

AUDITORS REPORT

TO

THE MEMBERS OF

KALPENA INDUSTRIES LTD.

- 1) We have audited the attached Balance Sheet of Kalpena Industries Ltd. as at 31st March 2012 and the Profit and Loss Account 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 conducted our audit in accordance with the 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 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.
- 3) As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order 2004 (together the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of "The Companies Act, 1956 of India (the 'Act') 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 explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
- 4) 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 purposes of our audit.
 - b. 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.
 - c. The Balance Sheet and Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d. In our opinion, Balance Sheet, Profit and Loss Account dealt with by this report comply with the 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, 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 (l) of section 274 of the Companies Act, 1956.
 - f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts 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 and
 - ii. in the case of the Profit and Loss Account, of the Profit for the year ended on that date.
 - iii. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For **D.C. DHAREWA & CO.**
Firm Registration No. 322617E
CHARTERED ACCOUNTANTS,

(D.C. DHAREWA)
PROPRIETOR.
(MEMBERSHIP NO. 53838)

Date : 24th August, 2012

Annexure referred to in paragraph 3 of the Auditors Report of even date to the members of Kalpena Industries Ltd. on the accounts of for the year ended 31st March 2012.

- i)
 - a) The company is generally maintaining proper records showing full particulars including quantitative details and situation of Fixed Assets.
 - b) As per the information and explanation given to us, fixed assets are physically verified by the management during the year, which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. The discrepancies noticed on such verification were not material.
 - c) There was no substantial disposal of the Fixed Assets.
- ii)
 - a) As explained to us, the inventories of the company except stock in transit, have been physically verified by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and 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 having regard to the size of operation of the company and have been dealt with in the books of accounts.
- iii)
 - a) According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
 - b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Act.
- iv) In our opinion and according to the information and explanations given to us, having regard to the explanation that some of the products of the company are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is generally an adequate internal control system commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and the sale of goods and services. Read with the above, during the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.
- v) In our opinion and according to the information and explanations provided by the management, we are of the opinion that there are no contracts or arrangements that need to be entered into the register maintained under section 301 of the Companies Act, 1956.
- vi) The Company has not accepted any deposit from public in terms of section 58A and 58AA and the relevant provisions of the Companies Act, 1956.
- vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii) We have broadly reviewed the books of accounts maintained by the company in respect of product, where pursuant to the rules need by the central government of India, the maintenance of cost records has been prescribed under clause (d) of subsection (1) of sec 209 of the Act and are of the opinion that prima facie, the prescribed accounts and records have being made and maintained. We have not, however, made a detail examination of the record with a view to determine wheter they are accurate or complete.
- ix)
 - a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues as applicable, with the appropriate authorities. As at 31st March' 2012, there were no arrears in respect of the aforesaid dues for a period of more than six months from the date they became payable.

- b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of dues of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess as applicable as at 31st March' 2012, which have not been deposited on account of a dispute are as follows -

Name of Statute	Nature of Dues	Amount (Rs. In Thousands)	Period of which the amount relates	Forum where dispute is pending
Excise Act	Excise Duty	2,935	F.Y. 1996-97	CEGAT
Value Added Tax	Value Added Tax	44,705 6,093 34,441	F.Y. 2004-05 F.Y. 2005-06 F.Y. 2006-07	Jt. Comm. of Sales Tax, Beliaghata, Kolkata
Central Sales Tax	Central Sales Tax	6,912 21,757 10,110	F.Y. 2004-05 F.Y. 2005-06 F.Y. 2006-07	Jt. Comm. of Sales Tax, Beliaghata, Kolkata

- x) There are no accumulated losses of the company. The company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- 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 and banks as at the Balance Sheet date.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to the Company.
- xiv) In our opinion the company, is not dealing in or trading in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loan taken by others from bank or financial institution during the year.
- xvi) According to the information & explanation given to us, the Term Loan are being applied by the company for the purpose for which the loan were obtained.
- xvii) According to the information and explanations given to us, 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) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
- xix) There are no debentures issued and outstanding at the year end.
- xx) The Company has not raised any money by public issue during the year.
- xxi) According to the information and explanations given to us and representations made by management and based upon the audit procedures performed, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For **D.C. DHAREWA & CO.**
Firm Registration No. 322617E
CHARTERED ACCOUNTANTS,

(D.C. DHAREWA)
PROPRIETOR.
(MEMBERSHIP NO. 53838)

Date : 24th August, 2012

BALANCE SHEET AS AT 31ST MARCH, 2012

(₹ in Lacs)

	Note	As at March 31st, 2012		As at March 31st, 2011	
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	2	1,881.46		1,849.46	
Share Capital Suspense	2A	–		32.00	
Reserve and Surplus	3	<u>18,088.50</u>		<u>16,159.51</u>	
			19,969.96		18,040.97
Non-current liabilities					
Long-term borrowings	4	5,415.63		4,090.62	
Deferred tax liabilities (Net)	5	1,162.07		1,005.34	
Long-term provisions	6	21.06	<u>6,598.76</u>	26.18	<u>5,122.14</u>
Current liabilities					
Short-term borrowings	7	15,919.38		11,790.02	
Trade payables	8	6,526.38		5,169.09	
Other current liabilities	9	4,304.87		1,117.24	
Short-term provisions	10	499.33	<u>27,249.96</u>	500.03	<u>18,576.37</u>
TOTAL			<u>53,818.68</u>		<u>41,739.48</u>
ASSETS					
Non-current assets					
Fixed assets					
	11				
Tangible assets		11,029.84		9,588.31	
Intangible assets		48.47		59.64	
Capital work-in-progress		1,596.43		302.60	
Non-current investments	12	253.60		253.60	
Long-term loans and advances	13	4,306.70		1,944.01	
Other non-current assets	14	322.92	<u>17,557.96</u>	257.79	<u>12,405.95</u>
Current assets					
Inventories	15	8,731.94		7,520.93	
Trade receivables	16	21,575.06		17,257.81	
Cash and Bank Balances	17	1,694.19		1,647.10	
Short-term loans and advances	18	4,227.90		2,791.60	
Other current assets	19	31.63	<u>36,260.72</u>	116.07	<u>29,333.52</u>
TOTAL			<u>53,818.68</u>		<u>41,739.47</u>

Significant accounting policies 1

The accompanying notes are an integral part of the financial statement.

This is the Balance Sheet referred to in our report of even date.

For **D. C. Dharewa & Co.**
Chartered Accountants
Firm Registration No:322617E

D. C. Dharewa
Proprietor
Membership No.53838
Date : 24th August, 2012
Place : Kolkata

For and on behalf of Board of Directors
Narrindra Suranna
Chairman and Managing Director

Rajesh Kumar Kothari **Indranil Dasgupta**
Whole Time Director Whole Time Director

A. B. Chakrabartty
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

	Note	Year Ended March 31st, 2012	Year Ended March 31st, 2011
INCOME			
REVENUE FROM OPERATIONS	22	97,728.60	90,344.32
Less: Excise duty		6,689.57	6,037.84
Revenue from operations (net)		91,039.03	84,306.48
Other Income	23	284.19	451.99
Total Revenue		91,323.22	84,758.47
EXPENSES			
Cost of materials consumed	24	77,832.39	71,846.46
Changes in inventories of finished goods	25	(592.94)	178.38
Employee benefits expense	26	1,085.34	896.06
Finance costs	27	1,685.62	1,298.81
Depreciation and amortization expense		897.81	719.75
Less: Depreciation on amount added on revaluation		14.29	14.34
Other expenses	28	7,210.16	7,056.64
Total expenses		88,104.09	81,981.75
Profit before exceptional and extraordinary items and tax		3,219.13	2,776.72
Exceptional & extraordinary items			
Profit before tax		3,219.13	2,776.72
Tax expense:			
Current Tax Expenses		638.04	560.00
Less: Minimum Alternate Tax Credit		-	-
Tax adjustments of previous year, net		-	37.52
Deferred Tax		156.73	265.98
Profit for the year		2,424.36	1,913.22
Earnings per equity share: (Refer note no.29)		<i>Rs.</i>	<i>Rs.</i>
Basic		12.99	11.71
Diluted		12.99	11.71

Significant accounting policies 1

The accompanying notes are an integral part of the financial statement.

This is the Statement of Profit & Loss referred to in our report of even date.

For **D. C. Dharewa & Co.**
Chartered Accountants
Firm Registration No:322617E

D. C. Dharewa
Proprietor
Membership No.53838
Date : 24th August, 2012
Place : Kolkata

For and on behalf of Board of Directors
Narrindra Suranna
Chairman and Managing Director

Rajesh Kumar Kothari **Indranil Dasgupta**
Whole Time Director Whole Time Director

A. B. Chakrabartty
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

	Year Ended March 31st, 2012	Year Ended March 31st, 2011
A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before Tax & Extra Ordinary Items	3,219.13	2,776.72
Add: Depreciation	883.52	705.41
Loss on Sale of Fixed Assets	-	-
Bad debts / Advances Written off	-	4.24
Preliminary Expenses W/Off	0.03	0.03
Provision for wealth tax	-	1.37
Finance Costs	1,685.62	1,298.81
	2,569.17	2,009.85
	5,788.30	4,786.57
Less: Interest Income	169.70	100.48
Profit on Sale of Fixed Assets	0.24	8.39
Liabilities written back to the extent no longer required	11.03	-
Foreign Currency Fluctuation Gain (Notional)	83.69	1.26
	264.66	110.13
Operating Profit before Working Capital Changes	5,523.64	4,676.44
Adjustment for:		
Trade and Other Receivables	(5,761.10)	(4,328.26)
Inventories	(1,211.01)	(1,723.31)
Trade payables and other liabilities	1,459.61	1,476.76
	(5,512.50)	(4,574.81)
Cash Generated before Extra Ordinary Items	11.14	101.63
Extra Ordinary Items	-	-
Cash Generated from Operations	11.14	101.63
Direct Tax paid (net of refunds)	(627.81)	(625.81)
Net Cash Generated from Operating Activities (A)	(616.67)	(524.18)
B) CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of tangible/intangible assets	(1,071.52)	(2,010.81)
Advance towards purchase of Fixed Assets	(2,342.00)	(1,841.27)
Sale of fixed assets	4.48	36.97
Purchase of Investments	-	(50.45)
Interest Received	254.11	17.86
Net Cash Generated from Investing Activities (B)	(3,154.93)	(3,847.70)
C) CASH FLOW FROM FINANCING ACTIVITIES		
Issue of Share Warrants	-	3,600.00
Proceeds from Long Term Borrowings	1,806.31	4,137.86
Short Term Borrowings (net)	4,171.36	(1,232.70)
Interest Paid	(1,685.62)	(1,298.81)
Dividend Paid (Including Tax on Dividend)	(473.35)	(284.94)
Net Cash Generated from Financing Activities (C)	3,818.70	4,921.40

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

(₹ in Lacs)

	Year Ended March 31st, 2012	Year Ended March 31st, 2011
Net Increase / (Decrease) in Cash & Cash Equivalents (A+B+C)	47.09	549.52
Cash and Cash equivalents at the beginning of the year	1,647.10	972.08
Cash & Cash Equivalents taken over consequent upon amalgamation	-	125.50
Cash and Cash equivalents at the end of the year	<u>1,694.19</u>	<u>1,647.10</u>

NOTES:

- The above cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard - 3 on cash Flow Statements issued by the Institute of Chartered Accountants of India
- Previous Year's figures have been regrouped where necessary to conform to the current year's classification.
- Cash and cash equivalents comprise of:

<i>Cash on Hand</i>	34.55	25.48
Balances with scheduled banks:		
- <i>In Current Accounts</i>	372.47	391.26
- <i>In EEFC Accounts</i>	279.95	397.23
- <i>In Margin & Guarantee Deposit Accounts*</i>	953.01	786.63
- <i>In Unpaid Dividend Account*</i>	54.21	46.50
	<u>1,694.19</u>	<u>1,647.10</u>

* Balances not available for use by the Company

This is the Cash Flow Statement referred to in our report of even date.

For **D. C. Dharewa & Co.**
Chartered Accountants
Firm Registration No:322617E

D. C. Dharewa
Proprietor
Membership No.53838
Date : 24th August, 2012
Place : Kolkata

For and on behalf of Board of Directors
Narrindra Suranna
Chairman and Managing Director

Rajesh Kumar Kothari **Indranil Dasgupta**
Whole Time Director Whole Time Director

A. B. Chakrabartty
Company Secretary

Notes to the financial statements for the year ended 31st March, 2012

1. SIGNIFICANT ACCOUNTING POLICIES

i) Basis of Preparation of Financial Statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis, except for certain tangible assets which are being carried at revalued amounts. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

ii) Use of Estimates

The preparation of Financial Statements in conformity with the Generally Accepted Accounting Principles (GAAP) requires Management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the Financial Statement and the result of the operations during the reporting year end. Although these assumptions are made as per the Management's best knowledge of current events and actions, actual result may differ from these estimates.

iii) Tangible Fixed Assets

Fixed Assets including capital work in progress are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the assets to its working condition for the intended use. Pre-operation expenses including trial run expenses (net of revenue) are capitalised. Net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed assets are capitalised.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

iv) Intangible Assets

Intangible assets are stated at cost of acquisition less accumulated amortisation and accumulated impairment loss, if any.

An intangible asset is recognised if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and its cost can be measured reliably. Intangible assets having finite useful lives are amortised on a straight-line basis over their estimated useful lives.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss.

v) Depreciation and Amortisation

Depreciation includes amortisation. Depreciation on Tangible Fixed Assets has been provided on the Straight Line Method at the rates prescribed under Schedule XIV of the Companies Act, 1956 on prorata basis with reference to the date of addition. Technical Know How is amortised over a period of five years

Notes to the financial statements for the year ended 31st March, 2012

on straight line basis beginning from the financial year 2010-11 and Computer Software is amortised on straight line basis over a period of ten years.

vi) Impairment of Tangible and Intangible Assets

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

vii) Revenue Recognition:

Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, and includes raw material sales & remission of Central Sales Tax and Vat Amount. Jobs charges is recognised as per terms of contract. Sales includes amounts recovered towards excise duty and are net of returns. Revenue from sale of scrap is recognised as and when scrap is sold.

Other income and expenditure are recognised and accounted on accrual basis.

viii) Foreign currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Monetary items denominated in foreign currencies at the year end are restated at year end rates. In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on the date of the contract is recognised as exchange difference and the premium paid on forward contracts is recognised over the life of the contract.

Non monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Profit and Loss account except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

ix) Financial Derivatives Hedging Transactions

In respect of derivative contracts, premium paid, gains / losses on settlement and losses on restatement are recognised in the Profit and Loss account except in case where they relate to the acquisition or construction of fixed assets, in which case, they are adjusted to the carrying cost of such assets. Derivatives contracts outstanding at the Balance Sheet date are marked to market and resulting loss, if any, is provided for in the financial statements.

x) Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long Term Investments are stated at cost less written down for any diminution, other than temporary, in carrying value. Current investments are stated at lower of cost and quoted value.

xi) Inventories

Raw materials and Stores & spareparts: Inventories are valued at cost or net realisable value whichever is lower. Cost is determined by using the Weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Notes to the financial statements for the year ended 31st March, 2012

Finished Goods: Inventories are valued at lower of cost and net realisable value. Finished goods include cost of conversion and other cost incurred for bringing the inventories to their present location and condition.

xii) Retirement and other Employee Benefits

Short-term Employee Benefits (i.e. benefits payable within one year) are recognised in the period in which employee services are rendered.

Contribution towards provident funds are recognised as expenses and are made to government administered provident fund towards which the Company has no further obligations beyond its monthly contribution. Liability towards gratuity, covering eligible employees on the basis of year-end actuarial valuation is recognised as a charge.

Accrued liability towards leave encashment benefits, covering eligible employees' is recognised as charge. Contribution to Central Government administered Employees' State insurance Scheme for eligible employees is recognised as charge. Super Annuation benefit scheme is not existing in the company at present.

xiii) Borrowing Cost

Borrowing cost that are directly attributable to acquisition and construction of qualifying asset are capitalised as part of the cost of such asset upto the date the asset is put to use. All other borrowing cost are charged to revenue on accrual basis unless otherwise stated.

xiv) Current and deferred tax

Provision for current income tax is made in accordance with the provisions of the Income-tax Act, 1961.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period.

Deferred tax resulting from "timing difference" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. Deferred tax asset is recognised and carried forward only to the extent that there is a virtual certainty that the asset will be realised in future.

Provision for wealth tax liability is estimated in accordance with Wealth Tax Act, 1957

xv) Provisions and Contingent Liabilities

A provision is recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and in respect of which reliable estimate can be made.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

xvi) Earnings per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period after deducting any attributable tax thereto for the period by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

Notes to the financial statements for the year ended 31st March, 2012

(₹ in Lacs)

	As at March 31st, 2012	As at March 31st, 2011
2. SHARE CAPITAL		
Authorised		
3,06,00,000 (Previous Year : 3,06,00,000) Equity Shares of ₹ 10/-each	<u>3,060.00</u>	<u>3,060.00</u>
Issued, Subscribed & Paid Up		
1,88,14,586 (Previous Year : 1,84,94,586) Equity Shares of ₹ 10/- each	<u>1,881.46</u>	<u>1,849.46</u>
	<u>1,881.46</u>	<u>1,849.46</u>

i) Terms/ Rights attached to Equity Shares:

The Company has only one class of shares referred to as equity shares having a par value of ₹ 10/-. Each holder of equity shares is entitled to vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company, after distribution of all preferential amount, in proportion of their shareholding.

The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

During the year ended 31 March, 2012, the amount of per share dividend recognised as distribution to equity shareholders was ₹ 2.20

ii) Reconciliation of the number of shares**Equity Shares:**

	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	18,494,586	1,849.46	11,553,600	1,155.36
Add: Shares issued against Convertible Share Warrants	-	-	6,000,000	600.00
Add: Shares issued in the ratio of 1:10 to the shareholders of Alkom Speciality Compounds Ltd. pursuant to a Scheme of amalgamation without payment being received in Cash.	-	-	940,986	94.10
Add: Shares issued in the ratio of 2:3 to the shareholders of Bavaria Poly Pvt. Ltd. pursuant to a Scheme of amalgamation without payment being received in Cash.	320,000	32.00	-	-
Balance as at the end of the year	<u>18,814,586</u>	<u>1,881.46</u>	<u>18,494,586</u>	<u>1,849.46</u>

iii) Details of equity shares held by shareholders holding more than 5% shares:

Name of Share Holder	Number of Shares	% holding	Number of Shares	% holding
Shriram Financial Consultants Pvt. Ltd	8,957,034	47.61%	8,957,034	48.43%
Shyambaba Trexim Pvt. Ltd.	3,110,336	16.53%	3,110,336	16.82%
Subh Labh Vintrade Pvt. Ltd.	1,550,000	8.24%	1,550,000	8.38%
Inbara Holdings Pvt. Ltd.	1,450,000	7.71%	1,450,000	7.84%

Notes to the financial statements for the year ended 31st March, 2012

(₹ in Lacs)

iv) Shares reserved for issuance:

Towards merger pursuant to scheme of Amalgamation. — 320,000

v) Shares allotted as fully paid up pursuant to contract(s) without payment being received in cash during the period of five years immediately preceding the reporting date:

Number of Equity Shares of ₹ 10/- each allotted as fully paid up pursuant to contract (Scheme of Amalgamation/ Arrangements) without payment being received in Cash) 5,214,586 4,894,586**2A. SHARE CAPITAL SUSPENSE**Nil (Previous Year 3,20,000) Equity shares of Rs 10/- each to be issued as fully paid up due to merger of Bavaria Poly Pvt. Ltd. pursuant to scheme of Amalgamation. — 32.00

	As at March 31st, 2012	As at March 31st, 2011	
3. RESERVE AND SURPLUS			
Capital Reserve (As per last Balance Sheet)	12.91	12.91	
Securities Premium Account			
Balance as at the beginning of the year	5,322.45	312.95	
Add: Amount received on allotment of equity shares against Convertible Share Warrants	—	4,200.00	
	<u>5,322.45</u>	<u>4,512.95</u>	
Add: Taken over pursuant to scheme of amalgamation	— 5,322.45	809.50	5,322.45
Amalgamation Reserve			
Balance as at the beginning of the year	840.05	821.80	
Add: Addition pursuant to scheme of arrangements	— 840.05	18.25	840.05
Revaluation Reserve			
Balance as at the beginning of the year	226.03	240.37	
Less: Depreciation arising out of revaluation	14.29 211.74	14.34	226.03
General Reserve			
Balance as at the beginning of the year	2,143.18	1,743.18	
Add: Transfer from Surplus in Statement of Profit and Loss during the year	400.00 2,543.18	400.00	2,143.18
Surplus in Statement of Profit and Loss			
Balance as at the beginning of the year	7,614.88	6,663.97	
Add/(Less): Balance Brought Forward from amalgamating Company	—	(81.22)	
Add: Profit for the year	2,424.35	1,913.22	
	<u>10,039.24</u>	<u>8,495.96</u>	
Less: Appropriation			
Proposed Dividend on Equity Shares	413.92	413.92	
Tax on Proposed Dividend	67.15	67.15	
Transferred to General Reserve	400.00 9,158.17	400.00	7,614.89
	<u>18,088.50</u>	<u>16,159.51</u>	

Notes to the financial statements for the year ended 31st March, 2012

		(₹ in Lacs)		
4. LONG TERM BORROWINGS	<u>Non Current</u>	<u>Current</u>	<u>Non Current</u>	<u>Current</u>
Secured				
Term Loan from Banks	<u>5,415.63</u>	<u>1,175.00</u>	4,090.62	690.63
	<u>5,415.63</u>	<u>1,175.00</u>	4,090.62	690.63
i) Terms of repayment of long-term borrowings are as follows:				
<u>Term Loans from Banks</u>				
a) USD 8.75 million equivalent to ₹ 4090.62 lacs (31.03.2011: USD 10 million equivalent to ₹ 4675 lacs) loan is secured by exclusive charge on existing movable and immovable assets of Bhasa Unit in Kolkata and Silvassa Unit-I, Exclusive charge on all movable fixed assets of Kandua Unit, Kolkata, Exclusive charge on all movable assets of Bhiwadi Unit. and is repayable in 16 equal quarterly installments; the next installment is due on 30th May, 2012.				
b) Indian rupee loan amounting ₹ 2500 lacs (31.03.2011: ₹ Nil) is secured by exclusive charge on movable and immovable assets of Dankuni Unit in Kolkata and is repayable in 16 equal quarterly installments commencing from June 2013.				
c) Indian rupee loan amounting ₹ Nil (31.03.2011: ₹ 100 lacs) are secured by first charge created by way of mortgage of company's Land and Building and other fixed assets located at D-403, Dharam Palace, CHS limited, Shantivana, Borivalli (E), Mumbai-400066, on first Pari-passu basis and was repaid in financial year 2011-12.				
d) Indian rupee loan amounting ₹ Nil (31.03.2011: ₹ 5.67 lacs) is secured by Hypothecation against Motor Car and was repaid in financial year 2011-12.				
5. DEFERRED TAX LIABILITIES (NET)				
Deferred tax liability				
Related to fixed assets		1,148.80		1,016.48
Deferred tax asset				
Disallowances under the Income Tax Act, 1961		13.27		11.15
Net Deferred tax liability		<u>1,162.07</u>		<u>1,005.33</u>
6. LONG-TERM PROVISIONS				
Provision for employee benefits:				
Provision for gratuity (net) (Refer Note 30.4.b)		21.06		26.18
		<u>21.06</u>		<u>26.18</u>
7. SHORT-TERM BORROWINGS				
<u>Secured</u>				
Loan repayable on demands				
From Banks*		15,919.38		11,198.48
<u>Unsecured</u>				
From other parties		-		591.54
		<u>15,919.38</u>		<u>11,790.02</u>

* Includes Buyers Credit and Packing Credit

Working Capital Loans from Banks are secured by way of hypothecation of stocks of raw materials, work-in-progress, finished goods, stores & spares and book debts of the Company. Mortgage of Flat located at D-403, Dharam Palce, CHS limited, Shantvaan, Borivalli (E), Mumbai-400066, on First Pari-passu basis. These loans are further secured by a second charge over the residual value on the Fixed assets of the units both present and future located at the Dabhel Industrial area, Daman and others.

Notes to the financial statements for the year ended 31st March, 2012

(₹ in Lacs)

8. TRADE PAYABLES

Acceptances - Secured (Refer Note (i) below)	1,466.03	1,933.14
Sundry Creditors (Refer Note (ii) & (iii) below)	5,060.35	3,235.95
	<u>6,526.38</u>	<u>5,169.09</u>

i) Secured by way of hypothecation of stocks & book debts in favour of the company's bankers

ii) Sundry Creditors:

Sundry creditors for goods	4,523.92	2,618.06
Sundry creditors for expenses	536.43	617.89
	<u>5,060.35</u>	<u>3,235.95</u>

iii) There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March, 2012. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

9. OTHER CURRENT LIABILITIES

Current maturities of Long term debt (Refer Note No.4)	1,175.00	690.63
Unpaid Dividend (Refer Note (i) below)	54.22	46.50
Statutory dues including provident fund and tax deducted at source	34.04	29.53
Creditors for Capital Expenditure	2,774.88	220.15
Advance from customers	46.35	83.72
Overdrawn Bank balance	-	0.32
Other Liabilities	220.38	46.39
	<u>4,304.87</u>	<u>1,117.24</u>

There are no amounts due for payment to the Investor Education and Protection Fund Under Section 205C of the Companies Act, 1956 as at the year end.

10. SHORT- TERM PROVISIONS**Provision for employee benefits:**

Provision for compensated absences (Not funded)	18.26	18.96
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Provision - Others:

Provision for proposed dividend on equity shares	413.92	413.92
Provision for tax on proposed dividends	67.15	67.15
	<u>499.33</u>	<u>500.03</u>

Notes to the financial statements for the year ended 31st March, 2012

NOTE - 11**FIXED ASSETS**

(₹ in Lacs)

Description	Gross Block				Depreciation / Amortisation				Net Block	
	As at 01-04-2011	Addition during the year	Sales during the year	As at 31-03-2012	As at 01-04-2011	For the year	Adjustment for Sales	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
TANGIBLE ASSETS:										
Free hold land	264.10	1,508.83	-	1,772.94	-	-	-	-	1,772.94	264.10
Factory Building	3,034.91	114.46	-	3,149.37	431.20	101.45	-	532.65	2,616.72	2,603.71
Plant & Machinery	7,876.04	478.30	0.66	8,353.68	2,337.87	636.61	-	2,974.48	5,379.20	5,538.17
Furniture & Fixture	103.68	22.53	-	126.21	27.19	7.38	-	34.56	91.64	76.49
Motor Car	225.81	77.01	11.40	291.41	52.00	25.45	7.85	69.61	221.80	173.80
Scooter, Moped & Cycle	3.79	0.46	0.03	4.22	2.50	0.36	0.00	2.86	1.37	1.29
Laboratory Equipment	149.52	10.19	-	159.71	104.23	11.55	-	115.78	43.92	45.29
Electrical Installation	1,031.33	95.97	-	1,127.30	244.88	80.01	-	324.89	802.41	786.44
Office Equipment	90.62	4.26	-	94.89	38.92	6.66	-	45.58	49.31	51.71
Air Conditioner	34.67	6.70	-	41.37	9.81	1.79	-	11.61	29.77	24.86
Computer	88.72	13.72	-	102.44	66.27	15.40	-	81.67	20.77	22.45
Total (A)	12,903.19	2,332.43	12.09	15,223.53	3,314.88	886.66	7.85	4,193.68	11,029.84	9,588.31
INTANGIBLE ASSETS:										
Technical Knowhow	40.90	-	-	40.90	8.18	8.18	-	16.36	24.54	32.72
Computer Software	29.92	-	-	29.92	2.99	2.99	-	5.98	23.93	26.93
Total (B)	70.81	-	-	70.81	11.17	11.17	-	22.34	48.47	59.64
Total (A+B)	12,974.01	2,332.43	12.09	15,294.34	3,326.05	897.83	7.85	4,216.03	11,078.31	9,647.96
Previous Year										
Capital Work-in-Progress									1,596.43	302.60

There was no impairment loss on Fixed Assets on the basis of review carried out by management in accordance with Accounting Standard issued by the Institute of Chartered Accountants of India.

Notes to the financial statements for the year ended 31st March, 2012

(₹ in Lacs)

12. <u>NON-CURRENT INVESTMENTS</u>	Face Value Rs.	As at March 31st, 2012		As at March 31st, 2011	
		No. of Shares	Amount	No. of Shares	Amount
A) Trade investments					
i) Investments in Equity instruments of other entities					
Quoted					
Kalpena Plastiks Limited	10/-	2,002,920	200.29	2,002,920	200.29
B) Other Investments					
i) Investments in Equity instruments of other entities					
Quoted					
Dena Bank	10/-	14	0.00*	14	0.00
Nicco Corporation Ltd.*	2/-	826,194	50.65	826,194	50.65
Unquoted					
Sterling Resorts Ltd.		-	1.31	-	1.31
Panchawati Holiday Resorts Ltd.	10/-	9,400	0.94	9,400	0.94
ii) Investments in Government or trust securities					
7 Year National Saving Certificate		-	0.30	-	0.30
Indira Vikash Patra		-	0.00	-	0.00
5.5 Year Kissan Vikash Patra		-	0.10	-	0.10
			<u>253.59</u>		<u>253.60</u>
Aggregate Book Value of Investments					
Quoted			250.95		250.95
Unquoted			2.65		2.65
			<u>253.60</u>		<u>253.60</u>
Aggregated Market Value of quoted Investments			<u>572.88</u>		<u>534.80</u>

* Amount is below the rounded off norms as adopted by the company.

- i) In the opinion of the management, the decline in the market value of a quoted investment (other than trade) (carrying cost ₹ 50.65 lacs) by ₹ 37.6 lacs at the year end is temporary, in the view of the strategic long term nature of the investment and asset base of the investee company and hence, does not call for any provision there against. However, there is no diminution in the value of long term quoted investments, if market value of the investment taken together.
- ii) National Saving Certificates and Kishan Vikas Patra have been lodged with various authorities as margin deposit and security money.

13. LONG TERM LOANS AND ADVANCESUnsecured, Considered Good

Capital advances	4,183.27	1,841.27
Security Deposits	123.43	102.74
	<u>4,306.70</u>	<u>1,944.01</u>

14. OTHER NON-CURRENT ASSETS

Balances with banks*	322.92	257.79
	<u>322.92</u>	<u>257.79</u>

*Represents bank deposits not due for realisation within 12 months of the balance sheet date.

Notes to the financial statements for the year ended 31st March, 2012

(₹ in Lacs)

	As at March 31st, 2012	As at March 31st, 2011
15. INVENTORIES		
(As taken, valued and certified by the management)		
At cost or net realisable value, whichever is lower		
Raw Materials	5,599.45	4,015.78
Raw Materials in Transit	1,426.22	2,415.33
Finished Goods	1,616.24	1,023.30
Stores & Spares	90.03	66.52
	<u>8,731.94</u>	<u>7,520.93</u>
(i) Details of closing finished goods inventories		
PE Compound	980.07	809.22
PVC Compound	569.46	158.30
Agglomerates	20.21	29.24
Reprocessed Granules	2.60	4.88
Others	43.91	21.67
	<u>1,616.25</u>	<u>1,023.30</u>
16. TRADE RECEIVABLES		
(Unsecured-considered good)		
Outstanding for a period exceeding 6 months from the date they are due for payment	796.40	1,126.86
Others	20,778.66	16,130.95
	<u>21,575.06</u>	<u>17,257.81</u>
17. CASH AND BANK BALANCES		
Cash and Cash Equivalents		
Cash on Hand (As certified by the management)	34.55	25.48
Balances with banks		
In Current Accounts	372.47	391.26
In EEFC Accounts	279.95	397.23
In Margin & Guarantee Deposits	953.01	786.63
In Unpaid Dividend Account	54.21	46.50
	<u>1,694.19</u>	<u>1,647.10</u>
18. SHORT TERM LOANS AND ADVANCES		
(Unsecured -Considered good)		
(Recoverable in cash or kind or for value to be received)		
Prepaid Expenses	46.34	66.99
Balance with Government Authorities	2,841.59	1,384.74
Tax payments (Net of provisions)	27.64	37.87
Inter-corporate deposits	154.20	154.16
Advance to Suppliers	491.35	723.92
Other Loans and Advances*	666.78	423.92
	<u>4,227.90</u>	<u>2,791.60</u>

* Includes loans to employees

Notes to the financial statements for the year ended 31st March, 2012

(₹ in Lacs)

	As at March 31st, 2012	As at March 31st, 2011
19. OTHER CURRENT ASSETS		
Interest accrued on deposits	31.63	116.04
Unamortised expenses		0.03
	<u>31.63</u>	<u>116.07</u>
20. REVENUE FROM OPERATIONS		
Sale of products (Refer Note (i) below);	97,473.85	89,969.80
Other operating revenues (Refer Note (ii) below);	254.75	374.52
	<u>97,728.60</u>	<u>90,344.32</u>
Less : Excise Duty	6,689.57	6,037.84
	<u>91,039.03</u>	<u>84,306.48</u>
(i) Particulars of sale of products:		
PE Compound	56,510.11	49,478.05
PVC Compound	26,524.93	25,305.39
Others	14,438.80	15,186.36
	<u>97,473.84</u>	<u>89,969.80</u>
(ii) Other operating revenues comprise:		
Sale of scrap	120.97	114.43
Job Work Charges	133.77	260.09
	<u>254.74</u>	<u>374.52</u>
21. OTHER INCOME		
Interest Income		
From bank deposits	94.60	72.08
From others	75.10	28.40
Net profit on sale of fixed assets	0.24	8.39
Net gain on foreign currency transaction and translation	81.04	294.98
Insurance Claim received	14.86	23.93
Liabilities written back to the extent no longer required	11.03	-
Other non-operating income	7.32	24.21
	<u>284.19</u>	<u>451.99</u>
22. COST OF MATERIALS CONSUMED		
Raw materials consumed		
LLDPE/ LDPE	37,437.27	32,473.99
PVC Resin	9,815.12	9,519.92
Plastic Scrap	2,306.40	1,663.90
Other items	28,273.60	28,188.65
	<u>77,832.39</u>	<u>71,846.46</u>

Notes to the financial statements for the year ended 31st March, 2012

(₹ in Lacs)

	As at March 31st, 2012	As at March 31st, 2011
23. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening inventories of Finished Goods	1,023.30	1,135.61
Add :Stock Taken over pursuant to scheme of amalgamation	-	66.07
	1,023.30	1,201.68
Less: Closing inventories of Finished Goods	1,616.24	1,023.30
Increase/ (Decrease)	(592.94)	178.38
24. EMPLOYEE BENEFITS EXPENSE		
Salaries Wages & Bonus	994.27	793.89
Contribution to Provident and other Funds	26.65	27.01
Gratuity	3.30	22.70
Staff Welfare Expenses	61.12	52.46
	1,085.34	896.06
25. FINANCE COSTS		
Interest expense on Borrowings	1,628.26	1,221.37
Others	2.47	0.28
Other borrowing costs	54.89	77.16
	1,685.62	1,298.81
26. OTHER EXPENSES		
Consumption of stores and spares	241.22	378.54
Power & Fuel	1,663.98	1,243.14
Clearing and Forwarding charges	936.09	628.24
Rent	195.87	84.42
Repair & Maintenance - Building	37.14	17.69
Repair & Maintenance - Machinery	189.85	105.00
Repair & Maintenance - Others	44.31	51.27
Insurance Charges	74.49	64.56
Rates & Taxes	12.39	46.95
Carriage and freight	2,442.19	2,528.47
Payments to auditors (Refer Note (i) below)	4.38	5.75
Directors' Fees	1.57	2.03
Bad debts / Advances Written off	-	4.24
Preliminary Expenses W/Off	0.03	0.03
Miscellaneous expenses (Refer Note (ii) below)	1,366.65	1,896.33
	7,210.16	7,056.64
(i) Auditors' remuneration and expenses		
Audit fees	2.95	2.70
Tax audit fees	0.55	0.55
Fees for other services	0.84	2.50
Reimbursement of out-of-pocket expenses	0.04	-
	4.38	5.75
(ii) Miscellaneous expenses include:		
Net Prior Period Items	13.27	15.49

Notes to the financial statements for the year ended 31st March, 2012

(₹ in Lacs)

	March 31, 2012	March 31, 2011
27. CONTINGENT LIABILITIES		
Particulars		
Bank Guarantee	370.07	487.60
Claims against the company not acknowledged as debts. (Refer Note No.(i) below)		
Sales tax matters	1,240.18	1,240.18
Excise and Customs duty matters	29.35	29.35
Total	<u>1,639.60</u>	<u>1,757.13</u>
(i) Future cash outflows in respect of the above are determinable only on receipt of judgements/ decisions pending with various forums/ authorities		
28. CAPITAL AND OTHER COMMITMENTS		
Capital Commitments		
Estimated value of contracts in capital account remaining to be executed and not provided for (Net of advances)	2,711.32	204.47
Other commitments		
Letter of Credit	5,202.00	6,769.32
Total	<u>7,913.32</u>	<u>6,973.79</u>
29. EARNINGS PER SHARE		
a) Net Profit after Tax for basic earnings per Share		
(Fully Attributable to Equity Share Holders)	2,424.36	1,913.22
Adjustments for the purpose of Diluted earnings per Share	-	-
Net Profit after Tax for Diluted earnings per Share.	2,424.36	1,913.22
b) Weighted average number of equity Shares		
for Earning per Share Computation		
i Number of equity Shares at the beginning of the Year	18,494,586	11,553,600
ii a) Number of equity Shares allotted during the Year	320,000	6,940,986
b) Number of Equity Shares to be allotted on amalgamation.	-	320,000
iii weighted average Number of Equity Shares allotted during the year.	162,192	4,778,794
iv Number of Potential Equity Shares	-	-
a) Basic Earning per Share	18,656,778	16,332,394
b) Diluted Earning per Share	18,656,778	16,332,394
c) Earning Per Share		
i. Basic	12.99	11.71
ii Diluted	12.99	11.71
d) Face Value Per Share	₹ 10	₹ 10

Notes to the financial statements for the year ended 31st March, 2012

(₹ in Lacs)

30. VALUE OF IMPORTED AND INDIGENOUS MATERIALS CONSUMED

Particulars	March 31, 2012		March 31, 2011	
	Value	% of Total Consumption	Value	% of Total Consumption
Raw Materials				
i Imported	27,319	35%	24,825.95	35%
ii Indegenious	50,513	65%	47,020.51	65%
	77,832	100%	71,846.46	100%
Stores, spare parts and components				
i Imported	28.49	12%	2.05	1%
ii Indegenious	212.73	88%	376.49	99%
	241.22	100%	378.54	100%

31. VALUE OF IMPORTS ON CIF BASIS

	<u>March 31, 2012</u>	<u>March 31, 2011</u>
Raw Materials	26,338.10	25,210.40
Stores, spare parts and components	28.49	2.05
Capital Goods	66.42	417.53
	<u>26,433.01</u>	<u>25,629.98</u>

32. EARNING IN FOREIGN CURRENCY (ACCRUAL BASIS)

Exports at F.O.B. Value	12,089.87	6,256.93
Exchange Fluctuation	81.04	294.98
Total	<u>12,170.91</u>	<u>6,551.91</u>

33. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)

Travelling	68.50	20.83
Exhibition	27.46	21.46
Interest	202.29	-
Other matters	8.24	19.65
Total	<u>306.49</u>	<u>61.94</u>

Notes to the financial statements for the year ended 31st March, 2012

34. EMPLOYEE BENEFITS

- i Provision for defined contribution plan viz. Provident and Other Fund amounting to ₹ 26.65 lacs (Previous Year ₹ 27.01 lacs) has been charged to the Profit and Loss Account during the year.
- ii Description of type of employee benefits: The Company offers to its employees defined benefits plans in the form of Gratuity and leave encashment. Fund is created for payment of gratuity. However, no fund is created for payment of leave wages, the Company would pay the same out of its own funds as and when the same becomes payable.

(₹ in Lacs)

Particulars	March 31, 2012	March 31, 2011
Changes in present value of obligation		
Present value of obligation as at beginning of the year	80.69	56.65
Add: Present obligation of transferor company	-	0.36
Interest cost	6.49	4.70
Current service cost	12.14	12.48
Past Service Cost	-	-
Benefits paid	(6.17)	(1.03)
Actuarial (gain) / loss on obligation	(11.62)	7.53
Present value of obligation as at end of the year	81.52	80.69
Changes in fair value of plan assets		
Fair value of plan assets at the beginning of the year	54.51	-
Expected return on plan assets	4.60	2.10
Contributions	7.68	53.53
Benefits paid	(6.17)	(1.03)
Actuarial (loss) / gain	(0.16)	(0.09)
Fair value of plan assets at the end of the year	60.46	54.51
Present value of the Defined Benefit Obligation and the fair value of Plan Assets		
Present value of obligation at the end of the year	81.52	80.69
Fair value of plan assets at the end of the year	60.46	54.51
Liabilities/ (Assets) recognised in the Balance Sheet	21.06	26.18

- iii Para 132 of AS-15 (Revised 2005) does not require any specific disclosure except where expenses resulting from compensated absence is of such size, nature or incidence that disclosure is relevant under Accounting Standard 5 or Accounting Standard 18 and accordingly the expenses resulting from compensated absence is not significant and hence no disclosures are given under various paragraphs of AS-15.

- iv **Expenses recognised in the profit and loss account** (₹ in Lacs)

Particulars	March 31, 2012	March 31, 2011
Current service cost	12.14	12.48
Past Service Cost	-	-
Interest cost on benefit obligation	6.49	4.70
Expected Return on Plan Assets	(4.60)	(2.10)
Net actuarial (gain) / loss recognised in the year	(11.46)	7.62
Expenses recognised in the profit and loss account	2.57	22.70

Notes to the financial statements for the year ended 31st March, 2012

- v The principal assumptions used in determining gratuity and leave encashment for the Company's plans are shown below: (₹ in Lacs)

Particulars	March 31, 2012	March 31, 2011
Discount Rate	8.00%	8.30%
Expected Rate of return on Asset	8.00%	8.00%
Future Salary Escalation Rate	5.00%	7.00%
Mortality Rate	22.93	25.17

*The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

35. PARTICULARS OF FORWARD CONTRACT OUTSTANDING AND UN-HEDGED FOREIGN CURRENCIES EXPOSURE: (₹ in Lacs)

Particulars		2011-12	2010-11
i) Forward Contract outstanding			
Foreign Currency Loan	USD	8,750,000	10,000,000
	₹	4,091	4,675
Buyers Credit	USD	6,780,486	-
	₹	3,451	-
Packing Credit	USD	5,500,000	-
	₹	2,814	-
ii) The Company also uses derivative contracts other than forward contracts to hedge the interest rate and currency risk on its capital account. Such transactions are governed by the strategy approved by the Board of Directors which provides principles on the use of these instruments, consistent with the Company's Risk Management Policy. The Company does not use these contracts for speculative purposes. Outstanding derivative contract for Interest Rate and Currency Swaps	USD	8,750,000	10,000,000
	₹	4,091	4,675
iii) Un-hedged Foreign Currency Exposure	USD	1,763,426	2,639,066
a) Trade payables	₹	902	1,178
	EURO	82,083	10,243
	₹	56	6
	AED	2,661,516	1,855,656
	₹	376	225
	CHF	29,115	-
	₹	17	-
b) Trade receivables	USD	3,694,145	3,408,893
	₹	1,890	1,522
	EURO	288,187	-
	₹	197	-
	AED	-	100,553
	₹	-	12

Notes to the financial statements for the year ended 31st March, 2012

36. SEGMENT REPORTING

- i **Primary Segment (Business Segment):** The Company operates in a single reportable segment (i.e. Manufacturing and sale of PVC and XLPE compound, which have similar risk and returns for the purpose of AS 17 on 'Segment Reporting' issued by ICAI.

- ii **Secondary segment (by Geographical demarcation):** (₹ in Lacs)

Particulars	March 31, 2012	March 31, 2011
Segment Revenue		
Domestic	78,949.15	78,049.55
Overseas	12,089.87	6,256.93
Segment Assets		
Trade Receivables		
Domestic	19,667.02	15,849.15
Overseas	1,908.04	1,408.66

Note: The Company has common assets for producing goods for domestic market and overseas markets. Hence, separate figures for other assets / additions to other assets has not been furnished.

37. RELATED PARTY DISCLOSURES

As per Accounting Standard 18 on related party disclosure issued by the Institute of Chartered Accountants of India, the transaction with related parties of the company are as follows.

- i Related Parties with whom the company had transactions during the year

Key Management Personnel : Mr. Narrindra Suranna, Mr. Indranil Dasgupta, Mr. Rajesh Kothari

Relatives of Key Management Personnel : Mrs. Tara Devi Surana, Mrs. Sarla Devi Surana, Mr. Dalam Chand Surana, Mr. Surendra Kumar Surana, Mr. Dev Krishna Surana

A Shareholder holding more than 20% of Equity Shares of the Company : Shriram Financial Consultants Pvt. Ltd

- ii Disclosure of transactions between the Company and Related Parties and the status of outstanding balances as on 31st March, 2012 (₹ in Lacs)

		March 31, 2012	March 31, 2011
(A) Key Management Personnel			
Remuneration Paid	Mr. Narrindra Suranna	18.00	14.40
	Mr. Rajesh Kothari	7.65	-
Dividend Paid	Mr. Narrindra Suranna	0.01	0.01
Outstanding as at the year end		-	-
(B) Relatives of Key Management Personnel			
Dividend Paid	Mrs. Tara Devi Surana	0.00*	0.00
	Mrs. Sarla Devi Surana	0.00*	0.00
	Mr. Dalam Chand Surana	0.33	0.33
	Mr. Surendra Kumar Surana	0.02	0.02
	Mr. Dev Krishna Surana	3.01	0.00
(C) A Shareholder holding more than 20% of Equity Shares of the Company			
Dividend Paid	Shriram Financial Consultants Pvt. Ltd	197.05	197.05

* The amount is below the roundoff norms as adopted by the Company.

Notes to the financial statements for the year ended 31st March, 2012

38. The provision for Income Tax has been made U/s 115JB of Income Tax Act.
39. The financial statements for the year ended 31st March, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified/ regrouped to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

For **D. C. Dharewa & Co.**
Chartered Accountants
Firm Registration No:322617E

D. C. Dharewa
Proprietor
Membership No.53838
Date : 24th August, 2012
Place : Kolkata

For and on behalf of Board of Directors
Narrindra Suranna
Chairman and Managing Director

Rajesh Kumar Kothari **Indranil Dasgupta**
Whole Time Director Whole Time Director

A. B. Chakrabartty
Company Secretary