liabilities	8	42,12,85,760	32,69,38,686
	(d) Short-term provisions	9	86,40,369	15,22,557
	TOTAL		1,05,44,40,690	68,79,29,799
II.	ASSETS			
	NON-CURRENT ASSETS			
1	(a) Fixed assets	10		
	(i) Tangible assets		25,28,86,854	6,86,38,350
	(ii) Intangible assets		19,97,814	-
	(iii) Capital work-in-progress		2,36,65,571	2,37,81,873
	(b) Non-current investments	11	16,00,000	-
	(c) Deferred tax assets (net)		-	26,23,741
2	CURRENT ASSETS			
	(a) Inventories	12	10,52,05,739	4,14,81,573
	(b) Trade receivables	13	62,01,20,830	46,47,95,121
	(c) Cash and cash equivalents	14	2,36,98,957	80,44,596
	(d) Short-term loans and advances	15	2,52,64,925	7,85,64,545
	Significant Accounting Policies & Notes	16		
	TOTAL		1,05,44,40,690	68,79,29,799

The notes refered to above form an integral part of financial statements as per our report attached.

As per our Report attached

Abhay Upadhye
Partner
Membership No. 049354
For and on behalf of
K. K. Mankeshwar & CO.
Chartered Accountants
FRN: - 106009W

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

For & on behalf of Board of Directors

Ratnakar M Gutte
Managing Director

Sunil R Gutte
Director

Nagpur, dated the,
28th June,2012

SEAM INDUSTRIES LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2012

(Figures in Rs.)

	Particulars	Refer Note No.	For the year ended 31st March 2012	For the year ended 31st March 2011
I	Net Revenue from operations	17	1,18,53,12,922	80,86,73,292
II	Other income	18	34,52,672	12,73,131
III	**Total Revenue (I + II)**		**1,18,87,65,594**	**80,99,46,423**
IV	**Expenses:**			
	Cost of materials consumed	19	86,84,54,789	55,24,62,540
	(Increase)/ Decrease in Inventories	20	(1,82,01,723)	4,38,76,144
	Employee benefits expenses	21	3,87,26,153	2,06,17,912
	Finance costs	22	4,73,05,062	2,12,72,712
	Depreciation and amortization expenses	10	1,74,72,814	82,58,791
	Other expenses	23	14,69,72,955	10,80,65,333
	Miscellaneous Expenses written off		-	15,79,264
	Total expenses		**1,10,07,30,050**	**75,61,32,696**
V	**Profit before tax (III- IV)**		**8,80,35,544**	**5,38,13,727**
VI	Tax expense:			
	(1) Current tax / MAT		2,53,28,895	1,79,73,455
	(2) Deferred tax		74,01,282	(5,39,024)
	(3) Tax Expense relating to prior years		9,27,882	
VII	**Profit (Loss) for the period from continuing operations (V-VI)**		**5,43,77,485**	**3,63,79,296**
VIII	**Profit/(loss) from Discontinuing operations (after tax) (XII-XIII)**		**5,43,77,485**	**3,63,79,296**
VIII	**Profit (Loss) for the period (XI + XIV)**		**5,43,77,485**	**3,63,79,296**
XVI	Earnings per equity share:			
	(1) Basic	24	12.78	8.81
	(2) Diluted		12.78	8.81

The notes refered to above form an integral part of financial statements as per our report attached.

As per our Report attached

Abhay Upadhye
Partner
Membership No. 049354
For and on behalf of
K. K. Mankeshwar & CO.
Chartered Accountants
FRN: - 106009W

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Nagpur, dated the,
28th June,2012

For & on behalf of Board of Directors

Ratnakar M Gutte
Managing Director

Sunil R Gutte
Director

SEAM INDUSTRIES LIMITED

CASH FLOW STATEMENT AS ON 31ST MARCH 2012

(Figures in Rs.)

Sr. No.	Particulars	As on 31st March 2012	As on 31st March 2011
1	Cash Flow from Operating activities		
	(a) Profit from operating activities before exceptional items and taxes	8,80,35,544	5,38,13,726
	Adjustments:		
	Depreciation and amortization	1,74,72,814	82,58,792
	Interest and Finance costs	4,73,05,062	25,01,418
	Sundry Balances written off	12,40,205	
	Misc. Expenditure Write off	-	15,79,264
	Interest Income	(7,34,023)	(2,44,791)
	(b) Working capital changes:		
	- Increase in inventories	(6,37,24,166)	7,97,05,367
	- Increase in trade receivables	(15,65,65,914)	(24,44,22,036)
	- Decrease in short-term loans and advances	5,32,99,620	(28,51,885)
	- Increase in short term borrowings	13,85,07,648	5,74,06,494
	- Increase in trade payables & Other Current Liabilities	8,94,93,292	6,67,86,224
	- Decrease in provisions	66,99,742	9,58,937
	-Tax paid during the year	(2,07,14,882)	(1,63,00,000)
	Total of (1)	20,03,14,942	7191510
2	Cash Flow from Investing Activities		
	(a) Increase in Fixed assets	(20,37,19,132)	(2,72,31,486)
	(b) Decrease in Capital work in progress	1,16,302	(5,82,88,000)
	(c) Investment in subsidiaries/associates/business ventures	(16,00,000)	-
	(d) Interest received	7,34,023	2,44,791
	Total of (2)	(20,44,68,807)	(8,52,74,695)
3	Cash Flow from Financing activities		
	(a) Proceeds from Equity Share Capital	1,40,00,000	-
	(b) Repayment of long-term borrowings	(86,237)	-
	(c) Securities Premium	2,80,00,000	-
	(d) Capital Subsidy received	5,00,000	5,00,000
	(e) Proceeds from other long-term liabilities	2,46,99,524	7,41,32,213
	(f) Interest and other finance costs	(4,73,05,062)	(25,01,418)
	Total of (3)	1,98,08,225	7,21,30,795
	NET CASH FLOWS (1+2+3)	1,56,54,360	(5952391)

III	Net (decrease)/increase in cash and cash equivalents (I-II)	1,56,54,360	(5952391)
	Add: Cash and cash equivalents at the beginning of the period	80,44,596	1,39,96,987
IV	Cash and cash equivalents at the end of the period	2,36,98,956	80,44,596

NOTES

1. The above statement has been prepared following the Indirect Method.
2. Increase in Fixed Assets are stated exclusive 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

Abhay Upadhye
Partner
Membership No. 049354
For and on behalf of
K. K. Mankeshwar & CO.
Chartered Accountants
FRN: - 106009W

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Nagpur, dated the,
28th June,2012

For & on behalf of Board of Directors

Ratnakar M Gutte
Managing Director

Sunil R Gutte
Director

Note 1 - Share Capital

1.1

Particulars	As at 31st March 2012		As at 31st March 2011	
	Number	Amount	Number	Amount
Authorised Equity Shares of Rs 10 each.	10,000,000	100,000,000	10,000,000	100,000,000
Issued Equity Shares of Rs 10 each	5,530,000	55,300,000	4,130,000	41,300,000
Subscribed and Paid up Equity Shares of Rs 10 each fully paid	5,530,000	55,300,000	4,130,000	41,300,000
Total	5,530,000	55,300,000	4,130,000	41,300,000

1.2 **Reconciliation of number of shares outstanding at the beginning and at the end of reporting period**

Particulars	As at 31 March 2012		As at 31 March 2011	
	Number	Amount	Number	Amount
At the beginning of the period	**4,130,000**	**41,300,000**	4,130,000	41,300,000
Add : Shares issued during the year	1,400,000	14,000,000	-	-
At the end of reporting period	**5,530,000**	**55,300,000**	**4,130,000**	**41,300,000**

1.3 **Terms of Equity Shares**

a) The Equity shares are issued at premium of Rs. 20/- per share, the face value is Rs 10/- per share.

b) Voting rights of Equity share Holders - As per the number of shares held ranking parri passu in all respects.

c) Dividend Rights of Shares Holders - As per the number of shares held ranking paripassu in all respects.

d) The company has not issued any equity shares other than cash during the year.

1.4 Details of Shares in respect of each class including more than 5% in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:-

Name of Shareholder	As at 31st March 2012		As at 31st March 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sunil Hitech Engineers Limited- Holding Co.	4,900,000	88.61	3,500,000	84.74
Mr. Ratnakar M. Gutte- Managing Director	400,000	7.23	400,000	9.69
Mr. Sunil R. Gutte- Director	179,970	3.25	180,000	4.36
MR. Vijay Gutte - Director	50,000	0.90	50,000	1.22

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Note 2 - Reserves & surplus

2.1 Particulars	As at 31st March 2012 Amount	As at 31st March 2011 Amount
a. Capital Reserves		
Opening Balance	20,00,000	15,00,000
(+) Recevied during the year	5,00,000	5,00,000
Closing Balance	25,00,000	20,00,000
b. Securities Premium Account		
Opening Balance	-	-
Add : Securities premium credited on Share issue	2,80,00,000	
Closing Balance	2,80,00,000	-
c. General Reserves		
Balance as per Last Balance Sheet	1,50,00,000	1,50,00,000
Closing Balance	1,50,00,000	1,50,00,000
d. Surplus		
Opening balance of Statement of Profit & Loss	6,87,01,753	3,23,22,458
(+) Net Profit/(Net Loss) For the current year	5,43,77,485	3,63,79,296
Closing Balance	12,30,79,238	6,87,01,753
Total	16,85,79,238	8,57,01,753

2.2 The Capital reserve represents the Capital Subsidy received during the year from District Industry Centre, Nagpur amounting to Rs.5,00,000. It was sanctioned in the Year 2008-09 for Capital Expansion Purposes. Total Amount sanctioned was Rs. 25,00,000 and Rs. 5,00,000 is received each Year till 31st March, 2012.

2.3 The Company has credited Rs.2,80,00,000 (14,00,000 equity shares at Rs. 20 each) to Securities Premium Account during the year.

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS * NAGPUR *

Note 3 - Long Term Borrowings

3.1

Particulars	As at 31st March 2012	As at 31st March 2011
	Amount	Amount
Secured		
Term Loans-		
From Banks	4,72,65,815	4,73,52,051
Unsecured borrowings		
Loan & Advances from related parties	3,00,00,000	3,00,00,000
Total long term borrowings	7,72,65,815	7,73,52,051

3.2 Details of Long Terms Loans from Bank availed by company are stated as under:

Long term loans from Oriental Bank of Commerce are secured by way of:-

(i). First Pari Passu equitable mortgage charge over the assets created/ to be created from the term loans.
Also, Collateral security of
(ii). Land And Building at Five Star Industrial Zone, MIDC, Butibori Industrial Area,Nagpur.
(iii). Freehold Land at Nagpur - Jabalpur Road, Village Bende, Tahsil Ramtek, District Nagpur.
(iv). Freehold Land (situated in agricultural area) bearing GAT No. 421, Parli Vaijnath-Nagpur Road, Village Tokwadi, Tahsil Parli Vaijnath, District Beed.
(v). Second charge by way of:-

A. Personal Guarantees of:

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

B. Corporate Guarantee: -
Collaterally secured by way of corporate guarantee of M/s. Sunil Hi-Tech Engineers Ltd. (Holding Co.)
C. Second charge by way of hypothecation on all the current assets of the borrower company for securing their working capital facility.

3.3 Term Loan Bank include Long Term Vehicle Loans availed by company are stated as under:

From ICICI bank for purchase of Sunny Nissan and Santa Fie Car and loan from HDFC bank for the purchase of AUDI Car against hypothecation of the respective Vehicles.

3.4 Loan & Advances from related parties is the amount payable to Sunil High- tech Engineers Limited (Holding Company).

3.5 Nature of Security and terms of repayment for secured borrowings:

Nature of Security	Terms of Repayment
Term Loans from Banks	
(i) Oriental Bank Of Commerce (Loan II) - (1) First charge on assets cretaed From the term Loan.	In 20 quarterly instalments of Rs.30 Lacs each commenced from January 2011 (Total Outstanding Loan - Rs.400.50 Lacs out of which Rs.120 Lacs classified in Other Current Liabilities)
(ii) Oriental Bank Of Commerce (Loan III) - (1) First charge on assets to be cretaed From the term Loan.	In 20 quarterly instalments of Rs.35 Lacs each commence from April 2012 (Total Outstanding Loan - Rs.293.66 Lacs out of which Rs.140 Lacs classified in Other Current Liabilities)
(iii) Vehicle loan from HDFC & ICICI are secured by way of hypothecation of vehicles	Equated monthly instalments beginning from the month subsequent to taking the lease.

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Note 4 - Other Long Term Liabilities

Particulars	As at 31 March 2012	As at 31 March 2011
	Amount	Amount
Due to Related Party	2,46,99,524	-
Total	**2,46,99,524**	**-**

Note 5 - Long Term Provisions

	Particulars	As at 31st March 2012	As at 31st March 2011
		Amount	Amount
(a)	Provision for employee benefits- Gratuity	10,28,980	7,58,937
	Total	**10,28,980**	**7,58,937**

Note 6 Deferred Tax Assets/Liability (Net)

In terms of Accounting Standard 22 , the computation has been made to the extent there is a reasonable certainty that these will be realised in future. The Deferred tax asset and liability as at 31st March, 2012 comprise of timing differences on account of:

	Particulars	As at March 31, 2012	As at March 31, 2011
(a)	**Deferred Tax Asset:**		
	Expenditure allowed on Payment under the Income Tax Act	-	6,30,808
	Lower depreciation claimed under tax laws (Net of unabsorbed		42,90,419
	Total	-	**49,21,227**
(b)	**Deferred Tax Liability:**		
	Higher depreciation claimed under tax laws (Net of unabsorbed	37,64,537	22,64,841
	Expenditure Disallowed under the Income Tax Act	10,13,004	32,645
	Total	**47,77,541**	**22,97,486**
(c)	**Net Deferred Tax Liability:**	47,77,541	(26,23,741)
	Closing Net Deferred Tax Liability/(Assets)	47,77,541	(26,23,741)
(d)	**Opening Deferred taxLiability/ (Asset)**	(26,23,741)	(20,84,717)
	Net Deferred Tax Charged to Statement of Profit & Loss	**74,01,282**	**(5,39,024)**

K. K. MANKESHWAR & CO.
CHARTERED ACCOUNTANTS
NAGPUR

Note 7 - Short term borrowings

7.1

Particulars	As at 31st March 2012	As at 31st March 2011
	Amount	Amount
Short Term Borrowings		
Secured		
Loans from banks		
Cash Credit from banks	29,28,63,463	15,43,55,815
Total	29,28,63,463	15,43,55,815

7.2 **Details of cash credit (secured) availed from bank and description of security and name of guarantors provided for such loans.**

(a) Oriental Bank of Commerce :
(i) The loan from Oriental Bank of Commerce is secured by way of hypothecation of Raw Materials, Stock in process, Finished Goods and receivables and other current assets of the company both current and future.

(ii) Security
Corporate Guarantee of Sunil Hitech Ltd.
Personal Guarantees of Ratnakar Gutte , Sudhamati Gutte, Sunil Gutte and Vijay Gutte

(b)HSBC Bank :
(i) First Pari-Passu charge on stocks and receivables (Required, independant charge to be created prior to disbursal and to be perfected within 3 months from the date of first disbursal).
(ii) Second Pari-Passu charge on following fixed asstes (Required to be perfected within 3 months from the date of first disbursal) -
a)Charge by way of EQM of Factory Land & Building situated at Butibori, Five Star Industries Area, Nagpur.
b)All that land situared in Village Kirmit, Butibori, Industrial Area, Nagpur.
c)All those pieces and parcels of the non-agricultural land situated at Village - Kandri,Ramtek District - Nagpur,standing in the name of M/s Sunil Hi Tech Ltd (Holding Company).
d)Land situated within the limits of Gram Panchayat Tokwadi, Tahsil Pardi and District Beed, standing in the name of Shri Ratnakar Manikrao Gutte (Managing Director)

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Note 8 - Trade Payables & Other Current Liabilities

8.1

Particulars	As at 31st March 2012 Amount	As at 31st March 2011 Amount
Trade payable		
Sundry Creditors - Micro, Small and Medium Enterprises	-	-
Sundry Creditors - Others	28,72,28,399	27,86,69,237
Sub-total (a)	28,72,28,399	27,86,69,237
Other liabilities		
Current maturities of long term debt	2,78,39,472	70,00,000
Advance from Customer	65,64,855	-
Creditors - Contractors	1,06,80,589	1,39,88,879
Creditors for Capital Goods	5,20,75,409	37,45,846
Statutory Dues	8,13,619	12,72,498
Liabilities for Expenses	3,60,83,417	2,22,62,226
Sub-total (b)	13,40,57,361	4,82,69,449
Total (a) + (b)	42,12,85,760	32,69,38,686

Note 9 - Short Term Provisions

Particulars	As at 31st March 2012 Amount	As at 31st March 2011 Amount
(a) Provision for employee benefits-		
Provident Fund	2,55,492	1,68,942
Bonus	16,88,805	8,62,863
Leave Encashment	15,72,247	2,00,000
(b) Provision for Income Tax	51,23,825	2,90,752
Total	86,40,369	15,22,557

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Note 10 : FIXED ASSETS

Particulars	Gross Block (at Cost)				Accumulated Depreciation			Net Block	
	As at 1.4.2011	Additions During The Year	Sale/Adjustments /Disposal during the year	Total as at 31.03.2012	As at 1.4.2011	During the year	Total as at 31.03.2012	As on 31.03.2012	As on 31.3.2011
Leasehold Land	97,29,425	1,41,98,007	-	2,39,27,432	2,79,069	1,78,338	4,57,407	2,34,70,025	94,50,356
Factory Shed & Office Building	4,46,68,323	12,17,20,553	-	16,63,88,876	1,36,80,265	86,88,723	2,23,68,988	14,40,19,888	3,09,88,058
Plant & Machinery	3,28,48,680	5,24,21,187	-	8,52,69,867	1,15,87,100	63,74,009	1,79,61,109	6,73,08,758	2,12,61,580
Motor Vehicle	33,69,065	70,63,230	-	1,04,32,295	16,73,485	9,57,409	26,30,894	78,01,401	16,95,580
Air Conditioner	1,04,736	25,055	-	1,29,791	17,632	12,383	30,015	99,776	87,104
Electrical Installation	32,01,823	45,14,707	-	77,16,530	11,63,346	4,49,684	16,13,030	61,03,500	20,38,477
Office Equipment	10,74,340	5,30,814	-	16,05,154	2,48,437	1,63,366	4,11,803	11,93,351	8,25,903
Furniture & Fixture	25,64,733	4,74,779	-	30,39,512	8,48,594	3,38,522	11,87,116	18,52,396	17,16,139
Computers & Softwares	13,07,521	7,70,800	-	20,78,321	7,32,368	3,08,194	10,40,562	10,37,759	5,75,153
Tangible Assets Total(A)	9,88,68,646	20,17,19,132	-	30,05,87,778	3,02,30,296	1,74,70,628	4,77,00,924	25,28,86,854	6,86,38,350
ERP Software	-	20,00,000	-	20,00,000	-	2,186	2,186	19,97,814	-
Intangible Assets Total(B)	-	20,00,000	-	20,00,000	-	2,186	2,186	19,97,814	-
Office Building and Factory Shed	5,25,078	11,32,10,023	11,36,00,731	-		-	-	1,34,370	5,25,078
Plant and machinery	2,32,56,795	5,03,18,042	5,06,83,176	-		-	-	2,28,91,661	2,32,56,795
Furniture & Fixture	-	1,57,549	1,57,549	-		-		-	-
Computer & Software	-	23,16,425	23,16,425	-		-	-	-	-
Electrical Installation	-	61,51,026	55,11,486	-		-	-	6,39,540	-
Capital Work In Progress(C)	2,37,81,873	17,21,53,065	17,22,69,367	-	-	-	-	2,36,65,571	2,37,81,873
Total(A+B+C)	12,26,50,519	37,58,72,197	17,22,69,367	30,25,87,778	3,02,30,296	1,74,72,814	4,77,03,110	27,85,50,239	9,24,20,223

Note 11 : Non Current Investments

Particulars	As at 31st March 2012	As at 31st March 2011
	Amount	Amount
Other Investments Investment in Equity instruments	16,00,000	-
Total	16,00,000	-

B.	Details of Other Investments												
Sr. No.	Name of the Body Corporate	Subsidiary / Associate / JV/ Controlled Entity / Others	No. of Shares / Units		Quoted / Unquoted	Partly Paid / Fully paid	Extent of Holding (%)		Amount (RS.)		Whether stated at Cost Yes / No	If Answer to Column (12) is 'No' - Basis of Valuation
			2012	2011			2012	2011	2012	2011		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
	Investement in Equity Instruments											
	Gangakhed Sugar and Energy Ltd.	Controlled Entity	40,000	0	-	-	5.75%	0	16,00,000	0	Yes	-
	Total								16,00,000	-		

Note 12 - Inventories

12.1 Particulars	As at 31st March 2012 Amount	As at 31st March 2011 Amount
Raw materials	7,65,50,857	3,33,68,679
Stock In Process	1,97,51,338	15,49,615
Stores and spares	89,03,544	65,63,279
Total	10,52,05,739	4,14,81,573

12.2 Raw Material, Stores & Spare parts, etc., are valued at cost. Finished goods and Stock In Process are valued at cost or net realizable value which ever is lower.

Note 13 - Trade receivables

13.1 Particulars	As at 31st March 2012 Amount	As at 31st March 2011 Amount
Trade Receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
(a) Secured, considered good	-	-
(b) Unsecured, considered good.	63,12,871	1,73,85,861
(c) Doubtful	-	-
	63,12,871	1,73,85,861
Provision for doubtful debts	-	-
Sub-total (a)	**63,12,871**	**1,73,85,861**
Other Receivables		
(a) Secured, considered good	-	
(b) Unsecured, considered good	57,32,00,019	44,49,22,631
(c) Doubtful	-	-
Provision for doubtful debts	-	-
Sub-total (b)	**57,32,00,019**	**44,49,22,631**
Debts Due by Companies in which Director is a Partner or Director or Member		
(a) Secured, considered good	-	
(b) Unsecured, considered good,	4,06,07,940	24,86,629
(c) Doubtful	-	-
Provision for doubtful debts	-	-
Sub-total (c)	**4,06,07,940**	**24,86,629**
Total (a+b+c)	62,01,20,830	46,47,95,121

Note 14 - Cash & Cash equivalents

14.1 Particulars	As at 31st March 2012 Amount	As at 31st March 2011 Amount
Balances with banks :		
On current accounts	1,03,72,685	4,16,258
Fixed Deposits (more than 12 months maturity)	1,19,35,441	66,77,478
Cash on hand	13,90,831	9,50,860
Total	2,36,98,957	80,44,596

K.K. MANKESHWAR & CO.
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Note 15 - Short term loans and advances

15.1	Particulars	As at 31st March 2012 Amount	As at 31st March 2011 Amount
	Other loans & advances, unsecured, considered good		
	Employee advances	16,912	14,413
	Capital Advances	49,14,591	6,51,02,218
	Balance with statutory authorities	1,60,57,820	1,00,20,052
	Prepaid expenses	19,020	1,45,418
	Advances to Supplier	5,02,706	11,72,146
	Short term security deposit	37,53,876	21,10,298
	Total	2,52,64,925	7,85,64,545

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SEAM INDUSTRIES LIMITED.
NOTE: 16

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. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

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. USE OF ESTIMATES

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

C. 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".

D. FIXED ASSETS - TANGIBLE

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

E. FIXED ASSETS – INTANGIBLE

Assets identified as Intangible assets are stated at cost including incidental expenses thereto, and are amortized over a predetermined period.

F. 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.

G. 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.

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

III. NOTES TO ACCOUNT

1. Contingent Liability

Bank Guarantee outstanding is Rs.3,23,03,995(Previous year Rs. 89,44,189)

2. Commitment:

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

3. 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.

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

a. **Name of the Related Parties and Relationships**:-

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

b. **Transactions during the year with Related Parties:-**

Sr. No.	Name of the Related Parties	Nature of Transactions	Amount (Rs.)	Balance as on 31st March,2012
(a)	Swati Phad(Director)	Remuneration /Professional fees	18,00,000	92,742 (Cr.)
(b)	Sunil Hi-Tech Engineers Ltd. (Holding Company)	Interest paid on Inter corporate loan during the year.	33,08,325	
		Purchase of Consumable Materials.	2,15,85,253	
		Sale of finished goods and services.	14,23,07,264	140,91,602 (Cr.)
		Inter corporate loan outstanding during the year.	3,00,00,000	
		Service charges paid during the year	13,15,144	
		Job work charges received during the year (excluding excise duty of ₹ 10,28,502).	26,45,563	
		Fixed Assets Purchased during the year.	12,37,17,247	

c. **Key Managerial Personnel**

Mr. Ratnakar M Gutte	- Managing Director
Mr. Sunil R Gutte	- Director
Mr. Vijay R Gutte	- Director
Mrs. Swati Phad	-Director

K.K. MANKESHWAR & CO.
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5. 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

ABHAY UPADHYE
Partner
Membership No: 049354
For and on behalf of
K. K. MANKESHWAR & CO.
Chartered Accountants
FRN: - 106009W

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Nagpur, dated the,
28th June,2012

FOR & ON BEHALF OF BOARD OF DIRECTORS

RATNAKAR M GUTTE
MANAGING DIRECTOR

SUNIL R GUTTE
DIRECTOR

Note 17 - Revenue from Operations

	Particulars	For the year ended 31st March 2012 Amount	For the year ended 31st March 2011 Amount
(a)	Sale of Products - Finished Goods		
	Structures, Boiler parts and Components	1,25,30,56,010	87,00,18,921
(b)	Other Operating revenue		
	Job Work Receipts	2,20,30,285	61,95,703
	Gross revenue from operations	1,27,50,86,295	87,62,14,624
	Less:		
(c)	Excise duty	8,97,73,373	6,75,41,332
	Net revenue from operations (a)+(b)-(c)	1,18,53,12,922	80,86,73,292

Note 18 - Other income

	Particulars	For the year ended 31st March 2012 Amount	For the year ended 31st March 2011 Amount
(a)	Sale of Scrap	25,95,125	10,28,340
(b)	Interest from Fixed Deposits	7,34,023	2,44,791
(c)	Miscellaneous Income	1,23,524	-
	Total	34,52,672	12,73,131

K.K. MANKESHWAR & CO.
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Note 19 - Cost of materials consumed

19.1

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
	Amount	Amount
(a) Opening stock of Inventory		
Material	3,99,31,958	7,57,61,181
Add : Purchases	91,39,77,232	51,66,33,317
less : Purchase return	-	-
Sub-Total(a)	95,39,09,190	59,23,94,498
Less : Closing stock of inventory	8,54,54,401	3,99,31,958
(b) Cost of material consumed	**86,84,54,789**	**55,24,62,540**

19.2 **Details of various raw materials**

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
	Amount	Amount
Breakup of raw material consumed :		
Piping & Pressure Parts	39,74,18,495	28,99,44,106
Stores & Spares(Consumables & Non Consumables)	2,81,01,218	88,36,788
Structures	44,29,35,076	25,36,81,646
	86,84,54,789	**55,24,62,540**

19.3 **Value of Imported and Indigenous goods:-**

Particulars	For the year ended 31st March 2012	%	For the year ended 31st March 2011	%
(a) Raw Material				
Indigenous	84,03,53,571	100%	54,36,25,752	100%
Imported	-		-	
(b) Spare Parts & Components				
Indigenous	2,81,01,218	100%	88,36,788	100%
Imported	-		-	

Note 20 - Changes in inventories in case of Stock in Process

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
	Amount	Amount
Opening Stock :		
Finished Goods	-	-
Stock In Process	15,49,615	4,54,25,759
Sub-total (a)	**15,49,615**	**4,54,25,759**
Closing Stock :		
Finished Goods	-	-
Stock In Process	1,97,51,338	15,49,615
Sub-total (b)	**1,97,51,338**	**15,49,615**
Net (Increase)/Decrease in Stocks (b-a)	**(1,82,01,723)**	**4,38,76,144**

K. K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Note 21 - Employee benefits expenses

21.1 Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
	Amount	Amount
Salaries & Wages	3,27,56,855	1,70,21,685
Contribution to Provident & Other Funds	48,33,237	28,32,040
Staff and Labour Welfare Expenses	11,36,061	7,64,187
Total	3,87,26,153	2,06,17,912

21.2 Defined benefit Plan:

The Present Value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligations. The obligation for leave encashment is recognized in the same manner as gratuity.

		31.03.12	
		Gratuity Unfunded	Leave encashment (Unfunded)
a)	**Reconciliation of Opening and closing balances of Defined benefit Obligation**		
	Defined Benefit Obligation at year beginning	7,58,937	10,28,980.00
	Current Service Cost	2,31,433	-
	Interest Cost	80,264	-
	Plan Amendments	-	-
	Actuarial (gain)/loss	(41,654)	-
	Benefits Paid		-
	Defined benefit obligations at year end	10,28,980	15,72,247.00
b)	**Reconciliation of Opening and closing balances of Fair value of plan assets**		
	Fair Value of plan assets at year beginning	-	-
	Expected Return on Plan Assets	-	-
	Actuarial gain/(loss)	-	-
	Employer's Contribution	-	-
	Benefit Paid	-	-
	Fair Value of Plan Assets at year end	-	-
	Actual Return on Plan Assets	-	-
c)	**Reconciliation of Fair value assets and obligations**		
	Fair Value of plan assets as at year end	-	-
	Present Value of obligation as at year end	10,28,980	15,72,247.00
	Amount recognised in balance sheet	(10,28,980)	(15,72,247.00)
d)	**Expenses recognised during the period (Under the head "Employee Benefit Expenses)**		
	Current Service Cost	2,31,433	-
	Interest Cost	80,264	-
	Past Service Cost	-	-
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	- 41,654	-
	Net Cost	2,70,043	-
e)	**Discount Rate (Per Annum)**	8.65%	0.00%
f)	**Expected rate of return on plan assets (per annum)**	0.00%	0.00%
g)	**Salary esclation rate(per annum)**	6.00%	6.00%

Note: Actuarial valuation has been carried out using the Projected Unit Credit Method. The company has started doing actuarial valuation from the current year, hence previous year figures have not been reported.

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR

Note 22 - Finance costs

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
Interest	4,31,71,656	1,94,56,890
Other Borrowing Cost	33,18,068	14,91,902
Processing charges	8,15,338	3,23,920
Total	**4,73,05,062**	**2,12,72,712**

Note 23 - Other expenses

Particulars	For the year ended 31st March 2012	For the year ended 31st March 2011
Other Manufacturing Expenses		
Hire charges	31,45,675	6,46,866
Transportation Expenses	2,20,34,441	1,84,80,436
Water Charges	10,90,954	9,44,052
Power & Fuel	90,65,018	65,25,967
Repairs and Maintenance - Buildings	30,00,253	12,06,641
Repairs and Maintenance - Plant & Machinery	10,00,832	1,86,898
Repairs and Maintenance - Others	30,96,568	15,44,471
Stores & Spares Consumed	31,77,105	27,66,207
Freight & Cartages	11,25,224	7,77,523
Testing & Inspection charges	22,07,766	12,70,824
Job work charges	6,54,10,335	5,62,67,988
Factory expenses	21,33,495	11,89,886
Security Expenses	26,64,814	19,11,838
Other Manufacturing Expenses	3,62,291	2,61,255
Adminstrative Expenses		
Insurance Charges	12,60,382	10,57,355
Rates and Taxes, excluding taxes on Income	43,115	46,310
Sales Tax and VAT Expenses	21,64,045	12,50,082
Office & Other Expenses	22,76,197	11,20,494
Travelling and Conveyance	40,47,683	19,02,987
Packing & forwarding expenses	8,93,810	1,26,933
Rent	27,37,350	11,05,200
Service charges	13,15,144	6,24,316
Service tax on Outward Transportation	10,25,673	7,53,220
Director's Remuneration	18,00,000	10,01,876
Legal and Professional Charges	41,94,471	21,82,546
Business Promotion	17,39,158	8,45,305
Professional Tax	2,500	2,500
Late Delivery Charges	22,02,765	18,58,177
Miscellaneous Expenses	13,80,891	77,180
Payment to Auditors		
For Audit Fees		
Statutory Audit Fees	3,00,000	1,30,000
For Taxation Matters	75,000	-
For reimbursement of expenses	-	-
Total	**14,69,72,955**	**10,80,65,333**

Note : All Stores & Spares Consumed are Indigenous.

K. K. MANKESHWAR & CO.
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Note 24 - Earnings Per Share

	Profit Computation for Basic EPS	2011-12	2010-11
(a)	Net Profit after tax attributable to equity Shareholders	5,43,77,485	3,63,79,296
(b)	Weighted Number of shares for Basic Earnings per share	42,56,230	41,30,000
(c)	Weighted Number of shares for Diluted Earnings per share	42,56,230	41,30,000
(a)/(b)	Basic earnings per share	12.78	8.81
(a)/(c)	Diluted earnings per share	12.78	8.81
(e)	Nominal value per equity share	10	10

K.K. MANKESHWAR & CO. CHARTERED ACCOUNTANTS NAGPUR