

AUDITED ACCOUNTS AS AT

31st MARCH 2012

OF

**M/S SARTHAK METALS MARKETING PVT. LTD.
BBC COLONY, KHURSIPAR, BHILAI (C.G.)**

AUDITORS :

**B. VISHWANATH & CO.
CHARTERED
ACCOUNTANTS**

**BLOCK - 7, FIRST FLOOR, HIMALAYA COMPLEX,
G.E. ROAD, SUPELA, BHILAI (C.G.) PIN - 490023
PHONE NO. :- 0788 - 4039084, 3295182,
FAX NO. :- 0788 - 4039136, MOB. NO. :- 98271-16791
E-MAIL:- bvishwan@yahoo.com**

B. VISHWANATH & Co.

CHARTERED ACCOUNTANTS

PAN : AAKFB 3554G

SERVICE TAX No.: AAKFB3554GSD001

CA **B. VISHWANATH**, M.Com, FCA

CA **MANJESH AGRAWAL**, M.Com, ACA

OFFICE:

BLOCK NO.-7, 1ST FLOOR, HIMALAYA COMPLEX

G. E. ROAD, SUPELA, BHILAI - 490 023 (C.G.)

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E-mail : bvishwan@yahoo.com

AUDITORS' REPORT

To the members of

M/s Sarthak Metals Marketing Pvt. Ltd.

We have audited the attached Balance Sheet of **M/s Sarthak Metals Marketing Pvt. Ltd.** as at 31st March, 2012, Profit and Loss Statement and the Cash Flow Statement of the Company for the year ended on that date. These financial statements along with Notes '1' to '17' and Schedule 'A' are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These 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 a 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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

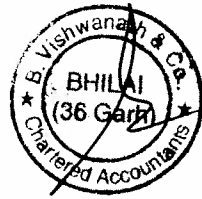
- (1) As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- (2) Further to our comments in the annexure referred to above, we report that:
 - (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Profit and Loss Statement and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - (v) On the basis of written representations received from the directors, as on 31st March, 2012 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;



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- (vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts along with salient accounting policies & notes to accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
- (a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012,
 - (b) in the case of the Profit and Loss Statement, of the profit for the year ended on that date; and
 - (c) in the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

For B. Vishwanath & Co.
Chartered Accountants
F.R.N. - 007875C



Place: Bhilai
Date : 07.08.2012

B. Vishwanath
(B. Vishwanath)
Partner
M. No. 074096

Note: Revised Schedule VI of The Companies Act, 1956 has become effective from 1st April, 2012 for the preparation & presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements attached herewith.

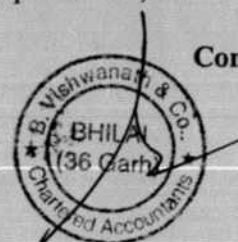
Annexure to the main audit report on the accounts of M/s Sarthak Metals Marketing Pvt. Ltd. for the financial year ended on 31st March, 2012

- (i) (a) Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets, however these records needs up-dation.
- (b) As explained to us, all the fixed assets of the company have not been physically verified by the management; however there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancy was noticed on such verification.
- (c) As explained to us and as per books of accounts, company has not disposed off substantial part of its fixed assets during the year and the going concern status of the company is not affected.
- (ii)(a) The inventory has been physically verified during the year by the management. in our opinion, the frequency of verification is reasonable.
- (b) 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 inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii)(a) The company has taken unsecured loans and advances from the following parties, which are covered in the register maintained u/s 301 of the Companies Act, 1956:-.

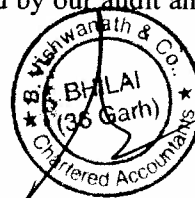
<u>Party</u>	<u>Year-end Balance (₹)</u>	<u>Maximum credit during the year (₹)</u>
1. Metal Grace Injection Alloys Pvt.Ltd.	28,33,336/-	41,25,923/-
2. D.R. Bansal (HUF)	11,33,651/-	11,33,651/-
3. Manoj Kumar Bansal	NIL	39,23,326/-
4. Anirudh Singhal	6,93,434/-	6,93,434/-

- (b) The Company has not given loans & advances, secured or unsecured, to the parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (c) In our opinion, term and conditions on which such transactions are entered into with the parties listed in the register maintained under section 301 of the Companies Act, 1956 are not, *prima facie*, prejudicial to the interest of the company.
- (d) It is explained that there is no irregularity occurred in the said accounts with the parties.
- (e) There is no overdue amount in the said accounts with the parties listed in the Register maintained under section 301 of the Companies Act, 1956.

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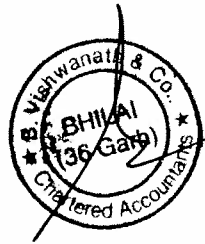
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 are updated on regular basis.
- (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 Lacs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted deposits to which provisions of sections 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are applicable.
- (vii) *As explained, no outside agency is appointed / engaged for internal audit purposes.* However, it is explained that proper internal checks/quality controls are suitably placed at every level of generation of information/records.
- (viii) As per the explanations and information given to us, provisions relating to maintenance of cost records prescribed under section 209 (1) (d) of the Companies Act, 1956 are not applicable to this company.
- (ix)(a) The company is generally regular in depositing with appropriate authorities applicable and undisputed statutory dues including provident fund, investor education protection fund, employees' state insurance, income tax, sales tax, Wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty, and cess were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, there are no dues of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess which have not been deposited on account of any dispute excepting commercial tax demands (including Entry tax & C.S.T.) totaling to Rs.3,52,017/- against which company has deposited Rs. 30,500/- while preferring appeals with the Dy.Commissioner, Commercial Tax Deptt., Durg
- (x) The company has no accumulated losses. The company has not incurred cash losses during the financial year covered by our audit and also in the immediately preceding financial year.



Contd....3

- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi mutual benefit fund /society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in shares, securities, debentures and other Investments. Accordingly, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) The Company has not given guarantees for loans taken by others from banks or financial Institutions.
- (xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- (xviii) According to the information and explanations given to us, the company has not made any preferential allotment.
- (xix) The company has not issued any debentures during the current financial year.
- (xx) There is no public issue during the current financial year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of audit.

Place: Bhilai (C.G.)
Date : 07.08.2012



For B. Vishwanath & Co.
Chartered Accountants
F.R.N. - 007875C

B. Vishwanath
(B. Vishwanath)
Partner
M.No. 074096

SARTHAK METALS MARKETING PRIVATE LIMITED

BALANCE SHEET AS AT 31ST MARCH 2012

Particulars	Note No.	As at 31 March, 2012	As at 31 March, 2011
		₹	₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	40,115,000.00	10,240,000.00
(b) Reserves and surplus	2	82,709,790.87	88,211,574.92
Total (1)		122,824,790.87	98,451,574.92
2 Share application money pending allotment		1,000,000.00	-
3 Non-current liabilities			
Long-term borrowings	3.a	18,394,838.00	7,852,620.00
Deferred Tax Liability (*)	4	3,296,765.40	-
Total (3)		21,691,603.40	7,852,620.00
4 Current liabilities			
(a) Short Term Borrowings	3.b	143,808,941.80	166,952,854.89
(b) Trade payables	5	3,478,240.19	2,037,092.15
(c) Short-term provisions	6	11,616,843.00	16,308,532.00
Total (4)		158,904,024.99	185,298,479.04
TOTAL(1 to 4)		304,420,419.26	291,602,673.96
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
Tangible assets	7	57,902,489.48	35,000,111.56
2 Current assets			
(a) Inventories	8	49,906,595.13	53,006,839.33
(b) Trade receivables	9	141,589,760.60	163,130,335.33
(c) Cash and cash equivalents	10	22,781,650.41	7,529,196.91
(d) Short-term loans and advances	11	32,239,923.64	32,936,190.83
Total (2)		246,517,929.78	256,602,562.40
TOTAL (1+2)		304,420,419.26	291,602,673.96

(*) Deferred Tax Liability computed and reflected for the first time in Current year

SALIENT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

'A'

NOTES REFERRED TO ABOVE FORM PART OF BALANCE SHEET

FOR AND ON BEHALF OF BOARD

[Signature]
(DIRECTOR)

[Signature]
(DIRECTOR)

**AUDITORS' REPORT
AS PER OUR REPORT OF EVEN DATE ANNEXED**

**FOR B. VISHWANATH & CO.
CHARTERED ACCOUNTANTS
F.R.N. -007875C**



[Signature]
(B. VISHWANATH)
PARTNER
M. No. 074096

PLACE: BHILAI (C.G.)
DATE: 07.08.2012

SARTHAK METALS MARKETING PRIVATE LIMITED

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH 2012

Particulars	Note No.	For the year ended 31 March, 2012	For the year ended 31 March, 2011
		₹	₹
I. Revenue from operations (net)	12	1,005,525,363.68	1,045,122,807.42
II. Other income	17	-	1,668,116.50
III. Total Revenue (I+II)		1,005,525,363.68	1,046,790,923.92
IV. Expenses			
(a) Cost of Materials Consumed	13.a	844,163,055.25	882,356,381.12
(b) Purchases of Traded Goods	13.b	31,904,982.45	43,878,507.70
(c) Changes in Inventories of finished goods and stock-in-trade	13.c	(10,505,676.50)	7,425,817.00
(d) Employee Benefits Expenses	14	16,185,826.00	14,823,230.00
(e) Finance Costs	15	25,310,878.94	19,687,243.76
(f) Depreciation and amortization expenses	7	8,228,135.00	5,132,586.00
(g) Other Expenses	16	43,884,734.19	53,181,786.32
Total Expenses (IV)		980,183,288.33	1,011,633,917.90
V. Profit before exceptional items, extraordinary items and tax (III - IV)		25,342,075.35	35,157,006.02
VI. Exceptional items		-	-
VII. Profit / (Loss) before extraordinary items and tax (V-VI)		25,342,075.35	35,157,006.02
VIII. Extraordinary items		-	-
IX. Profit before tax (VII-VIII)		25,342,075.35	35,157,006.02
X. Tax expense:			
(a) Current tax expense		7,060,000.00	11,737,390.00
(b) Expense relating to prior years (net)		7,094.00	71,457.00
(c) Deferred tax Liability (*)		3,296,765.40	-
Total Tax Expenses (X)		10,363,859.40	11,808,847.00
XI. Profit from continuing operations (IX-X)		14,978,215.95	23,348,159.02
XII. Profit from Discontinuing Operations		-	-
XIII. Tax expense of Discontinuing Operations		-	-
XIV. Profit from Discontinuing Operations		-	-
XV. Profit for the year (XI + XIV)		14,978,215.95	23,348,159.02
XVI. Earnings per Equity share (of ₹ 10/- each):			
(a) Basic (Adjusted Earnings per share for the year ended 31st March 2011)		3.73	7.60
(b) Diluted (Adjusted Earnings per share for the year ended 31st March 2011) (EPS as per AS - 20)		3.73	7.60

(*) Deferred Tax Liability computed and reflected for the first time in Current year

SALIENT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

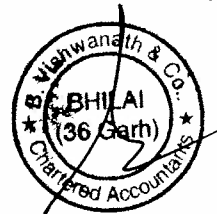
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NOTES REFERRED TO ABOVE FORM PART OF PROFIT AND LOSS STATEMENT

FOR AND ON BEHALF OF BOARD

(Signature)
DIRECTOR
Kishore
(DIRECTOR)

AUDITORS' REPORT
AS PER OUR REPORT OF EVEN DATE ANNEXED



FOR B. VISHWANATH & CO.
CHARTERED ACCOUNTANTS
F.R.N. -007875C

(Signature)

(B. VISHWANATH)
PARTNER
M. No. 074096

PLACE: BHILAI (C.G.)
DATE: 07.08.2012

SARTHAK METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements

1 Share capital:

Particulars	As at 31 March, 2012		As at 31 March, 2011	
	Number of shares	₹	Number of shares	₹
(a) Authorised Share Capital				
Equity shares of ₹ 10/- each with voting rights	5,000,000	50,000,000.00	2,000,000	20,000,000.00
(b) Issued Share Capital				
Equity shares of ₹ 10/- each with voting rights	4,011,500	40,115,000.00	1,024,000	10,240,000.00
(c) Subscribed and fully paid up Share Capital				
Equity shares of ₹ 10/- each with voting rights	4,011,500	40,115,000.00	1,024,000	10,240,000.00
Total	4,011,500	40,115,000.00	1,024,000	10,240,000.00

Refer Notes (i) & (ii) below

Notes:

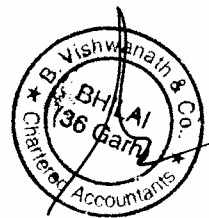
(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh Issue	Bonus	ESOP	Conversion	Buy back	Other changes	Closing Balance
Equity shares with voting rights								
Year ended 31 March, 2012								
- Number of shares	1,024,000	939,500	2,048,000	-	-	-	-	4,011,500
- Amount (₹)	10,240,000.00	9,395,000.00	20,480,000.00	-	-	-	-	40,115,000.00
Year ended 31 March, 2011								
- Number of shares	1,006,000	18,000	-	-	-	-	-	1,024,000
- Amount (₹)	10,060,000.00	180,000.00	-	-	-	-	-	10,240,000.00

(ii) Details of shares held by each shareholder holding more than 5% shares:

Equity shares with voting rights

S.No.	Class of shares / Name of shareholder	As at 31 March, 2012		As at 31 March, 2011	
		Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
A.	Directors				
1	Shri Anoop Kumar Bansal	366,750	9.14	97,250	9.50
2	Shri Kishore Kumar Bansal	234,750	5.85	78,250	7.64
3	Shri Sanjay Shah	-	-	59,550	5.82
B.	Relatives				
	Shri Manoj Kumar Bansal	1,257,200	31.34	230,900	22.55
C.	Others				
1	Comet Technologies Private Limited	537,750	13.41	179,250	17.50
2	Metal-Grace Injection Alloys Private Limited	300,000	7.48	-	-



SARTHAK METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements

Note 2 : Reserves and Surplus :

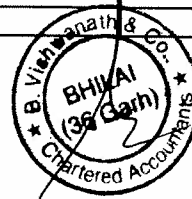
Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Securities premium account		
Opening balance and Closing balance	8,876,000.00	8,876,000.00
Sub -Total (a)	8,876,000.00	8,876,000.00
(b) State Investment Capital Subsidy		
Opening balance and Closing balance	500,000.00	500,000.00
Sub -Total (b)	500,000.00	500,000.00
(c) General reserve		
Opening balance	78,835,574.92	55,487,415.90
Add: Profit for the year from Profit and Loss Statement	14,978,215.95	23,348,159.02
Less: Utilised for issuing bonus shares	(20,480,000.00)	-
Closing balance(Sub -Total (c))	73,333,790.87	78,835,574.92
Total (a+b+c)	82,709,790.87	88,211,574.92

Note 3.a Long-Term Borrowings:

Particulars	As at 31 March, 2012	As at 31 March, 2011
(a) Term loans		
(i) From banks		
Secured	10,808,383.00	2,528,133.00
Sub- Total (I)	10,808,383.00	2,528,133.00
(ii) From other parties		
Secured	1,926,034.00	-
Sub- Total (II)	1,926,034.00	-
Total (a) = (I+II)	12,734,417.00	2,528,133.00
(b) Loans and advances from related parties		
Unsecured	4,660,421.00	4,324,579.00
Total (b)	4,660,421.00	4,324,579.00
(c) Other loans and advances		
Unsecured	1,000,000.00	999,908.00
Total (c)	1,000,000.00	999,908.00
Total (a+b+c)	18,394,838.00	7,852,620.00

Note 3.b Short-Term Borrowings:

Particulars	As at 31 March, 2012	As at 31 March, 2011
Working Capital Loans		
Secured	143,808,941.80	166,952,854.89
Total (c)	143,808,941.80	166,952,854.89



Note 3 (a & b) Borrowings Contd...

SARTHAK METALS MARKETING PRIVATE LIMITED

Note 3 (a & b) Borrowings (contd.):

Notes for 3.a long-term borrowings:

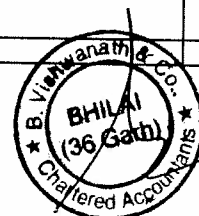
Details of terms of repayment for the other long-term borrowings and security provided in respect of the secured & other long-term borrowings:

Particulars	Terms of repayment and security	As at 31 March, 2012		As at 31 March, 2011	
		Secured	Unsecured	Secured	Unsecured
Term loans from banks:					
HDFC Bank Limited, Bhilai	(a) As per agreed EMI on respective asset & (b) Hypothecation of Plant & Machineries and Vehicles	22,336.00	-	89,344.00	-
SBI Car Loan (Hyundai i-20 Sportz)		290,063.00	-	509,509.00	-
SBI Car Loan (TATA Aria Pride)		885,153.00	-	1,463,853.00	-
SBI Car Loan (Volkswagen)		169,097.00	-	465,427.00	-
SBI SME TERM LOAN		9,441,734.00	-	-	-
Total - Term loans from banks		10,808,383.00	-	2,528,133.00	-
Term loans from other parties:					
TATA MOTORS FINANCE LIMITED	(a) As per agreed EMI on respective asset & (b) Hypothecation of Truck	1,926,034.00	-	-	-
Total - Term loans from other parties		1,926,034.00	-	-	-
Loans and advances from related parties:					
Shri Manoj Kumar Bansal	As per agreed terms	-	-	-	2,273,326.00
M/s Metal Grace Injection Alloys Pvt. Ltd., Bhilai		-	2,833,336.00	-	998,811.00
Shri D.R. Bansal (H.U.F.) Shareholder		-	1,133,651.00	-	1,052,442.00
Shri Anirudh Singh		-	693,434.00	-	-
Total - Loans and advances from related parties		-	4,660,421.00	-	4,324,579.00
Other loans and advances (Unsecured):					
Shibani Nandi	As per agreed terms	-	-	-	-
Surabhi Chakraborty		-	500,000.00	-	499,954.00
Total - Other loans and advances (a+b)		-	500,000.00	-	499,954.00
			1,000,000.00		999,908.00

Notes for 3.b short-term borrowings:

Details of terms of repayment for the short-term borrowings and security provided in respect of the secured & short-term borrowings:

Particulars	Terms of repayment and security	As at 31 March, 2012		As at 31 March, 2011	
		Secured	Unsecured	Secured	Unsecured
Working Capital Loans From Banks					
Cash Credit Loan	(a) On demand and renewable after one year & (b) Hypothecation of Stocks & Book Debts	88,490,238.15	-	88,941,026.14	-
Stand by Line Credit Loan		-	-	10,000,000.00	-
SBI, L.C.		17,252,094.00	-	18,794,048.00	-
ICICI Bank Limited		20,749,993.00	-	30,344,447.75	-
SBI, Buyer's Credit		17,316,616.65	-	18,873,333.00	-
Total - Working Capital Loans From Banks		143,808,941.80	-	166,952,854.89	-



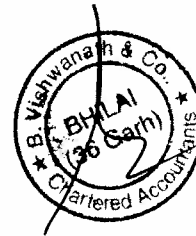
SARTHAK METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements

Note 4 Disclosures under Accounting Standards

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
Deferred tax (asset) / liability(*)		
Tax effect of items constituting deferred tax liability		
Tax liability in closing balance of Fixed asset	3,296,765.40	-
Net deferred tax liability	3,296,765.40	-

(*) Deferred Tax Liability computed and reflected for the first time in Current year



SARTHAK METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements

Note 5 Trade payables :

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
<u>Trade payables:</u>		
Other than Acceptances	3,478,240.19	2,037,092.15
Total	3,478,240.19	2,037,092.15

Note 6 Short-term provisions :

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
<u>Provision - Others:</u>		
Audit Fees Payable	74,452.00	66,180.00
Bonus Payable	965,690.00	415,150.00
Electricity Chrges Payable	567,650.00	367,100.00
Entry Tax Payable	138,315.00	61,583.00
Salary Payable	609,102.00	345,658.00
T.D.S. Payable	575,058.00	1,024,830.00
Value Added Tax Payable	1,368,070.00	324,595.00
E.P.F. Payable	26,742.00	26,028.00
E.S.I.C. Payable	12,731.00	10,564.00
Leave Salary Payable	129,449.00	226,593.00
LTA Payable	83,500.00	80,885.00
Professional Tax Payable	2,500.00	2,500.00
Provision for Taxation	7,060,000.00	11,737,390.00
Telephone Expenses Payable	3,584.00	9,998.00
Others	-	1,609,478.00
Total	11,616,843.00	16,308,532.00



SARITHA METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements
Note 7 Fixed assets

A	Tangible assets	Gross block									
		Balance as at 1 April, 2011	Additions	Disposals	Acquisitions through business combinations	Reclassified as held for sale	Revaluation increase	Effect of foreign currency exchange differences	Borrowing cost capitalised	Other adjustments	Balance as at 31 March, 2012
		₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
	(a) Land	1,860,270.00	-	-	-	-	-	-	-	-	1,860,270.00
	Land (Basin)	82,257.00	-	-	-	-	-	-	-	-	82,257.00
	Land Development	98,149.00	-	-	-	-	-	-	-	-	98,149.00
	Factory Land Leasehold	871,304.00	-	-	-	-	-	-	-	-	871,304.00
	Factory Land Leasehold *										
	(b) Buildings	9,573,720.38	252,645.25	-	-	-	-	-	-	-	9,826,365.63
	Owned	1,513,147.98	3,476,653.67	-	-	-	-	-	-	-	4,989,801.65
	In Bhilai	3,303,825.00	-	-	-	-	-	-	-	-	3,303,825.00
	In Raipur										
	In Nagpur										
	(c) Plant, Machinery & Equipment	13,137,504.92	587,737.00	-	-	-	-	-	(23,725.00)	-	13,701,516.92
	Owned	6,965,356.20	13,821,124.00	-	-	-	-	-	-	-	20,786,480.20
	In Bhilai #										
	In Raipur										
	(d) Furniture and fixtures	246,547.00	22,458.00	-	-	-	-	-	-	-	269,005.00
	Owned	2,215.00	-	-	-	-	-	-	-	-	2,215.00
	In Bhilai	1,438,141.00	-	-	-	-	-	-	-	-	1,438,141.00
	In Raipur										
	In Nagpur										
	(e) Vehicles @	5,584,964.00	974,000.00	-	-	-	-	-	(3,014,291.00)	-	3,544,673.00
	Owned	934,056.00	1,923,182.00	-	-	-	-	-	3,014,291.00	-	5,871,529.00
	In Bhilai	25,000.00	42,000.00	-	-	-	-	-	-	-	67,000.00
	In Raipur										
	In Nagpur										
	(f) Office equipment	1,027,991.68	278,949.00	-	-	-	-	-	-	-	1,306,940.68
	Owned	55,250.00	8,700.00	-	-	-	-	-	-	-	63,950.00
	In Bhilai	149,790.00	-	-	-	-	-	-	-	-	149,790.00
	In Raipur										
	In Nagpur										
	(g) Others	17,927,818.84	9,766,789.00	-	-	-	-	-	-	-	27,694,607.84
	Owned										
	Gas Cylinders										
	Total	64,797,308.00	31,154,237.92	-	-	-	-	-	(23,725.00)	-	95,927,820.92
	Previous year	44,875,334.00	19,921,874.00	-	-	-	-	-	-	-	64,797,308.00

= Other Adjustment reflect CENVAT during the year.

@ = Vehicles - Other adjustment reflects internal transfers from Bhilai (Cored Wire Division) to Raipur (Gas Division)
Figure within brackets reflect deduction.



Notes forming part of the financial statements

Note 7 Fixed assets (contd.)

A	Tangible assets	Accumulated depreciation and impairment							Net block	
		Balance as at 1 April, 2011	Depreciation / amortisation expense for the year	Eliminated on disposal of assets	Eliminated on reclassification as held for sale	Impairment losses recognised in statement of profit and loss	Reversal of impairment losses recognised in Statement of Profit and Loss	Other adjustments	Balance as at 31 March, 2012	Balance as at 31 March, 2011
	(a) Land									
	Land (Basin)									
	Land Development									
	Factory Land Leasehold									
	Factory Land Leasehold									
	(b) Buildings									
	Owned									
	In Bhilai	2,490,019.60	588,189.00	-	-	-	-	-	1,860,270.00	1,942,527.00
	In Raipur	702,279.98	81,087.00	-	-	-	-	-	82,257.00	82,257.00
	In Nagpur	151,614.00	157,611.00	-	-	-	-	-	98,149.00	98,149.00
	(c) Plant, Machinery & Equipment									
	Owned									
	In Bhilai	661,6012.98	952,630.00	-	-	-	-	-	3,078,208.60	6,748,157.03
	In Raipur	5985617.20	704,135.00	-	-	-	-	-	783,366.98	4,206,434.67
	(d) Furniture and Fixtures									
	Owned									
	In Bhilai	125225.00	24,572.00	-	-	-	-	-	309,225.00	7,083,700.78
	In Raipur	2077.00	25.00	-	-	-	-	-	6,489,752.20	810,868.00
	In Nagpur	22108.00	256,302.00	-	-	-	-	-	14,096,728.00	3,152,211.00
	(e) Vehicles @									
	Owned									
	In Bhilai	2094533.00	242,950.00	-	-	-	-	-	149,797.00	121,322.00
	In Raipur	836111.00	935,530.00	-	-	-	-	-	2,102.00	138.00
	In Nagpur	10862.00	11,741.00	-	-	-	-	-	278,410.00	1,416,033.00
	(f) Office equipment									
	Owned									
	In Bhilai	619,858.68	156,454.00	-	-	-	-	-	2,122,626.00	3,490,431.00
	In Raipur	54740.00	204.00	-	-	-	-	-	1,986,498.00	97,945.00
	In Nagpur	91,928.00	17,236.00	-	-	-	-	-	22,603.00	14,136.00
	(g) Others									
	Owned									
	Gas Cylinders (Raipur)	9,994,210.00	4,099,469.00	-	-	-	-	-	14,093,679.00	7,933,608.84
	Total	29,797,196.44	8,228,135.00						36,025,331.44	35,000,111.56
	Previous year	24,644,610.44	5,132,586.00						29,797,196.44	35,000,111.56



@ = Vehicles - Other adjustment reflects internal transfers from Bhilai (Cored Wire Division) to Raipur (Gas Division)
Figure within brackets reflects deduction.

SARTHAK METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements

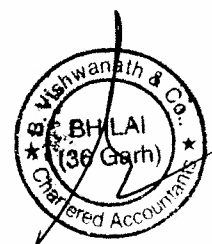
Note 8 Inventories:

(Valuation is at lower of cost and net realisable value)

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
(a) Raw materials	38,797,829.63	31,853,897.33
(b) Finished goods	9,702,265.50	20,207,942.00
(c) Consumable Goods, Stores and spares	161,500.00	120,000.00
(d) Others (Packing Goods)	1,245,000.00	825,000.00
Total (a to d)	49,906,595.13	53,006,839.33

Note 9 Trade receivables:

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
Trade receivables outstanding for a period exceeding six months from the date they were due for payment Unsecured, considered good	-	120,218.00
Sub - Total (a)	-	120,218.00
Other Trade receivables Unsecured, considered good	141,589,760.60	163,010,117.33
Sub - Total (b)	141,589,760.60	163,010,117.33
Total (a+b)	141,589,760.60	163,130,335.33

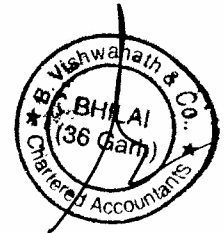


SARTHAK METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements

Note 10 Cash and Cash Equivalents:

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
(a) Cash on hand	516,569.87	238,353.87
(b) Balances with banks <u>In current accounts</u>		
IDBI Bank Ltd., Bhilai C/A No. 4077	50,734.25	274,092.25
Oriental Bank of Commerce, Bhilai	10,310.00	9,888.00
State Bank of India (SME P/P)	22,075,344.08	6,201,626.21
State Bank of India, Bokaro	34,832.00	10,310.00
State Bank of India, Raigarh	20,000.00	-
State Bank of India, Nagpur	28,016.35	115,369.22
State Bank of India, Ind. Area, Raipur (C/A) (By Reconciliation)	(63,268.50)	420,086.00
State Bank of India, SME Branch, Bhilai (C/A)	109,112.36	259,471.36
Total	22,781,650.41	7,529,196.91

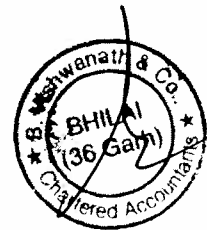


SARTHAK METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements

Note 11 Short-Term Loans and Advances :

Particulars	As at 31 March, 2012	As at 31 March, 2011
	₹	₹
(a) Security deposits		
Unsecured, considered good	1,334,376.00	754,091.00
Sub - Total (a)	1,334,376.00	754,091.00
(b) Loans and advances to employees		
Unsecured, considered good	683,782.00	906,565.00
Sub - Total (b)	683,782.00	906,565.00
(c) Balances with government authorities		
(i) CENVAT Credit Receivable	9,699,723.48	15,066,871.48
(ii) VAT Credit Receivable	6,630,950.00	62,186.00
(iii) F.B.T. Receivable	28,990.00	28,990.00
(iv) ESIC Receivable	1,202.00	910.00
(v) EPF Receivable	2,248.00	2,357.00
(vi) Advance Income Tax	7,000,000.00	9,500,000.00
Sub - Total (c)	23,363,113.48	24,661,314.48
(d) Others		
Unsecured, considered good	6,858,652.16	6,614,220.35
Sub - Total (d)	6,858,652.16	6,614,220.35
Total (a to d)	32,239,923.64	32,936,190.83



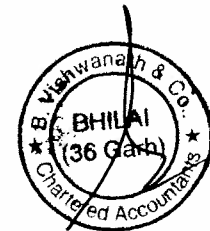
SARTHAK METALS MARKETING PRIVATE LIMITED

Note forming part of the financial statements

Note 12 Revenue from Operations:

	Particulars	For the year ended	For the year ended
		31 March, 2012	31 March, 2011
		₹	₹
(a)	Sale of products (Refer Note (i) below)	1,104,611,082.68	1,145,731,222.42
	Less : Excise Duty	100,899,141.00	103,096,380.00
		1,003,711,941.68	1,042,634,842.42
(b)	Other operating revenues (Refer Note (ii) below)	1,813,422.00	2,487,965.00
	Total (a+b)	1,005,525,363.68	1,045,122,807.42

Note	Particulars	For the year ended	For the year ended
		31 March, 2012	31 March, 2011
		₹	₹
(i)	Sale of products comprises:		
	<u>Manufactured goods</u>		
	Cylinder Charges (Maintenance & Handling Charges)	652,057.29	31,046.50
	Sales	1,054,069,459.39	1,082,918,758.92
	Sales (Consignment)	17,231,373.00	19,155,278.00
	Sales (High Seas)	31,084,571.00	35,971,671.00
	Sales Wire Feeder Machine	506,650.00	-
	Total - Sale of manufactured goods	1,103,544,110.68	1,138,076,754.42
	<u>Traded goods</u>		
	Sales Trading	1,066,972.00	152,768.00
	Others	-	7,501,700.00
	Total - Sale of traded goods	1,066,972.00	7,654,468.00
	Total - Sale of products	1,104,611,082.68	1,145,731,222.42
(ii)	Other operating revenues comprises:		
	Sales (Scrap)	1,429,884.00	2,226,154.00
	Sales (Empty Drum)	69,047.00	30,609.00
	Rent Received (including Cylinder Rent)	299,491.00	231,202.00
	Cylinder Lost	15,000.00	-
	Total - Other operating revenues	1,813,422.00	2,487,965.00



SARTHAK METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements

Note 13.a Cost of materials consumed:

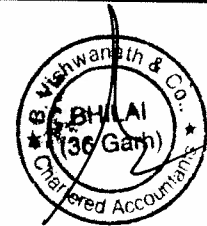
Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	₹	₹
Opening stock	32,798,897.33	23,734,275.00
Add: Purchases & Expenses	851,568,487.55	891,421,003.45
Less: Closing stock	884,367,384.88	915,155,278.45
NET	40,204,329.63	32,798,897.33
	844,163,055.25	882,356,381.12
Material consumed comprises:		
Raw Materials	830,320,514.80	865,888,596.31
Consummable Packing Goods	11,557,871.00	14,233,811.58
Consummable Stores and Spares	2,284,669.45	2,233,973.23
Total	844,163,055.25	882,356,381.12

Note 13.b Purchase of traded goods:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	₹	₹
Purchase (CO2 Gas)	284,567.45	-
Purchase (Oxygen Trading)	695,311.00	141,136.00
Purchase (High Seas Sales)	30,925,104.00	35,708,754.00
Iron Purchase	-	8,028,617.70
Total	31,904,982.45	43,878,507.70

Note 13.c Changes In Inventories of finished goods, work-in-progress and stock-in-trade:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	₹	₹
<u>Inventories at the end of the year:</u>		
Finished goods	9,686,251.50	20,191,928.00
Stock-in-trade	16,014.00	16,014.00
	9,702,265.50	20,207,942.00
<u>Inventories at the beginning of the year:</u>		
Finished goods	20,191,928.00	12,766,111.00
Stock-in-trade	16,014.00	16,014.00
	20,207,942.00	12,782,125.00
Net (Increase) / decrease	(10,505,676.50)	7,425,817.00



SARTHAK METALS MARKETING PRIVATE LIMITED

Notes forming part of the financial statements

Note 14 Employee Benefits Expenses :

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	₹	₹
Salaries and wages (including Directors' Remuneration)	14,808,218.00	13,423,602.00
Bonus	951,400.00	1,051,100.00
Contributions to provident and other funds	281,208.00	258,605.00
Staff welfare expenses	145,000.00	89,923.00
Total	16,185,826.00	14,823,230.00

Note 15 Finance Costs:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	₹	₹
Interest expense on:		
(i) Borrowings		
(a) Interest to Banks	18,138,956.55	11,736,528.00
(b) Interest & Finance Charges on Vehicles	1,658,255.39	4,446,226.76
(c) Comm./Charges on LC/Buyers Credit	2,011,741.00	1,208,033.00
Total (i)	21,808,952.94	17,390,787.76
(ii) Others		
Interest on Unsecured Loans	3,501,926.00	2,296,456.00
Total(i + ii)	25,310,878.94	19,687,243.76

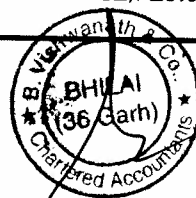


Note 16 Other Expenses:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	₹	₹
Commission	9,181,451.75	16,151,052.75
Electricity Charges	5,423,839.00	4,537,257.00
Excise Duty Expenses	242,213.00	-
Insurance Expenses	1,324,485.00	919,011.00
Oil & Lubricant Expenses	194,659.00	154,396.00
Repairs & Maintenance	2,064,802.00	1,798,476.00
Transport Delivery & Collection Charges	770,651.00	-
Bank / Processing Charges	3,377,897.42	3,516,774.66
Business Promotion	387,241.00	90,344.00
Computer Expenses	128,060.00	149,261.00
Consultancy / Professional Charges	830,500.00	193,573.00
Entry Tax Expenses	343,639.00	166,041.00
Leave Salary	175,156.00	251,473.00
Legal Expenses	423,011.00	319,326.00
Membership/Subscription Fee	103,622.00	45,575.00
Office & General Expenses	498,225.00	546,931.00
Printing & Stationery Expenses	276,960.00	136,651.25
Rate & Qty. Diff.	313,860.86	369,559.59
Security Expenses	410,068.00	406,658.00
Service Charges	219,882.00	576,736.00
T & A Conveyance Expenses	1,964,491.75	1,541,892.00
Telephone Expenses	350,275.63	285,769.98
Transportation Charges (Outward)	12,875,018.00	18,846,340.00
VAT Expenses	537,406.00	41,139.00
Vehicle Maintenance & Fuel Expenses	653,454.00	590,192.00
Payments to auditors (Refer Note (i) below)	82,725.00	66,180.00
Miscellaneous expenses	731,140.78	722,900.12
Others	-	758,276.97
Total	43,884,734.19	53,181,786.32

Notes:

Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
	₹	₹
Payments to the auditors comprises:		
As auditors - statutory audit	82,725.00	66,180.00
Total	82,725.00	66,180.00



SARTHAK METALS MARKETING PRIVATE LIMITED

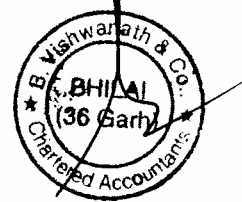
Notes forming part of the financial statements

Note 17 Other Income:

	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
		₹	₹
(i)	Other non-operating income (net of expenses directly attributable to such income) (Refer Note (i) below)	-	1,668,116.50
	Total	-	1,668,116.50

Note 17 Other Income (contd.)

Note	Particulars	For the year ended 31 March, 2012	For the year ended 31 March, 2011
		₹	₹
(i)	Other non-operating income comprises:		
	Rent Received	-	-
	Others	-	1,668,116.50
	Total - Other non-operating Income	-	1,668,116.50



SHARTHAK METALS MARKETING PRIVATE LIMITED
BHILAI (C.G.)

FINANCIAL YEAR : 2011-2012

SCHEDULE - 'A' - SALIENT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

(A) SALIENT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING

The accounts are prepared on historical cost convention and on the basis of a going concern with revenues considered and expenses accounted for (wherever possible on their accrual including provisions for committed obligations) in accordance with the applicable accounting standards.

2. FIXED ASSETS AND DEPRECIATION

Fixed assets are stated at their original cost less depreciation. Cost includes inward freight, duties and taxes and expenses incidental to acquisition and installation. Depreciation has been provided on WDV rates as specified in Schedule-XIV of the Companies Act, 1956.

3. PRE-OPERATIVE EXPENSES

Expenditure incurred during pre-operative/installation period prior to commencement of commercial production is stated at cost and are pro-rata allocated to factory building, plant & machinery, electrical equipments.

4. REVENUE RECOGNITION

Sales are recorded when supply of goods takes place in accordance with the terms of sale. Sales include excise duty and other taxes, wherever applicable.

5. CLAIMS, TAXES, DUTIES, ETC.

Taxes & duties, deductions, escalations, insurance claims etc, are accounted for determination / acceptance basis.

6. INVENTORY VALUATION AND CONSUMPTION COST VALUATION

- (I) Goods are valued at landed cost / estimated cost or market price whichever is lower.
- (II) Raw material consumption costs are taken after netting off cenvat credits, if any.
- (III) In case of oxygen gas and cored wire stocks, estimated cost is taken based on the selling price, as per past practice.

7. FOREIGN CURRENCY TRANSACTIONS

Gains or losses on account of foreign currency transactions relating to raw material procurement are accounted for on determination basis and are charged to respective purchases.



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B. NOTES ON ACCOUNTS

1. The Revised Schedule VI has become effective from 1 April, 2012 for the preparation necessary & presentation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever to correspond with the current year's classification / disclosure.

2. Contingent Liabilities (Not Provided For) in respect of:

<u>Particulars</u>	31.03.2012 (₹)	31.03.2011 (₹)
(a) LC, Buyers Credit/Bank guarantee outstanding	34568710.65	19580014.00
(Fixed deposit pledged)	(6256875.54)	(6374678.00)
(b) Demand Raised by Comm. Tax Deptt.	352017.00	-
Amount Paid For Appeals Preferred	(30500.00)	-

3. State Capital Investment Subsidy of Rs. 500000/- had been received from DIC, Raipur vide letter no. DIC-R/FA/66 dated 11.06.98.

4. Closing stock is taken as considered, verified and certified by the mangement.

5. (a) In the opinion of board, all current assets including sundry debtors, loans and advances, etc. are recoverable in the ordinary course of business and would realize the value as stated.

(b) Further, in the opinion of board, the provisions for depreciation and all known liabilities are adequate and are not in excess of the amount reasonably necessary.

8. Parties account are subject to confirmation/reconciliation. Consequential adjustments thereof shall be made/ provided as and when such accounts are settled.

9. Closing cash on hand is as certified by the management.

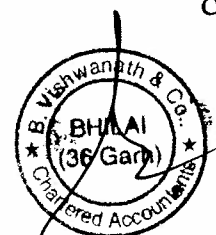
10. Accounting Standard 22 - Accounting for Taxes on Income

The Company follows the depreciation method as per the Companies Act 1956. Deferred tax has been worked out @ 32.445 % on the Treatment of Depreciation under the Companies vis-a-vis the Income Tax Act. The Company has provided the Liability / Assets for Deferred Tax under the head Deferred Tax Liability. Accordingly the amount of Deferred Tax Asstes is as follows:-

	<u>Particulars</u>	<u>Amount (Rs.)</u>
a.	Opening balance of DTL on account of Time Difference	-
b.	Difference in closing balance of fixed assets carried forward values in Companies Act and I.T. Act (i.e. ₹ 57902496.48 less ₹ 47741407.26)	10,161,089.22
c.	Tax Liability @ 32.445 %	3,296,765.40
d.	So, net liability for the year 2011-12(c-a)	3,296,765.40

Deferred Tax Liability in company's books of account has been reflected for the first time in current year.

CONTD..3



11. <u>Expenditure in Foreign Currency</u>	2011-12	2010-11
Foreign Tour Expenses (Exchange Purchase Cost)	939821.75	714735.00
12. Raw-material Purchases & Expenses include cost of imported goods also.		

SIGNATURE TO SCHEDULE 'A'

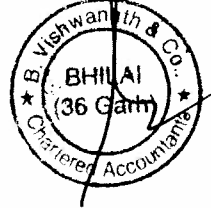
FOR AND ON BEHALF OF THE BOARD


(ANOOP KUMAR BANSAL)
DIRECTOR



(KISHORE KUMAR BANSAL)
DIRECTOR

**FOR B. VISHWANATH & CO.
CHARTERED ACCOUNTANTS
F.R.N. 007875C**




(B. VISHWANATH)
PARTNER
M.No. 074096

PLACE : BHILAI (C.G.)

DATE : 07.08.2012

M/S SARTHAK METALS MARKETING PRIVATE LIMITED
BHILAI (C.G.)

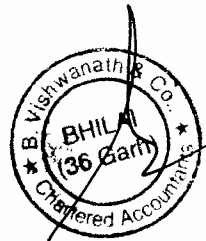
Cash Flow Statement for the Year Ended	31st March 2012 (Rs. in Lacs)	31st March 2011 (Rs. in Lacs)
A Cash Flow from operating activities:		
Net Profit before tax and extraordinary activities	253.42	351.57
Adjustments for:		
Depreciation	82.28	51.33
Interest Paid	253.11	196.87
Operating Profit before Working Capital changes	<u>588.81</u>	<u>599.77</u>
Adjustments for:		
Trade & Other Receivables (decrease)	215.41	(504.68)
Inventories (decrease)	31.00	(164.90)
Other Current Assets (decrease)	6.96	54.38
Other Provisions (decrease)	(46.92)	8.47
Trade Payable (increase)	14.41	(583.74)
Cash generated from operations	<u>809.68</u>	<u>(590.70)</u>
Interest paid	253.11	196.87
Direct Taxes Paid	70.66	88.44
Cash Flow before extraordinary activities	<u>485.90</u>	<u>(876.02)</u>
Cash Flow from operating activities (Total 'A')	<u>485.90</u>	<u>(876.02)</u>
B Cash Flow from Investing Activities		
Purchase of Fixed Assets	(311.30)	(199.22)
Net Cash used in investing activities (Total 'B')	<u>(311.30)</u>	<u>(199.22)</u>
C Cash Flow from Financing Activities		
Proceeds from Share Application money	103.95	9.00
Proceeds/Repayment from/of Unsecured Loan	3.36	(11.37)
Repayment/Proceeds of/from secured loan	(129.38)	1,137.29
Net Cash used in financing activities (Total 'C')	<u>(22.07)</u>	<u>1,134.92</u>
Net increase in Cash & Cash equivalents (A+B+C)	152.53	59.68
Cash & Cash Equivalents at the beginning of the year	75.29	15.61
Cash & Cash Equivalents at the close of the year	227.82	75.29

THIS IS THE CASH FLOW STATEMENT REFERRED TO IN OUR REPORT OF EVEN DATE

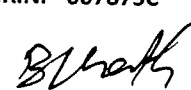
FOR AND ON BEHALF OF BOARD


(ANOOP KUMAR BANSAL)
DIRECTOR


(KISHORE KUMAR BANSAL)
DIRECTOR



AUDITOR'S REPORT
AS PER OUR REPORT OF EVEN DATE ANNEXED
FOR B.VISHWANATH & CO.
CHARTERED ACCOUNTANTS
F.R.N. - 007875C


(B.VISHWANATH)
PARTNER
M.No. 074096

PLACE: BHILAI (C.G.)
DATE: 07.08.2012