

To

The Members of the Ratnamani Metals & Tubes Limited

We have examined the compliance of conditions of Corporate Governance by RATNAMANI METALS & TUBES LIMITED for the year ended on 31st March 2010 as stipulated in Clause 49 of the Listing Agreement of the said company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that the Company through Share Registrar and Transfer Agent has maintained records to show Investors' Grievances against the Company and certify that as on 31st March, 2010 there were no investor grievances remaining unattended / pending for a period exceeding one month.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Mehta Lodha & Co.
Chartered Accountants
Firm's Registration No.: 106250W

Place : Ahmedabad
Date : 28th May 2010

Prakash D. Shah
Partner
M.No.34363

To

The Members

Ratnamani Metals & Tubes Limited

1. We have audited the attached Balance Sheet of **Ratnamani Metals & Tubes Limited** as at **March 31, 2010**, the Profit and Loss Account and the Cash Flow Statement of the Company 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 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 the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) Amended order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks as we considered appropriate and according to the information and explanation given to us, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order for the year under consideration.
4. Further to our comments in the Annexure referred to above, we report that: -
 - a) We have obtained all the information and explanation, 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, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report, read with the notes to accounts, comply with the applicable 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 March 31, 2010 and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
5. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes on account 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 case of the Balance Sheet, of the state of Company's affairs as at 31st March, 2010, and
 - ii) In case of the Profit & Loss Accounts, of the **PROFIT** for the year ended on that date.
 - iii) In case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Mehta Lodha & Co.
Chartered Accountants
Firm's Registration No.: 106250W

Place : Ahmedabad
Date : 28th May 2010

Prakash D. Shah
Partner
M.No.34363

The Annexure referred to in paragraph (3) of the Auditors' Report to the members of Ratnamani Metals and Tubes Limited for the year ended March 31, 2010.

We report that:

1. (a) The Company has prepared fixed assets records showing particulars including quantitative details and situation of fixed assets.
(b) As informed to us, the fixed assets have been physically verified by the management at reasonable intervals and no material discrepancy between the books records and the physical inventory were noticed by the management.
(c) There was no substantial disposal of fixed assets during the year.
2. (a) The management has conducted physical verification of inventory at reasonable intervals.
(b) The procedures of physical verification of inventory 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 and no material discrepancies were noticed on physical verification.
3. (a) As informed to us, the Company has taken unsecured loans from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The aggregate of loan outstanding of one such person as on the last day of the year is Rs 7.60 Lacs. The rate of Interest and the terms and conditions are not prima facie prejudicial to the interest of the Company. The Company is regular in repayment of the Principal and Interest amount, wherever applicable.
(b) As informed to us, the Company has not granted loans to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.
5. (a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
(b) There are no such parties, with whom transactions exceeding in value of Rupees five Lacs during the financial year, have been entered into during the financial year.
6. The Company has not accepted any deposits from the public.
7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
8. As informed to us, the Company has prima facie maintained accounts and records as prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 which have not been examined by us.
9. (a) According to the records of the Company, the Company is regular, in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it with the appropriate authorities.
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Customs Duty and Excise Duty were outstanding at the year end for a period of more than six months from the date they became payable.
(c) The particulars of dues as at the year end, with regard to said items, which have not been paid on account of disputes, are as follows:-

Name of the Statute	Nature of the Dues	Amount (Rs. In Lacs)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty	965.51	Jt. Secretary Ministry of Finance
		332.26	Central Excise and Service Tax Appellate Tribunal
		129.26	Commissioner of Central Excise (Appeal)
		29.10	Asst. Commissioner of Central Excise
Central Excise Act, 1944	Excise Duty	1478.90	Commissioner of Central Excise
Income Tax Act, 1961	Income Tax	21.21	Commissioner of Income- Tax (Appeal)
Employees State Insurance Scheme	ESI	154.58	Hon'ble High Court of Gujarat

- 10 The Company has no accumulated losses at the end of the financial year and it has not incurred any cash losses in the current and immediately preceding financial year.
- 11 Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company does not have any borrowings by way of debentures.
- 12 Based on our examination of documents and records, we are of the opinion that the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- 13 In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi / mutual benefit fund/societies.
- 14 The Company has not undertaken any trading in shares and debentures.
- 15 The Company has not given any guarantees for loans taken by others from banks or financial institutions.
- 16 According to the information and explanations given to us and on the basis of overall fund flow position, we report that the term loans have been applied for the purpose for which they were raised.
- 17 According to the information and explanation given to us and on an overall examination of the cash flow statement of the Company, we report that, no funds raised on short-term basis have been used for long term investment.
- 18 The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956.
- 19 The Company has not issued any debentures during the year.
- 20 The Company has not raised any money through a public issue during the year.
- 21 Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For Mehta Lodha & Co.
Chartered Accountants
Firm's Registration No.:106250W

Place : Ahmedabad
Date : 28th May 2010

Prakash D. Shah
Partner
M.No.34363



BALANCE SHEET As At 31ST MARCH, 2010

(Rs. in Lacs)

	Schedule	As at 31-Mar-10	As at 31-Mar-09
SOURCES OF FUNDS			
Shareholders' Funds			
Share Capital	1	918.87	900.00
Employee Stock Options Outstanding		526.50	526.50
Less : Transfer To Share Premium Account		220.75	-
Less : Deferred Stock Compensation		-	131.63
Reserves and Surplus	2	35,247.71	27,525.29
Loan Funds			
Secured Loans	3	27,049.94	12,724.98
Unsecured Loans	4	4,964.71	6,341.41
Deferred Tax Liability		5,809.40	5,355.46
		<u>74,296.38</u>	<u>53,242.01</u>
APPLICATION OF FUNDS			
Fixed Assets			
Gross Block	5	50,096.15	47,039.61
Less : Depreciation		14,102.19	10,452.09
Net Block		35,993.96	36,587.52
Capital Work-in-Progress		297.12	1,997.62
Investments	6	5,004.93	0.70
Current Assets, Loans and Advances			
Inventories	7	16,756.77	10,100.08
Sundry Debtors	8	16,630.88	12,305.57
Cash & Bank Balances	9	2,430.16	5,211.42
Loans & Advances	10	8,142.53	5,283.59
		43,960.34	32,900.66
Less: Current Liabilities and Provisions	11		
Liabilities		8,749.67	16,721.12
Provisions		2,210.30	1,523.37
		<u>10,959.97</u>	<u>18,244.49</u>
Net Current Assets		33,000.37	14,656.17
		<u>74,296.38</u>	<u>53,242.01</u>
Notes to the Accounts	17		

As per our report attached

For Mehta Lodha & Co.
Chartered Accountants

PRAKASH D. SHAH
Partner

Place : Chhatral, Dist-Mehsana
Date : 28th May, 2010

P. M. SANGHVI
J. M. SANGHVI
S. M. SANGHVI
D. C. ANJARIA
Dr. V. M. AGRAWAL
P. M. MEHTA
V. C. BHAGAT
VIMAL KATTA

Managing Director
Wholtime Director
Wholtime Director
Director
Director
Director
Company Secretary
Vice President (Finance)

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2010



(Rs. in Lacs)

	Schedule	Year Ended on 31-Mar-10	Year Ended on 31-Mar-09
INCOME			
Gross Sales and Income from Operations		88,479.30	100,276.06
Less : Excise Duty		<u>4,793.07</u>	<u>6,360.18</u>
Wind Mill Income		1,508.86	1,604.62
Other Income	12	<u>148.29</u>	<u>142.43</u>
Total Income		85,343.38	95,662.93
EXPENDITURE			
Material Cost and variation in stock	13	56,626.85	62,981.88
Employees' Remuneration and Benefits	14	4,741.03	3,830.41
Financial Expenses	15	174.98	1,672.47
Other Expenses	16	7,074.83	13,209.12
Depreciation		<u>3,688.23</u>	<u>2,972.30</u>
Profit Before Tax		13,037.46	10,996.75
Less : Provision for current year's Income Tax and Wealth Tax		4,495.56	2,970.57
Less : (Excess)/Short provision of earlier years		(54.75)	67.62
Less : Deferred Tax Liability		453.94	808.23
Less : Fringe Benefit Tax		-	30.00
Profit After Tax		8,142.71	7,120.33
Balance Brought Forward		<u>3,257.29</u>	<u>2,084.62</u>
PROFIT AVAILABLE FOR APPROPRIATIONS		11,400.00	9,204.95
APPROPRIATIONS			
Proposed Dividend		1,010.76	810.00
Dividend Tax		<u>171.78</u>	<u>137.66</u>
Transfer to General Reserve		5,000.00	5,000.00
Balance Carried Forward		<u>5,217.46</u>	<u>3,257.29</u>
		11,400.00	9,204.95
Earning Per Share (in Rs.)			
Basic		18.00	15.82
Diluted		17.95	15.36
Notes to the Accounts	17		

As per our report attached

For Mehta Lodha & Co.
Chartered Accountants

PRAKASH D. SHAH
Partner

Place : Chhatral, Dist-Mehsana
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Managing Director
Wholetime Director
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Director
Director
Director
Company Secretary
Vice President (Finance)

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2010

(Rs. in Lacs)

Sr. Particulars No.	Current Year	Previous Year
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax and extraordinary items	13,037.46	10,996.75
Adjustment for :		
Depreciation	3,688.23	2,972.30
Loss on Sale of Fixed Assets	13.56	5.07
Amortisation of Employees Stock Option - compensation debited to Profit and Loss Account	131.63	131.63
Profit on Sale of Fixed Assets	(0.25)	
Interest Income	(875.83)	(402.44)
Interest Expenses	1,050.81	2,074.91
Operating Profit before Working Capital changes	17,045.61	15,778.22
Adjustment for :		
Trade and Other receivables	(7,236.19)	(3,155.50)
Inventories	(6,656.69)	4,926.56
Trade Payables & Provisions	(7,940.96)	843.70
Cash Generated from Operation	(4,788.23)	18,392.98
Interest Paid (net)	(107.83)	(1,722.10)
Direct Taxes Paid	(4,034.46)	(3,060.23)
Cash Flow before Extraordinary items	(8,930.52)	13,610.65
Net Cash Flow from Operating activities	(8,930.52)	13,610.65
(B) CASH FLOW FROM INVESTING ACTIVITIES :		
Capital Expenditure	(2,878.81)	(11,816.73)
Sale of Fixed Assets	34.31	17.74
Sale/(Purchase) of Investments	(5,004.23)	(0.02)
Net Cash used in Investing Activities	(7,848.73)	(11,799.01)
(C) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from/(Repayments of) Short Term Borrowings	14,385.28	2,153.31
Proceeds from ESOS	560.37	
Dividend and Dividend Tax Paid	(947.66)	(737.07)
Net Cash used in financing activities	13,997.99	1,416.24
Net increase in Cash and Cash Equivalents	(2,781.26)	3,227.88
Cash and Cash Equivalents as at 01.04.2009	5,211.42	1,983.54
Cash and Cash Equivalents as at 31.03.2010	2,430.16	5,211.42
Note:- Foreign Exchange fluctuation of Rs. 1437.02 Lacs (Gains) for the year 2009-10 and Rs. 1869.61 Lacs (Loss) for the year 2008-09 netted off from the Fixed Assets.		

As per our report attached

For Mehta Lodha & Co.

Chartered Accountants

PRAKASH D. SHAH

Partner

Place : Chhatral, Dist-Mehsana

Date : 28th May, 2010

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VIMAL KATTA

Managing Director

Wholetime Director

Wholetime Director

Director

Director

Director

Company Secretary

Vice President (Finance)

SCHEDULES TO THE ACCOUNTS

(Rs. in Lacs)

	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
7,50,00,000 (7,50,00,000) Equity Shares of Rs. 2/- each (P.Y. Rs. 2/- each)	<u>1,500.00</u>	<u>1,500.00</u>
Issued, Subscribed and Paid-up		
4,59,43,384 (4,50,00,000) Equity Shares of Rs. 2 each (P.Y. Rs. 2/- each)	<u>918.87</u>	<u>900.00</u>
	<u>918.87</u>	<u>900.00</u>
- Out of the above shares, 1,53,51,000 Equity Shares of Rs. 2/- each (P.Y. 1,53,51,000 Equity Shares of Rs. 2/- each) were allotted as fully paid up by way of Bonus Shares by capitalising General Reserve.		
- Out of the above shares, 1,23,00,665 Equity Shares of Rs. 2/- each (P.Y. 1,23,00,665 Equity Shares of Rs. 2/- each) were allotted as fully paid up for consideration other than cash, on amalgamation.		
- During the year, the Company has allotted 9,43,384 Equity Shares of Rs.2/- each under Employees Stock Option Scheme, 2006.		
SCHEDULE 2 : RESERVES & SURPLUS		
A) Capital Reserve as per last year	490.04	62.54
Add: Convertible Warrants forfeited	- 490.04	427.50 490.04
B) Share Premium Account as per last year	882.84	882.84
Add: On Issue of Shares	762.25 1,645.09	- 882.84
C) General Reserve as per last year	22,503.01	18,000.00
Less: Foreign Exchange Fluctuation on ECBs (Refer Note-06 of Notes to Accounts)	-	496.99
Add: Transferred from Profit & Loss Account	5,000.00 27,503.01	5,000.00 22,503.01
D) Amalgamation Reserve	392.11	392.11
E) Profit and Loss Account	5,217.46	3,257.29
	<u>35,247.71</u>	<u>27,525.29</u>
SCHEDULE 3 : SECURED LOANS		
Term Loans : Banks (Refer Note No.1) (Including External (Foreign) Commercial Borrowings of Rs. 8,833.94 Lacs, P.Y. Rs.11,167.87 Lacs)	9,417.26	12,248.49
Working Capital Facilities from Banks (Refer Note No. 2)	2,567.06	471.47
Buyer's Credit (Foreign Currency Loans) from Banks (Refer Note No. 3 & 4)	15,065.62	-
Loans against Vehicles	-	5.02
	<u>27,049.94</u>	<u>12,724.98</u>

NOTE- 01

- Term Loans from ICICI Bank (UK) Ltd., Syndicate Bank and Bank of Maharashtra are secured by first charge on the Company's entire immovable and movable properties situated at Survey Nos. 769, 780 and 787, Village Indrad, Chhatral, Tal. Kadi, Dist. Mehsana and Survey No. 474, Village Bhimasar, Tal. Anjar, dist. Kutch. The said loans are further secured by second charge on inventories and book debts and personal guarantee of some of the Directors of the Company.
- Term Loan of USD 13.0 Million from ICICI Bank Ltd, Hong Kong branch is secured by an exclusive charge over all the 8 windmills along with related equipments/ machinery situated at Moti Sindholi, Kutch, Gujarat and personal guarantee of one of the Directors of the Company.
- Term Loan of USD 8.0 Million from ICICI Bank Ltd., Hong Kong branch is secured by an exclusive charge over movable assets in respect of 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No. 474, Village Bhimasar, Tal. Anjar, Dist. Kutch.

NOTE -02

Working Capital Facilities from State Bank of India, Punjab National Bank, Dena Bank, ICICI Bank Limited and Industrial Development Bank of India Limited are secured by :

- Hypothecation of Inventories, Books debts, all other movables
- Second charge on Fixed Assets of the Company except (a) 8 wind mills along with related equipments/ machinery situated at Moti Sindholi, Kutch, Gujarat and (b) movable assets in respect of 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No.474, Village Bhimasar, Tal. Anjar, Dist. Kutch
- Personal guarantees of some of the Directors of the Company
- Joint equitable mortgage of all immovable properties held as free-hold and leasehold lands of the Company, except leasehold land related to 8 wind mills situated at Moti Sindholi, Kutch and 3Layer PE Coating Line and Offline Welding & Finishing Lines for HSAW plant situated at Survey No.474, Village Bhimasar, Tal. Anjar, Dist. Kutch.

NOTE -03

Additional Working Capital Facilities of Rs. 12,170 Lacs from ICICI Bank Limited are secured by :

- Hypothecation of Inventories, Books debts, all other movables by way of subservient charge
- Personal guarantee of one of the Directors of the Company

NOTE -04

Buyer's Credit (Foreign Currency Loans) are secured by way of Guarantee Assistance by a consortium of Banks.

SCHEDULE 4 : UNSECURED LOANS

Short term loans from:

- Bodies Corporate	207.64	380.97
- Directors	7.60	-
- Banks	4,749.47	5,960.44
	4,964.71	6,341.41

SCHEDULE 5 : FIXED ASSETS

(Rs. in Lacs)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As At 1-Apr-09	Additions	Deductions	As At 31-Mar-10	As At 1-Apr-09	Additions	Deductions	As At 31-Mar-10	As At 31-Mar-10	As At 31-Mar-09
LEASE HOLD LAND	35.03	-	-	35.03	-	-	-	-	35.03	35.03
FREEHOLD LAND	201.05	-	4.13	196.92	-	-	-	-	196.92	201.05
BUILDING	6,531.70	621.43	-	7,153.13	801.81	210.78	-	1,012.59	6,140.54	5,729.89
PLANT & MACHINERY	38,513.64	3,368.30	1,438.01	40,443.93	9,112.98	3,316.30	0.54	12,428.74	28,015.19	29,400.66
FURNITURE & FIXTURES	562.90	52.53	-	615.43	156.34	47.18	-	203.52	411.91	406.56
EQUIPMENTS	619.79	353.48	-	973.27	203.44	51.84	-	255.28	717.99	416.35
VEHICLES	575.50	183.57	80.63	678.44	177.52	62.13	37.59	202.06	476.38	397.98
TOTAL	47,039.61	4,579.31	1,522.77	50,096.15	10,452.09	3,688.23	38.13	14,102.19	35,993.96	36,587.52
TOTAL PREVIOUS YEAR	33,852.60	13,233.50	46.49	47,039.61	7,503.47	2,972.30	23.68	10,452.09	36,587.52	

Note:-

The Company has credited Rs. 1,437.02 Lacs (P.Y. debited Rs.1,869.61 Lacs) to the carrying cost of assets on account of foreign exchange difference for the year on foreign currency loans relating to acquisition of assets.

SCHEDULE 6 : INVESTMENTS (AT COST)

UNQUOTED

Shares of Rajmugat Co-op Society (Rs.350)	-	-
Shares of Progressive Mercantile Co-op Society (Rs.105)	-	-
10 Shares of Mukatjivan Co. Housing Society Ltd.	0.01	0.01
National Savings Certificates	0.06	0.06
10 Shares of Nijanand Association's of Rs.50/-each (Rs.500)	0.01	0.01
10 Shares of Shyamraj Association's of Rs.50/-each (Rs.500)		
Silver	0.63	0.62
	0.71	0.70

QUOTED-CURRENT INVESTMENT

5,00,12,227 (0) Units of SBI Ultra Short Term Fund-Institutional Plan-Dividend	5,004.22	-
(Market value of quoted Investment Rs.5,004.22 Lacs, Previous Year Rs Nil)	5,004.93	0.70

SCHEDULES TO THE ACCOUNTS



(Rs. in Lacs)

	As at 31-Mar-10	As at 31-Mar-09
SCHEDULE 7 : INVENTORIES		
(As taken, valued and certified by the management)		
Raw Materials	9,299.05	3,625.31
Work in Process	3,933.24	3,218.02
Finished Goods	1,499.63	2,155.18
Stores and Spares	973.21	987.83
Goods in Transit	1,034.40	44.62
Scrap	17.24	69.12
	<u>16,756.77</u>	<u>10,100.08</u>
SCHEDULE 8 : SUNDRY DEBTORS		
Unsecured : Considered Good		
Over Six Months	467.21	268.68
Others	16,163.67	12,036.89
	<u>16,630.88</u>	<u>12,305.57</u>
SCHEDULE 9 : CASH AND BANK BALANCES		
Cash on Hand	9.47	5.30
Balances with Scheduled Banks in Current Accounts	1,533.73	454.77
Fixed Deposit Accounts	866.59	4,736.50
Unpaid Dividend Accounts	20.37	14.85
	<u>2,430.16</u>	<u>5,211.42</u>
SCHEDULE 10 : LOANS AND ADVANCES		
Unsecured : Considered Good		
Advances recoverable in cash or in kind or for value to be received	7,494.57	4,662.69
Advances to Staff	30.10	33.04
Balances with Income Tax Department	120.46	89.49
Interest Accrued on Deposit	10.64	93.55
Balances with Central Excise Authorities	226.58	161.25
Deposits - Others	260.18	243.57
	<u>8,142.53</u>	<u>5,283.59</u>
SCHEDULE 11 : CURRENT LIABILITIES & PROVISIONS		
Liabilities :		
Sundry Creditors	7,399.47	14,850.84
Advances from Customers	742.96	1,384.92
Interest Accrued but not due on Loans	36.77	52.53
Statutory Liabilities	550.10	417.98
Unclaimed Dividend	20.37	14.85
	<u>8,749.67</u>	<u>16,721.12</u>
Provisions :		
For Leave Encashment	147.77	111.48
For Gratuity	-	21.56
For Taxation (Net of advance tax of Rs.3,615.57 Lacs (P.Y. Rs. 2,530.56 Lacs)	879.99	442.67
For Proposed Dividend	1,010.76	810.00
For Dividend Tax	171.78	137.66
	<u>2,210.30</u>	<u>1,523.37</u>
	<u>10,959.97</u>	<u>18,244.49</u>

SCHEDULES TO THE ACCOUNTS

(Rs. in Lacs)

	Year Ended on 31-Mar-10	Year Ended on 31-Mar-09
SCHEDULE 12 : OTHER INCOME		
Miscellaneous Income	134.05	142.43
Dividend Income (Gross) (TDS Rs. Nil, P.Y. Rs. Nil)	14.24	-
	<u>148.29</u>	<u>142.43</u>
SCHEDULE 13 : MATERIAL COST AND VARIATION IN STOCK		
Opening Stock - Raw Materials	3,625.31	5,922.22
Add : Purchases & Other Costs	62,308.38	60,680.72
	<u>65,933.69</u>	<u>66,602.94</u>
Less : Closing Stock - Raw Materials	9,299.05	3,625.31
	<u>56,634.64</u>	<u>62,977.63</u>
Opening Stock		
Work in Process	3,218.02	4,227.30
Finished Goods	2,155.18	1,146.60
Scrap	69.12	72.67
	<u>5,442.32</u>	<u>5,446.57</u>
Closing Stock		
Work in Process	3,933.24	3,218.02
Finished Goods	1,499.63	2,155.18
Scrap	17.24	69.12
	<u>5,450.11</u>	<u>5,442.32</u>
	<u>(7.79)</u>	<u>4.25</u>
	<u>56,626.85</u>	<u>62,981.88</u>
SCHEDULE 14 : EMPLOYEES' REMUNERATION & BENEFITS		
Salaries, Wages and Bonus	4,210.07	3,307.23
Contribution to Provident and Other Funds	281.20	257.86
Staff Welfare Expenses	249.76	265.32
	<u>4,741.03</u>	<u>3,830.41</u>
SCHEDULE 15 : FINANCIAL EXPENSES		
Interest		
On Term Loans	412.10	554.49
Others	320.89	890.98
Bank Charges & Commission	317.82	629.44
Less : Interest Income (Gross)	875.83	402.44
(TDS Rs. 95.32 Lacs, P.Y. Rs.76.09 Lacs)		
	<u>174.98</u>	<u>1,672.47</u>
SCHEDULE 16 : OTHER EXPENSES		
Consumption of Stores & Spares	3,131.52	3,032.63
Freight & Transport	801.34	826.15
Power & Fuel	1,764.33	2,217.71
Labour & Processing Charges	891.04	1,123.56
Repairs		
Plant & Machinery	513.56	589.30
Building	46.92	45.52
Others	5.84	35.30
	<u>566.32</u>	<u>670.12</u>
Quality Control	94.05	71.73
Printing & Stationary	35.07	35.97
Postage, Telegram & Telephone	58.46	54.65
Legal & Consultancy Charges	108.61	108.91
Vehicles Expenses	97.15	119.21
Travelling & Conveyance Expenses	222.21	230.01
Insurance	137.10	122.80
Rent, Rates & Taxes	119.90	76.16
Auditors' Remuneration	7.90	5.59
General Expenses	298.29	285.61
Advertisement & Other Expenses	121.82	147.40
Foreign Exchange Fluctuation (Net)	(1,535.39)	3,826.92
Sales Commission	141.55	248.92
Loss on Sale of Fixed Assets	13.56	5.07
	<u>7,074.83</u>	<u>13,209.12</u>

SCHEDULE 17 : NOTES TO THE ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES

- A. BASIS OF ACCOUNTING:** Financial statements are prepared under historical cost convention on accrual basis in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956 as adopted consistently by the Company.
- B. USE OF ESTIMATES:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets & liabilities and disclosures of contingent liabilities at the date of financial statements and the results of operation during the reporting period. although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.
- C. FIXED ASSETS:** The Fixed Assets are shown at cost, net of tax/duty /credits availed, if any, and include expenses capitalised during construction period.
- D. DEPRECIATION:** The Company has provided depreciation on straight line method at the rates and the manner specified in Schedule XIV to the Companies Act, 1956. The amount of Long Term Lease hold land is amortised by equal instalments during the last fifteen years of the residual lease period.
- E. INVENTORIES:** Inventories are valued at lower of cost or net realisable value except for Scrap. Scrap is valued at net realisable value. Cost is determined on FIFO (First-In-First Out) method.
- F. REVENUE:**
- a) Sales & Income from operations represents the amounts receivable for goods sold including excise duty thereon and VAT/CST incentives in respect of Kutch Unit but excludes VAT/CST, trade discounts & other taxes, adjustments for late delivery charges and material returned/rejected.
 - b) Excise benefits available to the Company in respect of its unit in Kutch District of Gujarat in terms of Notification No. 39/2001 of Central Excise, are netted off from the Excise Duty amount.
 - c) The Company accounts for pro forma credits, refunds of duty of customs or excise, or refunds of sales tax in the year of admission of such claims by the concerned authorities. Benefits in respect of Export Licenses are recognised on utilisation/sale of the licenses.
 - d) Dividend income is recognised when the right to receive is established.
- G. EXCISE / CUSTOMS DUTIES:** Excise Duty on manufactured goods remaining in the inventory is included as a part of valuation of finished goods. The customs duty on raw materials, stores, spares & components is accounted on clearance thereof.
- H. EMPLOYEE BENEFITS:**
- RETIREMENT BENEFITS:** The Company contributes to group gratuity policy with Life Insurance Corporation of India as per actuarial valuation as on the Balance Sheet date for future payment of gratuity to employees. Accrued liability towards leave encashment is provided on the balance of unutilized leaves on the Balance Sheet date.
- In respect of eligible employees, the Company contributes to approved superannuation fund under a definite contribution plan, under the policy of Life Insurance Corporation of India.
- ESOS -** In respect of Employees Stock Options, the excess of fair price on the date of grant over the exercise price is recognized as deferred compensation cost amortised over vesting period.
- I. FOREIGN CURRENCY TRANSACTIONS:**
- a) Foreign currency transactions are accounted at exchange rates prevailing on the date the transactions take place. All exchange differences arising in respect of foreign currency transactions are dealt with in Profit & Loss Account except in respect of long term liabilities incurred for acquiring Fixed Assets, in which case such differences are adjusted in the carrying amount of the respective Fixed Assets.
 - b) All foreign currency assets and liabilities, if any, as at the Balance Sheet date are restated at the applicable exchange rates prevailing on the date of financial statements.