

# **WELTERMAN INTERNATIONAL LTD.**

**TWENTYIETH ANNUAL REPORT**

**2011 - 2012**

**BOARD OF DIRECTORS**

KAYUM R. DHANANI	MANAGING DIRECTOR
BIJI PAUL	DIRECTOR
SHAMIM SHEIKH	DIRECTOR
PAVIT G. AMIN	DIRECTOR

## **AUDITORS**

**Parikh Shah Chotalia & Associates**  
**Chartered Accountants**  
**Vadodara.**

## **BANKERS**

**Union Bank of India**

**REGISTERED OFFICE**

**AND**

**FACTORY**

**Plot No. 1135, Lamdapura Road,**  
**Near Manjusar, At & Post: Lamdapura – 391 775**  
**Tal. Savli, Dist. Vadodara**

**TRADING UNIT**

**4/249, Alagappa Nagar,**  
**PTC QTRS-Thuraiyakkam**  
**Chennai-600097**

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## NOTICE

NOTICE is hereby given that the Twentieth Annual General Meeting of WELTERMAN INTERNATIONAL LIMITED will be held on Friday 28th September, 2012 at 12.00 noon at the Registered Office at Plot no. 1135, Lamdapura Road, Nr. Manjusar, At & Post, Tal. Savli, Dist Vadodara to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2012 and Profit & Loss Account for the year ended even date alongwith the Report of Auditors and Directors thereon.
2. To appoint a Director in place of Smt. Shamim Sheikh, who retires by rotation and being eligible offers herself for appointment.
3. To appoint Auditors and fix their remuneration.

### **SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass, with or without modification(s) following resolution, as an ORDINARY RESOLUTION.

**“RESOLVED THAT** Shri Paveet Amin, who was appointed as an Additional Director pursuant to section 260 of the Companies Act, 1956 read with clause 134 of the Articles of Association of the Company to hold office up to the ensuing Annual General Meeting, for whom requisite notice u/s 257 of the Companies Act, 1956 is received, be and is, hereby appointed as a Director liable to retire by rotation.”

5. To consider and if thought fit, to pass, with or without modification(s) following resolution, as an ORDINARY RESOLUTION.

**“RESOLVED THAT** pursuant to the provisions of Section 269 and other provisions applicable, if any read with Schedule XIII of the Companies Act, 1956 and subject to statutory approvals, if any, approval, be and is, hereby accorded to the appointment of Mr. Kayum Dhanani as a Managing Director of the Company for a period of 5 years with effect from 1<sup>st</sup> June, 2012 to 31<sup>st</sup> May, 2017 on the terms and conditions of appointment as set out in the agreement to be entered into by the Company with him, with liberty to the Board of Directors to alter and / or to vary the terms and conditions of the said Agreement as may be agreed to between the Board of Directors and Mr. Kayum Dhanani.

**RESOLVED FURTHER THAT** Mr. Kayum Dhanani shall neither be liable to retire by rotation nor be reckoned for determining the number of directors liable to retire by rotation, till the time he holds the office as a Managing Director.”

**FOR AND ON BEHALF OF THE BOARD**

(Kayum R. Dhanani)  
CHAIRMAN & MANAGING DIRECTOR

Place: Vadodara

Date: 10<sup>th</sup> July, 2012

## **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. PROXY IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
3. The Register Of Members And Share Transfer Books Of The Company Will Remain Closed From 27.09.2012 To 28.09.2012( Both Days Inclusive)
4. Explanatory statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of item No. 4 & 5 is Annexed
5. In line with "GREEN INITIATIVE" of the Ministry of Corporate Affairs vide their circular dtd 06/06/2011, members are requested to send their consent to receive communication electronically at the e-mail address in the format appearing in last page of this report.

## **EXPLANATORY STATEMENT**

(Pursuant to Section 173(2) of the Companies Act, 1956)

### **Item No. 4**

Your Directors have appointed Mr. Paveet Amin as an Additional Director of the Company at their meeting held on 2<sup>nd</sup> September, 2011 pursuant to section 260 of the Companies Act, 1956 read with clause 134 of Articles of Association to hold office up to ensuing Annual General Meeting. The Company has received requisite notice pursuant to sec 257 of the Companies Act, 1956 for his appointment as retiring director. It is proposed to appoint him as a Director liable to retire by rotation.

Your Directors seek your approval to the resolution as appearing in item No. 4 of the accompanying notice as an ordinary resolution. No Director except Mr. Paveet Amin shall be deemed to be interested or concerned in the resolution.

### **Item No. 5**

Considering valuable contributions and able guidance of Shri Kayum Dhanani, your Directors their its meeting held on 10<sup>th</sup> July, 2012 approved the reappointment of Mr. Kayum Dhanani as a Managing Director for a period of 5 years with effect from 1<sup>st</sup> June, 2012 on the terms and conditions as set out in the Draft Agreement.

A draft Agreement will be available for inspection to the members of the Company between 11:00 a.m. to 1:00 p.m. on all working days (except Saturdays and Sundays) upto the date of Annual General Meeting at the Registered office of the Company.

No Director except Shri Kayum Dhanani and his relative Mrs. Shamim Sheikh shall be deemed to be interested or concerned in the resolution.

**FOR AND ON BEHALF OF THE BOARD**

(Kayum R. Dhanani)  
CHAIRMAN & MANAGING DIRECTOR

Place: Vadodara

Date: 10<sup>th</sup> July, 2012

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure to present their **TWENTIETH ANNUAL REPORT** together with the Audited Statement of Accounts for the Financial Year ended on 31<sup>st</sup> March, 2012

### **1) FINANCIAL & WORKING RESULTS:**

Particulars	2011-2012 Rs. In lacs	2010-2011 Rs. In lacs
Total income	2309.36	1116.46
Gross Profit/ (Loss) Before Depreciation:	(12.76)	113.05
(Less): Depreciation	(11.06)	(14.83)
<b>PROFIT / (LOSS) BEFORE TAX</b>	(23.82)	98.22
(Less): Income Tax and Fringe Benefit Tax	NIL	(00.02)
Deferred Tax Asset	192.29	NIL
<b>PROFIT AFTER TAX</b>	168.47	98.20
Balance Loss Brought Forward:	(1423.12)	(1521.32)
Balance Loss Carried Forward :	(1254.65)	(1423.12)

### **2) DIVIDENDS:**

In view of carried forward losses, your Directors do not recommend dividend.

### **3) DEPOSITS:**

The Company has not accepted / renewed deposits within the meaning of the Companies (Acceptance of Deposits) Rules, 1975.

### **4) PRESENT STATUS UNDER BIFR:**

As you are aware, the Company is a 'Sick Industry' registered under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 and the case of the Company is pending for further directions from BIFR.

### **5) REVOCATION OF SUSPENSION OF TRADING BY BOMBAY STOCK EXCHANGE LTD:**

Bombay Stock Exchange Ltd. (BSE) has revoked Suspension of trading of Equity Shares of the Company effective from 16<sup>th</sup> April, 2012 and accordingly its trading at BSE is resumed in T group.

### **6) PARTICULARS OF EMPLOYEES:**

There was no employee drawing remuneration of Rs 60, 00,000 per annum or Rs. 5, 00,000 per month for any part of the year or more and hence no particulars have been furnished as prescribed under Section 217(2A) of the Companies Act, 1956.

**7) PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The Company does not have material information required under Section 217 (1)(e) of the Companies act, 1956 read with the Companies (Disclosure of Particulars in the Board of Directors) Rule, 1988 to offer and hence no particulars have been furnished.

**8) DIRECTORS' RESPONSIBILITY STATEMENT :**

(i) Your Directors have followed the applicable accounting standards alongwith proper explanation relating to material departures, if any, while preparing the annual accounts;

(ii) Your Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of financial year and of the loss of the Company for the period;

(iii) Your Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) Your Directors have prepared the annual accounts on a going concern basis.

**9) DIRECTORATE:**

Ms. Shamim Sheikh, Director of the Company retires at the ensuing Annual General Meeting and being eligible, offers herself for reappointment.

Your Directors appointed Mr. Paveet Amin as an Additional Director to hold office upto the ensuing Annual General Meeting. A requisite notice pursuant to Section 257 of the Companies Act, 1956 has been received for his appointment as a Retiring Director at ensuing AGM.

Your Directors have reappointed Mr. Kayum Dhanani as a Managing Director.

**10) SECRETARIAL COMPLIANCE CERTIFICATE:**

Secretarial Compliance Certificate as required under Rule 3(1) of The Companies (Compliance Certificate) Rules 2001 read with Section 383A(1) of the Companies Act, 1956 received from M/s. Devesh Vimal & Co., Practising Company Secretaries has been attached to this report.

**11) AUDITORS:**

M/s Parikh Shah Chotalia & Associates, Chartered Accountants, Vadodara, retire at the conclusion of this Annual General Meeting.

A written certificate is obtained from the Auditors, M/s. Parikh Shah Chotalia & Associates, Chartered Accountants to the effect that in case of their reappointment as Auditors the same would be within the limits laid down in Section 224(1B) of the Companies Act, 1956. You are requested to appoint Auditors and fix their remuneration.

**12) ACKNOWLEDGEMENTS:**

Your Directors place on record their sincere gratitude to bank, financial institutions, shareholders, the employees and all the associates of the Company for their hard work and continual support to the Company.

FOR AND ON BEHALF OF THE BOARD

(Kayum R. Dhanani)

CHAIRMAN & MANAGING DIRECTOR

Place: Vadodara

Date: 10<sup>th</sup> July, 2012

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Welterman International Limited is committed to attain the highest standard of Corporate Governance. It recognizes that the Board is accountable to all the Stockholders for good governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make appropriate disclosure and enhance stakeholder's value without compromising in anyway and in compliance with laws and regulations.

### 2. BOARD OF DIRECTORS

Composition and category of Directors.

The Board of Directors consists of Four Directors

<b>Name of Directors</b>	<b>Category</b>
Shri Kayum R. Dhanani	Promoter Executive Director
Shri Biji Paul	Independent Non Executive Director
Smt. Shamim Sheikh	Promoter Non Executive Director
Shri Paveet G. Amin	Independent Non Executive Director

#### Meetings and Attendance

The Board of Directors meets at least once in quarter to approve the financial results in compliance with Listing Agreement and more often, if considered necessary, to transact any other business.

No Director is a member of more than ten committees or Chairman of more than five committees in other Companies in which they are Directors.

During the year under review, six Board meetings were held on **31<sup>st</sup> May 2011, 31<sup>st</sup> July 2011, 13<sup>th</sup> August 2011, 2<sup>nd</sup> September 2011, 14<sup>th</sup> November 2011 and 14<sup>th</sup> February 2012**

Attendance of directors at the meetings of the Board of Directors held during the year and Annual General Meeting held on 28<sup>th</sup> September 2011 was as follows:

Name of Director	No. of Board meetings attended during 2011-12.	Whether present at the last AGM
Shri Kayum R. Dhanani	6	Yes
Shri Biji Paul	6	Yes
Smt Shamim Sheikh	6	Yes
Shri Paveet G. Amin*	2	No

\* Appointed on 02.09.2011

#### AUDIT COMMITTEE

The terms of reference and powers of the Audit Committee are as mentioned in Clause 49 II (D) of the Listing Agreement entered into with stock Exchanges read with Section 292A of the Companies Act, 1956. The Audit Committee comprises of

three Directors viz. Shri Biji Paul and Shri Paveet Amin, both independent Directors in addition to Shri Kayum Dhanani, Managing Director. In addition to the audit committee members, the head of accounts and statutory auditors also attend the meetings.

During the year under review, Audit committee meetings were held four **times** on **31<sup>st</sup> May 2011, 31<sup>st</sup> July 2011, 14<sup>th</sup> November 2011 and 14<sup>th</sup> February 2012** under the Chairmanship of Shri Biji Paul, which were attended by all the Members of the Audit committee

### **REMUNERATION COMMITTEE**

At present there is no Remuneration committee as No Executive Director is paid any remuneration. However, the said committee will be constituted as and when required.

### **SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE**

The Shareholders'/Investors' Grievance committee is headed by Shri Biji Paul, a non executive Independent Director. In order to expeditiously approve transfer etc the Board of Directors at its meeting held on 30<sup>th</sup> July, 2009 has individually, authorized Mr. Asif Razzak Dhanani, Mr. N.M. Patel and Mr. Biji Paul, in the best interest of the investors and dissolved share transfer committee. The said authorized persons approve transfer /transmission/ transposition/ issue of duplicate share certificates in lieu of lost /misplaced/ worn out etc. Share certificate, issue of fresh share certificate in view of rematerialization of shares, consolidation and division and incidental matters relating to shares.

### **GENERAL BODY MEETINGS**

Locations and time of last three Annual General Meetings held.

Details of AGM	Location	Date & Time
Seventeenth	Regd. Office of the Company at Plot No. 1135, AT & Post Lamdapura, Near Manjusar, Taluka Savali, District Vadodara	29/09/09 At 12.00 Noon
Eighteenth	-do-	09/09/2010 At 12.00 Noon
Nineteenth	-do-	28/09/2011 At 12.00 Noon

No special resolutions were passed in any of the aforesaid the meetings.

### **NOTES ON DIRECTORS APPOINTMENT /RE-APPOINTMENT**

Smt. Shamim Sheikh, Director of the Company is retiring by rotation and being eligible offers herself for re-appointment. She is Commerce Graduate

It is proposed to appoint Shri Paveet Amin as a retiring Director. He is a Commerce Graduate and had completed Diploma in Business Management.

## DISCLOSURES

None of the transactions with any of the related parties were in conflict with the interest of the Company.

There has been no non-compliance by the Company, no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during last three years.

## GENERAL SHAREHOLDERS INFORMATIONS

20<sup>th</sup> Annual General Meeting: **Date: 28<sup>th</sup> September, 2012**

**Time:** 12.00 Noon

**Venue:**

*Registered office of the Company at Plot  
No. 1135,  
At & Post: Lamdapura,  
Near Manjusar,  
At: Savli, Dist: Vadodara.*

## Financial calendar

Unaudited results for the quarter ending on 30th June, 2012	Mid August, 2012
Unaudited results for the quarter ending on 30 <sup>th</sup> September, 2012	Mid November, 2012
Unaudited results for the quarter ending on 31 <sup>st</sup> December, 2012	Mid February, 2013
Unaudited results for the quarter ending on 31 <sup>st</sup> March, 2013	Mid May, 2013

Dates of book closure: 27<sup>th</sup>Sept. 2012 to 28<sup>th</sup> Sept. 2012  
(both days inclusive)

Listing on the Stock Exchanges      Bombay Stock Exchange Ltd.  
Vadodara Stock Exchange Ltd.  
Ahmedabad Stock Exchange Ltd.  
Madras Stock Exchange Ltd.

Stock code      526431 (BSE)

ISIN of the Company's Equity:      INE662D01013  
Shares in demat form:

Depository Connectivity:      CDSL

Registrar and share transfer  
Agent:

LINK INTIME INDIA PRIVATE LTD.  
Formerly: (Intime Spectrum  
Registry Limited)  
**B- 102 & 103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Nr Radhakrishna Char Rasta,  
Akota,  
Vadodara 390020 (Gujarat) India**

Share transfer, transmission and dematerialization of shares are registered and returned well within the stipulated period.

Stock Market Data.

Since no trading of shares has taken place at any of the stock exchanges where shares of the Company are listed, stock market data have not been furnished.

**Distribution of Shareholding: (as on 31<sup>st</sup> March, 2012)**

Range of Holding	Number of shareholders	% to total shareholders	Number of shares	% to total shares.
1-500	3667	93.9774	624600	14.0635
501 – 1000	142	3.6392	116300	2.6186
1001 – 2000	39	0.9995	61900	1.3937
2001 – 3000	08	0.2050	19700	0.4436
3001 – 4000	14	0.3588	55500	1.2496
4001 – 5000	11	0.2819	54300	1.2226
5001 – 10000	06	0.1538	41100	0.9254
10001 & above	15	0.3844	3467900	78.0830
<b>TOTAL</b>	<b>3902</b>	<b>100.0000</b>	<b>4441300</b>	<b>100.0000</b>

**Shareholding pattern (as on 31<sup>st</sup> March, 2012)**

Category	No. of Shares held	% of total shares
Corporate Bodies (Promoter Co.)	323100	7.2749
Other Corporate Bodies	1218800	27.4424
Directors	1813700	40.8371
Nationalised Bank	60000	1.3510
Non-Resident Indians	31000	0.6980
Public	924000	20.8047
Relatives of Directors	70700	1.5919
<b>Total</b>	<b>44,41,300</b>	<b>100.00</b>

**Break up of shares in physical and Demat Segment (As on 31<sup>st</sup> March, 2012)**

Segment	No. of Shares held	% to total Shares
Physical	30,35,000	68.33%
Demat	14,06,300	31.67%
<b>Total</b>	<b>44,41,300</b>	<b>100.00 %</b>

**Address for communication:**

**LINK INTIME INDIA PRIVATE LTD.**

Formerly: Intime Spectrum Registry Limited)

**B- 102 & 103, Shangrila Complex,  
First Floor, Opp. HDFC Bank,  
Near Radhakrishna Char Rasta, Akota,  
Vadodara 390020 (Gujarat) India**

E-mail: [Vadodara@intimespectrum.com](mailto:Vadodara@intimespectrum.com)

**Outstanding GDR/ADRs/Warrants or any Convertible Instruments,  
conversion date and likely impact on equity**

Not Applicable as the Company has not issued such instruments.

**Project location**

Plot No. 1135,  
At & Post Lamdapura, Near Manjusar,  
Taluka Savli, Dist. Vadodara Gujarat.

CEO/CFO Certification

The Managing Director and CFO have issued requisite certificates to the Board pursuant to Clause 49 of the Listing Agreement.

Date: 10<sup>th</sup> July, 2012  
Place: Vadodara

K. R. Dhanani  
Chairman & Managing Director

CODE OF CONDUCT COMPLIANCE

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Members and the Senior Personnel have confirmed compliance with the Code of Conduct for the year ended on 31<sup>st</sup> March, 2012

Date: 10<sup>th</sup> July, 2012  
Place: Vadodara

K. R. Dhanani  
Chairman & Managing Director

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **Industry structure and Developments**

India is the second largest footwear manufacturer in the world next to China. However, China mainly focuses in small and cottage industries without brand image. The Indian Leather industry growing at around 10% p.a. has been carving its share by focusing on innovative designs, state of the art production, reliable delivery schedules in elite class.

### **Opportunities, outlook and Threats**

With the opening up of FDI in the retail sector, the Company in industry is facing stiff competition not only from domestic retail players from foreign players as well. Moreover large chunk of income is eaten away in the payment of interest. Reference of the Company with the Board for Industrial & Financial Reconstruction (BIFR) as a sick company is also pending and on sanction of Rehabilitation scheme for which your Company has already been negotiating; financial position of the company may improve.

### **Threats and Risks**

Stiff competition, increasing input costs and delay in the sanction of the scheme has worsened the financial position of the company.

However, your Directors have been putting their best efforts to tide over the situation by focusing mainly on trading activities and are optimistic for the better future on sanction of the scheme.

### **Financial performance with respect to operational performance**

Net Profit of the Company during the financial year has been Rs. 168.47 lacs.

### **Internal Control system and their efficacy**

The Company has by and large adequate internal control procedures commensurate with the size of the Company and nature of business especially with regards to purchase of inventory, fixed assets and for sale of goods.

### **Statutory Compliances**

The Company has been by and large compliant of laws including payment of all statutory dues except sales tax dues payable in view of expiry of tax holiday period.

### **Quality**

The Company has been focusing on upgradation of quality and innovation.

### **Material Developments in Human Resources/ Industrial Relations**

Industrial Relations remained cordinal throughout the year under review.

### **Cautionary statement**

Statement in this management analysis detailing the Company's objectives, projections, estimates, expectations, or predictions may be "forward looking" statements within the meaning of applicable laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that may influence your Company's operations include Global and domestic supply and demand conditions affecting selling prices, input availability and prices, changes in Government policies, regulations, tax regimes, economic development within and outside the country and other allied factors. The Company assumes no responsibility to publicly amend, modify or revise the forward looking statement on the basis of subsequent developments, information or events.

## AUDITORS' REPORT

To,  
**THE MEMBERS,  
WELTERMAN INTERNATIONAL LIMITED  
VADODARA.**

We have audited the attached **Balance Sheet** of **WELTERMAN INTERNATIONAL LIMITED**, as at **31<sup>st</sup> March, 2012** and also the **Profit and Loss Statement** and **Cash Flow Statement** of the Company for the year ended on that date annexed thereto both of which we have signed under reference of this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

1. 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.
2. As required by the Companies (Auditor's Report) Order, 2003, issued by the Central Government in terms of Section 227(4A) of the Companies Act, 1956, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said order.
3. On the basis of our review of the confirmations made available to us from the companies in which the directors of the Company are directors and the information and explanations given to us, none of the directors of the Company is prima facie as at 31<sup>st</sup> March, 2012, disqualified from being appointed as director of the Company under Clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956
4. Further to our comments in the Annexure referred to in 2 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 have been kept by the Company as required by law so far as it appears from our examination of these books and the aforementioned Balance Sheet and Statement of Profit and Loss are in agreement therewith.

*Auditors' Report Continued*

- iii.* In our opinion, these accounts have been prepared in compliance with the applicable accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- iv. 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 notes appearing in the Notes thereon, give the information required by the Companies Act, 1956, in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of Balance Sheet, of the **STATE OF AFFAIRS** of the Company as at 31<sup>st</sup> March, 2012;
  - b) in the case of the Profit and Loss Statement, of the **PROFIT** of the Company for the year ended on that date, and
  - c) in case of Cash Flow Statement, of the **CASH FLOW** for the year ended on that date.

For PARIKH SHAH CHOTALIA & ASSOCIATES  
**CHARTERED ACCOUNTANTS** Firm Reg. No. 118493W

**VADODARA, 10<sup>th</sup> July, 2012**

**(D. P. SHAH)** (Mem. No.30454)  
**PARTNER**

**ANNEXURE REFERRED TO IN PARAGRAPH 2 OF OUR AUDITORS' REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2012 OF WELTERMAN INTERNATIONAL LIMITED:**

On the basis of such checks as we considered appropriate and in terms of the information and explanations given to us, we state that:-

**i. Fixed Assets**

- (a) ***The Company has been in the process of updating the maintenance of records showing particulars, including quantitative details and situation of fixed assets, however they are yet to be updated.***
- (b) As explained to us, fixed assets, according to the practice of the Company, are physically verified by the management at reasonable intervals, in a phased verification-programme, which, in our opinion, is reasonable, looking to the size of the Company and the nature of its business. ***According to the information and explanations given to us, discrepancies could not be ascertained on physical verification as book records are being updated.***
- (c) The Company has not disposed off any substantial part of its fixed assets so as to affect its going concern.

**ii. Inventory**

- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) The procedures explained to us, which are followed by the management for physical verification of inventories, are, in our opinion, reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records of the Company, we are of the opinion that, the Company is maintaining proper records of its inventory. Discrepancies which were noticed on physical verification of inventory as compared to book records, have been properly dealt with in the books of account.

iii. **Loans and Advances**

- a) The Company has not granted any unsecured loan to any party covered under Section 301 of the Companies Act, 1956, during the year under report.
- b) The Company has taken Secured Loan from one party covered under Sec.301 of the Companies Act,1956. The Maximum outstanding during the year for such Loan was Rs.921.86 Lacs. The year end balance of the Loan was Rs.921.86 Lacs.
- c) According to the information and explanations given to us, the Company had to its credit unsecured loans amounting to Rs.252.45 Lacs at the beginning of the year, accepted from five parties listed in the register maintained under Section 301 of the Companies Act, 1956. The year end balance from such parties was Rs. 252.45 Lacs.
- d) Interest on these loans is not paid nor has been provided as they are interest free. Other terms on which they have been accepted are not prejudicial to the interests of the company.

iv. **Internal Control**

In our opinion and according to the information and explanations given to us, there are generally adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods. During the course of our audit, no major weakness in internal control has come to our notice.

v. **Related Transactions**

- (a) On the basis of the audit procedures performed by us, and according to the information, explanations and representations made to us, we are of the opinion that, the transactions in which directors were interested as contemplated under Section 297 and sub-section (6) of Section 299 of the Companies Act, 1956 and which were required to be entered in the register maintained under Section 301 of the said Act, have been so entered.

- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 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 that time.

vi. **Deposits from Public**

In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit to which the provisions of Section 58A of the Companies Act 1956 and Rules made thereunder and also the directives of Reserve Bank of India apply.

vii. **Internal Audit**

***The Company has not introduced Internal Audit System though the same has been applicable to it.***

viii. **Cost Records**

In our opinion and according to the information and explanations given to us, the provisions for maintenance of Cost Records and Accounts as prescribed by the Central Government under Section 209 (1)(d) do not apply.

ix. **Payment of Statutory Dues**

According to the records of the Company, it has been regular in depositing undisputed statutory dues including provident fund, Income tax, Sales tax, Excise Duty, Customs Duty, Cess and other Statutory Dues and there are no arrears outstanding as at year end for a period of more than six months from the date they became payable. ***However the Company has not paid Sales Tax amounting to Rs.86,70,195 /- which the Company is liable to pay upon expiry of the tax holiday availed by the Company as deferment of Sale tax as prescribed by the State Government***

x. **Accumulated Losses / Cash Losses**

*As at 31<sup>st</sup> March, 2012, the accumulated losses of the company are more than fifty percent of its net worth. The company has incurred cash loss in the year under report however there was no cash loss in the preceding financial year.*

xi. **Default in payments of dues**

*The Company has not made any default in repayment of dues.*

xii. **Grant of Secured Loans and Advances**

As explained to us, the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures or any other securities.

xiii. **Special Statute-Chit Fund Companies, Nidhis/Mutual Benefit Fund/Societies**

Not Applicable to Company.

xiv. **Company dealing in Trading in Shares, Securities, etc.**

Not Applicable to Company.

xv. **Provision of Guarantee**

According to the information and explanations given to us, and the representations made by the management and as per the books of account verified by us, the Company has not given any guarantees for loans taken by others from bank or financial institutions.

xvi. **Term Loans**

During the year under reference, Company has not borrowed any amount by way of Term Loan.

xvii. **Usage of Funds**

According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company and after placing reliance on the reasonable assumptions made by the Company for classification of long term and short term usages of funds, we are of the opinion that, prima-facie, short term funds have not been utilized for long term purpose.

xviii. **Preferential Allotments**

The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

xix. **Creation of Security for Debenture Issue**

The company has not issued debentures.

xx. **Disclosure of End use of Funds**

The Company has not raised any money during the year through any public issue.

xxi. **Frauds**

According to the information and explanations given to us, and to the best of our knowledge and belief, no fraud on or by the Company, has been noticed or reported by the Company during the year.

For PARIKH SHAH CHOTALIA & ASSOCIATES  
**CHARTERED ACCOUNTANTS**  
Firm Reg. No. 118493W

**( D. P. SHAH )** ( Mem. No.30454 )  
**PARTNER**

**VADODARA, 10<sup>th</sup> July, 2012**

**BALANCE SHEET**

	PARTICULARS	Note No.	As at 31.03.2012		As at 31.03.2011	
			Rs.	Rs.	Rs.	Rs.
<b>I. EQUITY AND LIABILITIES</b>						
<b>1. Shareholder's funds</b>						
(a) Share Capital		1	43,982,500		43,982,500	
(b) Reserves and Surplus		2	(122,965,042)		(139,811,938)	
				(78,982,542)		(95,829,438)
<b>2 Non- current liabilities</b>						
Long-Term Borrowings		3	126,101,419		135,301,419	
				126,101,419		135,301,419
<b>3 Current Liabilities</b>						
(a) Trade Payables		4	29,234,740		41,470,258	
(b) Other Current Liabilities		5	24,746,214		-	
(c) Short Term Provisions		6	5,011		5,011	
				53,985,965		41,475,269
<b>TOTAL</b>				<b>101,104,842</b>		<b>80,947,250</b>
<b>II ASSETS</b>						
<b>1. Non-current assets</b>						
(a) Fixed Assets		7				
(i) Tangible Assets			9,174,146		10,345,144	
(ii) Capital Work-in-Progress			20,135,932		20,135,932	
(b) Non-Current Investments		8	7,696,000		7,696,000	
(c) Deferred Tax Assets (Net)		9	19,229,039		-	
				56,235,117		38,177,076
<b>2. Current Assets</b>						
(a) Inventories		10	24,706,923		35,673,151	
(b) Trade Receivables		11	4,059,240		4,326,454	
(c) Cash and Bank Balances		12	2,126,093		698,003	
(d) Short-Term Loans and Advances		13	13,977,469		1,312,556	
(e) Other Current Assets		14	-		760,010	
				44,869,725		42,770,174
<b>TOTAL</b>				<b>101,104,842</b>		<b>80,947,250</b>
Significant accounting policies and notes to accounts Notes form an integral part of these financial statements		21				-

As per our report of even date attached  
For PARIKH SHAH CHOTALIA & ASSOCIATES  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 118493W

For and on behalf of the Board of Directors

(D. P. SHAH) Mem. No. 30454  
PARTNER  
VADODARA, 10th July, 2012

(KAYUM R. DHANANI)  
MANAGING DIRECTOR  
VADODARA, 10th July, 2012

(BIJI PAUL)  
DIRECTOR

**PROFIT AND LOSS STATEMENT**

	PARTICULARS	Note No.	For the Year Ended 31.03.2012	For the Year Ended 31.03.2011
			Rs.	Rs.
I	<b>Revenue from Operations:</b>	15		
			<b>227,867,086</b>	109,953,246
II	<b>Other Income</b>	16	<b>3,070,663</b>	1,692,483
III	<b>Total Revenue (I + II)</b>		<b>230,937,749</b>	111,645,729
IV	<b>Expenses</b>			
	Purchases of Traded Goods	17	<b>221,408,090</b>	91,455,341
	Changes in inventories of finished goods, work in progress and Stock-in- trade	18	-	616,502
	Employee Benefits Expenses	19	<b>3,375,929</b>	1,918,899
	Depreciation	7	<b>1,105,860</b>	1,483,331
	Other Expenses	20	<b>7,430,013</b>	6,349,989
	<b>Total Expenses</b>		<b>233,319,892</b>	101,824,062
V	<b>Profit/ (Loss) Before Tax (III-IV)</b>		<b>(2,382,143)</b>	9,821,667
VI	<b>Tax Expense:</b>			
	Taxes in respect of Previous Years		-	(1,548)
	Deferred Tax Asset		<b>19,229,039</b>	-
VII	<b>Profit for the Year (V - VI)</b>		<b>16,846,896</b>	9,820,119
VIII	<b>Earnings per Equity Share:</b>			
	Basic		<b>3.79</b>	2.21
	Significant accounting policies and notes to accounts Notes form an integral part of these financial statements	21		

As per our report of even date attached

For PARIKH SHAH CHOTALIA & ASSOCIATES  
**CHARTERED ACCOUNTANTS**  
 Firm Reg. No. 118493W

For and on behalf of the Board of Directors

(D. P. SHAH) Mem. No. 30454  
 PARTNER  
 VADODARA, 10th July, 2012

(KAYUM R. DHANANI)  
 MANAGING DIRECTOR

(BIJI PAUL)  
 DIRECTOR

VADODARA, 10th July, 2012

**CASH FLOW STATEMENT**

Particulars	FINANCIAL YEAR			
	For the year ended 31st March, 2012		For the year ended 31st March, 2011	
	Amount Rs in Lacs	Amount Rs in Lacs	Amount Rs in Lacs	Amount Rs in Lacs
<b>(A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
NET PROFIT(LOSS) BEFORE TAX		(23.82)		98.20
Add:- Adjustments for:				
Depreciation	11.06		14.83	
VRS Payments amortised	7.60			
Interest received	(0.10)		(0.08)	
Profit on Sale / on Discardation of Asset	(0.70)		(7.11)	
Loss on Discardation of Asset	-	17.86	1.48	9.12
<b>OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES</b>		(5.96)		107.32
Adjustments for:				
Trade and Other Receivables	(123.99)		(43.87)	
Inventories	109.66		(269.63)	
Trade payables and Other Liabilities	125.11	110.78	258.94	(54.56)
<b>CASH GENERATED FROM OPERATIONS</b>		104.82		52.76
Payment on VRS to be Amortised in future years				4.96
<b>NET CASH FROM OPERATING ACTIVITIES</b>		104.82		57.72
<b>(B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Increase in Investments	-		-	
Purchase of Fixed Assets	(0.14)		(0.35)	
Sale of Fixed Asset	1.50		15.07	
Interest received	0.10		0.08	
<b>NET CASH FLOW FROM INVESTING ACTIVITIES</b>		1.46		14.80
<b>(C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Short Term Borrowings (repaid) / Accepted				(69.36)
Long Term borrowings repaid		(92.00)		-
<b>NET CASH GENERATED FROM FINANCING ACTIVITIES</b>		14.28		3.16
Cash and Cash equivalents as at the beginning of the year		6.98		3.82
Net Increase in cash and cash equivalents		14.28		3.16
Cash and Cash equivalents as at the end of the year		21.26		6.98

As per our report of even date attached

For and on behalf of the Board of Directors

For PARIKH SHAH CHOTALIA & ASSOCIATES  
CHARTERED ACCOUNTANTS

Firm Reg. No. 118493W

(D. P. SHAH) Mem. No. 30454

PARTNER

VADODARA, 10th July, 2012

(KAYUM R. DHANANI)

MANAGING DIRECTOR

VADODARA, 10th July, 2012

(BIJI PAUL)

DIRECTOR

Particulars	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>NOTE `1`</b>				
<b>SHARE CAPITAL</b>				
<b>-Authorised</b>				
60,00,000 Equity Shares of Rs. 10/- each [Previous Year : 60,00,000 Equity Shares of Rs.10/- each]		<u>60,000,000</u>		<u>60,000,000</u>
<b>-Issued, Subscribed and Paid up</b>				
44,41,300 Equity Shares of Rs.10/- each fully paid-up. [Previous Year : 44,41,300 Equity Shares of Rs.10/- each]		44,413,000		44,413,000
Less : Allotment Money Due		<u>430,500</u>		<u>430,500</u>
<b>TOTAL</b>		<u><u>43,982,500</u></u>		<u><u>43,982,500</u></u>
<b>-List of Share holders having 5% or more Shares (In Nos)</b>				
<b>Name Of Shareholders</b>	<b>In Nos</b>	<b>In %</b>	<b>In Nos</b>	<b>In %</b>
Kayum Razak dhanani	1,813,700	40.84	1,813,700	40.84
Memon Exports Company Private Limited	250,000	5.63	250,000	5.63
Aries Hotels Private Limited	250,000	5.63	250,000	5.63
Aalishan Computer System Private Limited	250,000	5.63	250,000	5.63
Prolific Engineers Private Limited	250,000	5.63	250,000	5.63
Sushobhan Furnitures Private Limited	250,000	5.63	250,000	5.63
<b>NOTE `2`</b>				
<b>RESERVES AND SURPLUS</b>				
<b>Profit and Loss Account</b>				
Opening Balance	(142,311,938)		(152,132,057)	
Add: Profit During The Year	<u>16,846,896</u>		<u>9,820,119</u>	
Closing Balance		(125,465,042)		(142,311,938)
Subsidy		<u>2,500,000</u>		<u>2,500,000</u>
<b>TOTAL</b>		<u><u>(122,965,042)</u></u>		<u><u>(139,811,938)</u></u>
<b>NOTE `3`</b>				
<b>LONG TERM BORROWINGS</b>				
<b>-Secured Loan From Related Party</b>				
From Sara Soule Private Limited ( Secured by way of execution of an Agreement to Create Mortgage and Charge by the Company in favour of the lender )		92,186,000		92,186,000
<b>- Unsecured</b>				
<b>Loans and Advances from Related Parties</b>				
From Directors	8,941,064		18,141,065	
From Body Corporates	<u>16,304,159</u>		<u>16,304,159</u>	
<b>Loans and Advances from Others</b>				
Sales Tax Deferred Loan	<u>8,670,196</u>		<u>8,670,195</u>	
		<u>33,915,419</u>		<u>43,115,419</u>
<b>TOTAL</b>		<u><u>126,101,419</u></u>		<u><u>135,301,419</u></u>

WELTERMAN INTERNATIONAL  
LIMITED  
NOTES FORMING PART OF  
ACCOUNTS

20TH ANNUAL REPORT 2011 - 2012

Particulars	As at 31.03.2012		As at 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>NOTE 4'</b>				
<b>TRADE PAYABLES</b>				
Trade Payables				
For Goods		29,234,740		41,470,258
<b>TOTAL</b>		<b>29,234,740</b>		<b>41,470,258</b>
<b>NOTE `5'</b>				
<b>OTHER CURRENT LIABILITIES</b>				
Trade Payables for other		15,569,111		
Advances from Customers		9,035,451		
Branch Transfer				
Trade Payable for Expenses		141,652		
<b>TOTAL</b>		<b>24,746,214</b>		<b>-</b>
<b>NOTE `6'</b>				
<b>SHORT TERM PROVISIONS</b>				
Other Provisions:				
Provision for Taxation				
Provision for FBT		5,011		5,011
<b>TOTAL</b>		<b>5,011</b>		<b>5,011</b>

<b>NOTE '7'</b>											
<b>DEPRECIATION</b>											
S R . N O .	DESCRIP TION  OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		COST AS ON	ADDIT IONS DURI NG	ADJ./ SALE DURI NG	TOTAL COST AS AT	TOTA L AS AT	FOR THE YEAR	ADJ./ RECOU PMENT	TOT AL AS AT	AS AT	AS AT
		01.04.2 011	THE YEAR	THE YEAR	31.03.2 012	01.04. 2011	THE YEAR	RECOU PMENT	31.3. 2012	31.03. 2012	31.03.2 011
	<b>Tangible Assets:</b>										
1	Land and Land Development	1,397,950	-	-	1,397,950	-	-	-	-	1,397,950	1,397,950
2	Buildings	11,640,060	-	-	11,640,060	6,826,549	388,778	-	7,215,327	4,424,733	4,813,511
3	Plant and Machinery	35,220,338	-	858,824	34,361,514	31,321,985	531,200	779,304	31,073,881	3,287,633	3,898,353
4	Furniture and Fixtures	4,746,960	-	-	4,746,960	4,576,277	170,683	-	4,746,960	-	170,687
5	Computers	93,330	14,386	-	107,716	28,687	15,199	-	43,886	63,830	64,643
	<b>TOTAL RS.</b>	<b>53,098,638</b>	<b>14,386</b>	<b>858,824</b>	<b>52,254,200</b>	<b>42,753,498</b>	<b>1,105,860</b>	<b>779,304</b>	<b>43,080,054</b>	<b>9,174,146</b>	<b>10,345,144</b>
	<b>CWIP</b>	<b>20,135,932</b>	<b>-</b>	<b>-</b>	<b>20,135,932</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20,135,932</b>	<b>-</b>
	PREVIOUS YEAR RS.	61,732,242	34,750	7,720,873	54,046,119	48,995,327	1,483,331	6,777,684	43,700,974	-	10,345,144

**NOTE '8'****NON-CURRENT INVESTMENTS****(Unquoted and Non-Trade)**

Equity Shares in Ahilya Hotels Limited 1,92,400 Equity Shares of Rs. 10 each(Issued at Rs.40 Each) fully Paid up.		7,696,000	7,696,000
	<b>TOTAL</b>	<u>7,696,000</u>	<u>7,696,000</u>

**NOTE '9'****Deferred Tax Asset**

Deferred Tax Assets	21,191,671		
Less:- Deferred Tax Liability	<u>1,962,632</u>		
Deferred Tax Assets (Net)		19,229,039	-
	<b>TOTAL</b>	<u>19,229,039</u>	<u>-</u>

**NOTE '10'****INVENTORIES**

Trading Goods		24,706,923	35,673,151
[Inventories taken , valued and certified by the Management. Method of Valuation is stated in Note 1(E) of Note 20.]			
	<b>TOTAL</b>	<u>24,706,923</u>	<u>35,673,151</u>

**NOTE '11'****TRADE RECEIVABLES****Below Six Months**

Good (unsecured)		4,059,240	4,326,454
	<b>TOTAL</b>	<u>4,059,240</u>	<u>4,326,454</u>

**NOTE '12'****CASH AND BANK****BALANCES****-Cash and Cash Equivalents**

Cash on Hand	202,166		187,212
Balance with Banks			
-In Current Accounts	<u>1,923,927</u>		<u>510,791</u>
		2,126,093	698,003
	<b>TOTAL</b>	<u>2,126,093</u>	<u>698,003</u>

**NOTE '13'****SHORT TERM LOANS AND****ADVANCES****Loans and Advances****Related Parties**

Intercorporate Deposit		10,500,000	-
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**Others**

Advances to Suppliers	2,233,839		800,000
Prepaid Expenses	98,705		45,165
Advances Staff and Others	781,573		102,790
Balance with Statutory Authorities	55,502		145,550
Other Deposits	307,850		125,300
Advances Payment of Income Tax			93,751
Branch Transfer			
		3,477,469	1,312,556
	<b>TOTAL</b>	<u>13,977,469</u>	<u>1,312,556</u>

## NOTES FORMING PART OF ACCOUNTS

Particulars	For the Year Ended 31.03.2012		For the Year Ended 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>NOTE '14'</b>				
<b>OTHER CURRENT ASSETS</b>				
Miscellaneous Expenses ( VRS Pre-payment) ( to the extent not written off)		-		760,010
<b>TOTAL</b>		<u>-</u>		<u>760,010</u>
<b>NOTE '15'</b>				
<b>REVENUE FROM OPERATION</b>				
<i>Sale of Products</i>				
Domestic Sales ( Manufactured)		-		30,486
Domestic Sales (Traded )		<u>227,867,086</u>		<u>109,922,760</u>
<b>TOTAL</b>		<u>227,867,086</u>		<u>109,953,246</u>
<b>NOTE '16'</b>				
<b>OTHER INCOME</b>				
Interest Earned	9,950		8,733	
Foreign Exchange Fluctuation Gain	1,065,747		972,446	
Profit on Sale of Plant and Machinery	70,480		711,304	
Branch Transfer				
Discount	1,894,693		-	
Misc. Income	29,793		-	
<b>TOTAL</b>		<u>3,070,663</u>		<u>1,692,483</u>
<b>NOTE '17'</b>				
<b>TRADED GOODS</b>				
Op. Stock of Traded Goods	35,673,151		8,093,951	
Add: Purchases	203,929,010		113,074,328	
Add: Job Work Charges	6,512,852		5,960,213	
	<u>246,115,013</u>		<u>127,128,492</u>	
Less: Stock at Close	24,706,923		35,673,151	
<b>TOTAL</b>		<u>221,408,090</u>		<u>91,455,341</u>
<b>NOTE '18'</b>				
<b>CHANGES IN STOCKS</b>				
<b>Stock at Commencement</b>				
Finished Goods		-		616,502
<b>Less: Stock at Close</b>				
Finished Goods		-		-
<b>TOTAL</b>		<u>-</u>		<u>616,502</u>

**NOTES FORMING PART OF ACCOUNTS**

Particulars	For the Year Ended 31.03.2012		For the Year Ended 31.03.2011	
	Rupees	Rupees	Rupees	Rupees
<b>NOTE `19'</b>				
<b>EMPLOYEE BENEFIT EXPENSES</b>				
Salaries, Wages, Bonus etc.	3,205,921		1,913,914	
Contribution to P.F, E.S.I and Other Statutory Funds	84		100	
Workmen and Staff Welfare Expenses	169,924		4,885	
		3,375,929		1,918,899
<b>TOTAL</b>		<b>3,375,929</b>		<b>1,918,899</b>
<b>NOTE `20'</b>				
<b>OTHER EXPENSES</b>				
Legal and Professional Charges	1,798,976		967,659	
Bank Charges	10,368		10,339	
Commision and Demarage	10,000		207,869	
General Expenses	2,157,025		2,190,247	
Insurance Premium	-		12,767	
Loss on Discardation of Plant and Machinery	-		117,540	
Loss on Discardation of Other Assets	-		30,953	
Repairs and Maintaince	117,745		9,709	
Power and Fuel(Factory)	304,380		287,825	
E B Charges	-		13,540	
Packing and Forwarding Expenses	1,430		7,900	
Postage and Telephone Expenses	96,000		41,417	
Printing and Stationery	48,889		44,713	
Security Expenses	277,956		277,956	
Selling Expenses	-		18,600	
Sundry Balances Written off	-		11,720	
Sales Tax Exp.	29,992		1,663,499	
Travelling and Conveyance Expenses	923,583		435,736	
Office Expenses	97,735		-	
Foreign Exchange	1,530,934		-	
Donation	25,000		-	
<b>TOTAL</b>		<b>7,430,013</b>		<b>6,349,989</b>

## **NOTE “21”**

### **SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS**

#### **1. SIGNIFICANT ACCOUNTING POLICIES**

##### **(A) Basis of Presentation**

The accounts have been prepared using historical cost convention and on the basis of a going concern, with revenues recognized and expenses accounted for on accrual (including for committed obligations), in accordance with the accounting standard prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards, to the extent applicable. Insurance and other claims are accounted for, as and when admitted by the appropriate authorities.

Where changes in presentation are made, comparative figures for the previous year are regrouped accordingly.

##### **(B) Fixed Assets**

- (a) Capitalized at acquisition cost including directly attributable cost such as freight insurance and specific installation charge for bringing the asset to its working condition for use
- (b) Expenditure relating to existing fixed assets is added to the cost of the assets where it increases the performance/life of the assets as assessed earlier.

##### **(C) Depreciation**

Depreciation is charged on Plant and Machineries as per Written down Value method and on the Other Assets as per the Straight Line Method from the date of installation/use asset at the rates and in the manner prescribed under schedule X1V to the Companies Act, 1956.

##### **(D) Investments**

Long Term Investments are stated at cost less provision, if any, for decline other than temporary in their value.

##### **(E) Valuation of Inventories**

Inventories are valued as under :

Raw Materials, Work in Progress, Trading Goods and Finished Goods are valued at lower of Cost or Net Realizable Value using First in First Out Method.

**(F) Recognition of Incomes:**

- (a) Revenues/Incomes are generally accounted on accrual, as they are earned.
- (b) Sale of goods is recognized on transfer of property in goods or on transfer of significant risks and reward of ownership to the buyer, which is generally on dispatch of goods.

**(G) Contingencies and Events Occurring After the Date of Balance Sheet**

Accounting for contingencies (gains and losses) arising out of contractual obligations are made only on the basis of mutual acceptance.

Where material, events occurring after the date of Balance Sheet are considered up to the date of adoption of the accounts.

**(H) Foreign Currency Transactions**

Transactions in foreign currency are recorded at the rates of exchange in force at the time of occurrence of the transactions. Upon realisation, the resultant gain/loss is adjusted in the respective account.

**(I) Payments made under VRS Scheme**

Payments made under Voluntary Retirement Scheme, are mortised over a period of 5 Years commencing from the year of payment.

**(J) Prior Period Items**

Prior Period and Extra Ordinary items and Changes in Accounting Policies, having a material bearing on the financial affairs of the Company are disclosed separately along with the amount by which any item in the financial statements is affected by such change wherever same is available

**(K) Impairment of Assets**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An asset is impaired when the carrying amount of the asset exceeds the recoverable amount. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. An impairment loss recognized in prior accounting periods is reversed if there has been change in the estimate of the recoverable amount.

**(L) Use of Estimates:**

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

**(M) Borrowing Costs:**

1. Interest and other borrowing costs attributable to qualifying assets are capitalized. Other interest and borrowing cost are charged to revenue.

2. During the Year under report, the Company has written off Rs.3,60,080 , being the remaining portion of the amount paid to the workmen who opted retirement in previous years under Voluntary Retirement Scheme.
3. The manufacturing unit at Lamdapura - Manjusar has been closed since May, 2009 and hence the purchase – production – sales activity in respect of the manufacturing unit is no more there. However Company now, has been engaged into trading activity in the same line of business at Chennai.
4. In the opinion of the Board, the Current Assets, Loans and Advances are approximately of the value stated, if realised in the ordinary course of business. Provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.
5. Debit and Credit balances in party accounts are subject to confirmation and reconciliation. In absence of taxable income, provision for Income Tax has not been made.
6. The Company has yet to comply provisions of Section 383-A of the Companies Act 1956 in respect of appointment of Company Secretary and provisions of Section 205-A of the Companies Act, 1956 in respect of payment of Dividend for the year 1995-96. However a Practicing Company Secretary has been appointed as a retainer.
7. Under the Micro, Small and Medium Enterprises Development Act, 2006 which came into force on October, 2006, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises. Since the relevant information is not readily available, no disclosures have been made in the Books of Accounts.

#### 8. Accounting for Taxes on Income and Deferred Tax Asset AS – 22

The Company has not been liable to pay any Income-tax for the year as the Company has been in loss. Further the Company has huge Unabsorbed Business Losses and Unabsorbed Depreciation under the Income tax Act and hence its Deferred Tax Assets are much in excess of Deferred Tax Liabilities. Company has not recognized differed tax asset till last year in absence of virtual certainty of continual future profits. But, though in the current year, there has been business loss, the expectation of business profit has been certain and hence Deferred Tax Asset has been recognized as under.

<b>PARTICULARS</b>	<b>As at 31<sup>st</sup> March, 2012</b>	<b>As at 31<sup>st</sup> March, 2011</b>
	<b>Rs.</b>	<b>Rs.</b>
Deferred Tax Asset	<b>2,11,91,671</b>	Nil
Deferred Tax Liability	<b>19,62,632</b>	Nil
Deferred Tax Asset (Net)	<b>1,92,29,039</b>	Nil

#### 9. Sales value in respect of each class of goods dealt with by the Company.

<b>CLASS OF GOODS</b>	<b><u>2011-2012</u></b>	<b><u>2010-2011</u></b>
<b>Manufactured</b>	<b>Rs.</b>	<b>Rs.</b>
Soles	-	30,486
<b>Total</b>	-	30,486

**10. Value in regard to closing stock of finished goods and Traded Goods.**

Class of goods	<u>2011 – 2012</u>	<u>2010 – 2011</u>
	<u>Rupees</u>	<u>Rupees</u>
Leather	2,47,06,923	35,673,151
<b>Total</b>	<b>2,47,06,923</b>	<b>35,673,151</b>

**11. Auditors' Remuneration.**

	<u>2011 – 2012</u>	<u>2010 – 2011</u>
	<u>Rupees</u>	<u>Rupees</u>
For Audit Fees	19,500	19,500
For Other Services	54,000	54,000
Service Tax as applicable	73,500	73,500

**12. Value in regards to Purchase and Sales of Traded Goods. Figures in Rupees**

ITEM NAME	PURCHASES DURING THE YEAR	
	2011 - 2012	2010 – 2011
Camel Wet Blue	13,04,422	1,272,768
Cow Wet Blue	49,71,353	31,366,173
Goat Wet Blue	78,45,217	24,940,920
Goat Crust	-	643,317
Goat Pickle E.I	-	113,048
Sheep Wet Blue	1,15,83,409	18,105,049
Cow Sole Leather	-	673,611
Cow E. I	-	11,640
Buff Sole Leather	-	29,457,095
Sole Finished(le)	-	4,626,720
Cow Calf Finished	11,22,03,813	7,824,200
Others	7,25,33,648	-
<b>Total</b>	<b>21,04,41,862</b>	<b>11,90,34,541</b>

ITEM NAME	SALES DURING THE YEAR	
	2011 - 2012	2010 - 2011
Soles	-	30,486
Camel Wet Blue	13,64,803	1,628,000
Cow Wet Blue	1,26,74,151	40,836,304
Goat Wet Blue	1,86,49,450	11,866,736
Goat Crust	2,565	-
Goat Pickle E.I	-	141,600
Sheep Wet Blue	1,12,38,238	16,330,072
Cow Sole Leather	4,16,832	736,863
Cow E. I	-	11,640
Buff Sole Leather	4,92,45,197	32,701,546
Sole Finished(le)	-	5,670,000
Cow Calf Finished	12,55,28,511	-
Buff Finished Leather	9,21,902	-
Buff Wet Blue	1,07,255	-
Camel Wet Blue	77,18,182	-
<b>Total</b>	<b>22,78,67,086</b>	<b>10,99,53,246</b>

### 13. Related Party Disclosure as per Accounting Standard 18.

#### I) Related Party and its relationship

Name of Related Party	Sara Suole Pvt Ltd.
	Aashika Leather Pvt. Ltd
Key Management Personnel	Kayum R. Dhanani ( Managing Director)

#### II) Material Transactions with Related Parties

	Particulars	For The Year Ended on 31 <sup>st</sup> March, 2012 (Amt in Rs.)	For The Year Ended on 31 <sup>st</sup> March, 2011 (Amt in Rs.)
1	Sales of Trading Goods - to Sara Suole Pvt. Ltd.	19,31,71,130	8,99,18,794
2	Unsecured Loan Repaid - to Mr.Kayum R Dhanani	92,00,000	-

### III) Outstanding at the end of the year

	Particulars	As at 31 <sup>st</sup> March,2012 (Amt in Rs.)	As at 31 <sup>st</sup> March,2011 (Amt in Rs.)
a)	Receivables from:		
	Sara Suole Pvt.Ltd (Trade A/c)	46,37,231	39,08,071
b)	Payable to:		
	Sara Suole Pvt. Ltd ( Secured Loan)	9,21,86,000	9,21,86,000
	Sara Suole Pvt. Ltd (Unsecured Loan)	15,83,241	15,83,241
	Sara Suole Pvt. Ltd (Creditor)	9,98,610	9,98,610
	Mr.Kayum R Dhanani (Unsecured Loan, Interest free)	89,41,064	1,81,41,064
	Aashika Leather Pvt. Ltd (Unsecured Loan, Interest free)	2,27,000	2,27,000

### 14. Imports and Expenditure in Foreign Currencies.

	<u>2011 – 2012</u>	<u>2010 – 2011</u>
	<u>Rupees</u>	<u>Rupees</u>
Raw Leather Purchases at C.I.F value	14,19,99,698	11,12,73,093

15. Figures for the previous year have been regrouped, rearranged and recast wherever necessary so as to make them comparable with those of the current year.

### 16. Balance Sheet Abstract and Company's General Business Profile:

#### I REGISTRATION DETAILS OF THE COMPANY

1	Registration Number	17613
2	State Code	04
3	Balance Sheet Date	31.03.2012

#### II CAPITAL RAISED DURING THE YEAR

Amt Rs.

1	Public Issue	NIL
2	Right Issue	NIL
3	Bonus Issue	NIL
4	Private Placement	NIL

**III DETAILS OF MOBILISATION AND DEPLOYMENT OF FUNDS**  
Amt Rs.

1	Total Assets	10,11,04,842
2	Total Liabilities	10,11,04,842

**SOURCES OF FUNDS**

Amt Rs

1	Paid up Capital	4,39,82,500
2	Reserve and Surplus	(12,29,65,042)
3	Secured Loans	9,21,86,000
4	Unsecured Loans	3,39,15,419
5	Current Liabilities	5,39,85,965

**APPLICATION OF FUNDS**

Amt. Rs.

1	Net Fixed Assets	91,74,146
2	Capital Work in Progress	2,01,35,932
3	Non-Current Investments	76,96,000
4	Deferred Tax Assets (Net)	1,92,29,039
5	Current Assets	4,48,69,725

**IV PERFORMANCE OF THE COMPANY**

Amt. Rs.

1	Turnover (Including Other Income)	23,09,37,749
2	Total Expenditure	23,33,19,649
4	Profit (Loss) for the Year (PBT)	(23,82,143)
5	Profit After Tax	1,68,46,896
6	Earning per Share	3.79
7	Dividend Rate %	NIL

**V. GENERIC NAMES OF PRINCIPAL PRODUCTS**

Sr.No.	Item Code Number (I. T. C. No.)	Product Description
1.	N.A	Trading of Leather

As per our report of even date attached

**For Parikh Shah Chotalia & Associates**      **For and on behalf of the Board of Directors**  
**CHARTERED ACCOUNTANTS** Firm Reg. No.118493W

**(D. P. SHAH)** (Mem. No.30454)  
**PARTNER**  
**VADODARA, 10<sup>th</sup> July, 2012**

**(KAYUM R. DHANANI)**      **(BIJI PAUL)**  
**MANAGING DIRECTOR**      **DIRECTOR**  
**VADODARA, 10<sup>th</sup> July, 2012**