

DEWAS METAL SECTIONS LTD.  
BALANCE SHEET AS AT 31st March, 2016  
(CIN L02710MP1979PLC001501)

Amount (in Rs.)

Particulars	Note No.	As at 31st Mar-2016	As at 31st Mar-2015
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
(a) Share Capital	1	38,845,200	38,845,200
(b) Reserves and Surplus	2	203,168,826	173,894,051
<b>(2) Non-Current Liabilities</b>			
(a) Long-term borrowings	3	127,318,191	120,089,325
(b) Other long term liabilities	4	938,913	938,913
(c) Deferred tax liabilities (Net)	5	32,457,979	27,369,485
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	6	238,995,110	205,809,068
(b) Trade Payables	7	75,346,338	38,005,752
(c) Other Current Liabilities	8	43,855,129	60,896,077
(d) Short-Term Provisions	9	23,704,143	12,247,125
<b>Total</b>		<b>784,629,830</b>	<b>678,094,996</b>
<b>II. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible assets	10	265,554,254	216,321,080
(ii) Intangible Assets	10	4,706,968	2,039,770
(iii) Capital work-in-progress	10	34,286,835	73,502,883
(b) Long term loans and advances	11	11,521,757	2,718,952
(c) Other Non - Current Assets	12	2,542,256	1,029,490
<b>(2) Current assets</b>			
(a) Inventories	13	213,934,276	124,368,555
(b) Trade Receivables	14	162,818,445	192,212,685
(c) Cash and Cash Equivalents	15	20,635,736	12,552,866
(d) Short-term loans and advances	16	68,250,139	53,061,132
(e) Other Current Assets	17	379,164	287,582
<b>TOTAL</b>		<b>784,629,830</b>	<b>678,094,996</b>

Significant accounting policies & notes on Financial Statements [ I & II (1 to 39)]

As Per our report of even date

For P.D.NAGAR & CO.

For & On Behalf of the Board

Chartered Accountants

(CA P.D. Nagar)

Proprietor

Mem No. 008627

FRN: 001231C

(Whole Time Director)

Anjan shah

DIN00696395

(Director)

Aradhya Baheti

DIN00696395

Place:Indore

Date: 26/05/2016

**DEWAS METAL SECTIONS LTD.**  
**STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st March, 2016**  
(CIN L02710MP1979PLC001501)

Amount (in Rs.)

Particulars	Note No	Year ended on 31.03.2016	Year ended on 31.03.2015
<b>I. Revenue from Operations</b>	18	1,333,682,712	1,472,586,666
Less: Excise Duty		(137,705,221)	(151,381,115)
		1,195,977,491	1,321,205,551
<b>II. Other Income</b>	19	5,651,172	7,752,373
<b>III. Total Revenue (I+II)</b>		1,201,628,662	1,328,957,924
<b>IV. Expenses:</b>			
Cost of Materials Consumed	20	932,512,952	1,098,619,879
Changes in inventories of finished goods, work-in-progress and Scrap	21	13,927,973	15,392,062
Direct Manufacturing Expenses	22	33,704,486	31,670,799
Employee Benefit Expense	23	48,883,779	45,190,915
Financial Costs	24	53,998,588	62,999,576
Depreciation and Amortization expenses	10	24,374,506	20,973,499
Other Expenses	25	50,838,054	49,596,779
<b>Total Expenses</b>		<b>1,158,240,338</b>	<b>1,324,443,509</b>
<b>V Profit before tax</b>		<b>43,388,324</b>	<b>4,514,415</b>
<b>VI. Tax expense:</b>			
(1) Current tax		(9,065,000)	(873,000)
(2) Deferred tax (Net)		(5,088,494)	(338,539)
(3) Tax for earlier year		39,948	(62,770)
<b>VII. Profit for the year</b>		<b>29,274,778</b>	<b>3,240,106</b>
<b>VIII. Earnings per equity shares</b>			
(i) Basic	36	8	1
(ii) Diluted	36	8	1

Significant accounting policies & notes on Financial Statements [ I & II (1 to 39)]

As Per our report of even date

For P.D.NAGAR & CO.

Chartered Accountants

For & On Behalf of the Board

(CA P.D. Nagar)

Proprietor

Mem No. 008627

FRN: 001231C

(Whole Time Director)

Anjan shah

DIN00696395

(Director)

Aradhya Baheti

DIN-660745

Place:Indore

Date: 26/05/2016

## (II) NOTES FORMING PART OF FINANCIAL STATEMENTS

Particulars	As at 31st Mar-2016	As at 31st Mar-2015
<b>I. Share Capital</b>		
<b>AUTHORISED SHARE CAPITAL</b>		
4500000 (P.Y 4500000) Equity shares of Rs.10/- each	45,000,000	45,000,000
	<b>45,000,000</b>	<b>45,000,000</b>
<b>ISSUED SUBSCRIBED AND PAID-UP</b>		
2600000 Equity Shares of Rs.10/- each	38,864,000	38,864,000
(including 210000 Equity Shares of Rs.10/- Each issued as fully paid bonus shares & 1300000 Right Equity shares of Rs.10/- each		
Less : Calls in Arrears 4700 shares (P.Y.4700 shares)	(18,800)	(18,800)
	<b>38,845,200</b>	<b>38,845,200</b>

**(a) Reconciliation of Number of Shares**

Shares outstanding at the commencement of the year	3,886,400	3,886,400
Right Equity share capital issued	-	-
Shares outstanding at the close of the year	3,886,400	3,886,400

**(b) List of shareholders holding more than 5%**

Name of the Share Holder	As at 31st Mar-2016		As at 31st Mar-2015	
	No. of Shares & % of Holding		No. of Shares & % of Holding	
(i) Aradhya Investment Pvt. Ltd	864492	22.24%	864492	22.24%
(ii) Aradhya Baheti	801300	20.62%	801300	20.62%
(iii) Pooja Resources P. Ltd	329700	8.48%	329700	8.48%
(iv) Anjan Shah	242100	6.23%	242100	6.23%
(v) Laxmikant Shah	204900	5.28%	204900	5.28%

**(c) Rights, Preference and Restriction attached to shares.**

The company has one class of equity shares having par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. IN the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distributing of all preferential amounts, in proportion to their shareholding.

DEWAS METAL SECTIONS LTD.

Particulars	As at 31st Mar-2016	As at 31st Mar-2015
<b>2. Reserves and Surplus</b>		
(a) Share Premium	25,163,400	25,163,400
(b) General Reserve	30,000,000	30,000,000
(c) Surplus in statement of Profit & Loss		
Opening Balance	118,010,648	116,503,376
Add:- Profit for the year	29,274,778	3,180,313
	<b>147,285,426</b>	<b>119,683,689</b>
Less: Carrying value of assets whose useful life exhausted		(1,379,215)
Add: Reversal of deferred tax liability on above	-	426,177
Less:- Trd. Deposite Repayment Reserve Acc.		(720,000)
	<b>147,285,426</b>	<b>118,010,651</b>
(d) Deposit Repayment Reserve	720,000	720,000
Closing Balance	<b>720,000</b>	<b>720,000</b>
<b>Total (A+B+C+D)</b>	<b>203,168,826</b>	<b>173,894,051</b>
<b>3. Long-Term Borrowings</b>		
(a) Term Loans From Bank		
(I) State Bank of India - Commercial Branch Indore	72,714,236	69,980,190
(II) Car Loan From		
(ii) HDFC Bank	451,828	687,301
(i) ICICI Bank	-	377,916
(b) Unsecured Loan		
Inter Corporate Deposits	20,912,000	20,488,000
From Directors	6,000,000	6,000,000
From Others	27,240,127	22,555,918
Total	<b>127,318,191</b>	<b>120,089,325</b>

**Nature of Security & terms of repayment for Long Term Secured Borrowings**

**Nature of Security**

(a) Term Loan amounting Rs. NIL lacs (March 31, 2015 : Rs. 154.05 lacs) is Secured by first charge on Plant & Machinery and Misc. Fixed Assets of the company proposed to be created from the present term loan of Rs. 6.25 Crores at Dewas & Pune .

(b) Term Loan amounting Rs. 107.11 lacs (March 31, 2015 :Rs.258.60 Lacs ) is Secured by first charge on Plant & Machinery and Misc. Fixed Assets of the company proposed to be created from the present term loan of Rs. 5.90 Crores at Dewas & Pune .

(c) Term Loan amounting Rs.Nil (March 31,2015 : Rs.3.72 lacs) against the hypothecation of Motor Vehicle

(d) Term Loan amounting Rs..75 lacs (March 31, 2015 : 1.71 lacs) against the hypothecation of Motor Vehicle

**Terms of Repayment**

Repayable in 20 quarterly Instalments starting from April, 2011, last instalment due on Jan , 2016, Rate of Interest PLR+4.50% as at the year end. (previous year PLR+4.60%)

Repayable in 20 quarterly Instalments starting from June , 2013, last instalment due on May , 2018, Rate of Interest PLR+3.75% as at the year end. (previous year PLR+3.75% )

Repayable in 60 monthly Instalments starting from Jan, 2011 last instalment due on Dec , 2015, Rate of Interest 9.13% as at the year end. (previous year 9.13% )

Repayable in 60 monthly Instalments starting from Jan , 2012, last instalment due on Dec , 2016, Rate of Interest 12.01%.as at the year end. (previous year 12.01% )

## DEWAS METAL SECTIONS LTD.

Particulars	As at 31st Mar-2016	As at 31st Mar-2015
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(e) Term Loan amounting Rs. Nil (March 31, 2015: .08 Lacs) against the hypothecation of Motor Vehicle

Repayable in 60 monthly Instalments starting from Jan , 2012, last instalment due on Dec , 2016, Rate of Interest 11.25%.as at the year end. (previous year 11.25%)

(f) Term Loan amounting to Rs. 65.63 Lacs (March 31,2015 : 398.65) against Mortgage of Company's entire fixed assets and Hypothication of entire Plant and Machinery.)

Repayable in 21 quarterly Instalments starting from Jan, 2014, last instalment due on Jan.2019, Rate of Interest PLR+3.85% as at the year end. (previous year-PLR+3.85%)

Repayable in 20 quarterly Instalments starting from Jun, 2015, last instalment due on Mar.2020, Rate of Interest PLR+3.75% as at the year end. (previous year- Nil )

(g) Term Loan amounting Rs.201.76 lacs (March 31, 2015 :Rs.230.37) is Secured by first charge on Plant & Machinery and Misc. Fixed Assets of the company proposed to be created from the present term loan of Rs. 6.26 Crores at Dewas, Pune & Ranipet.

(h) Term Loan amounting Rs.6.87 lacs (March 31, 2015 :8.99 Lacs) against the hypothecation of Motor Vehicle

Repayable in 48 monthly Instalments starting from Dec.,2014,last instalment due on Nov.2018, Rate of Interest 11.25%.as at the year end. (previous year 11.25%)

Instalments falling due in respect of all the above loans upto 31.03.2017 have been grouped under "Current maturities of long term debt" (Refer Note 8 )

\* Rate of Interest is without considering rebate & penal rate

#### 4. Other Long term Liabilities

Tooling Deposits from Customers	938,913	938,913
	<b>938,913</b>	<b>938,913</b>

#### 5. Deferred Tax Liabilities (Net)

A. Deferred Tax Liabilities	27,369,485	27,457,123
Add:- On account of Depreciation	5,606,686	390,847
Less:- On account of Provisions	(518,192)	(52,308)
Less:-Related to Assets	-	(426,177)
<b>Net Deferred Tax Liabilities</b>	<b>32,457,979</b>	<b>27,369,485</b>

#### 6. Short-term borrowings

##### (a) From Bank

##### Secured Loans

Working Capital Loan	227,957,110	175,497,068
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##### (b) Unsecured Loan

Inter Corporate Deposits	5,038,000	25,512,000
From Others	6,000,000	4,800,000

	<b>238,995,110</b>	<b>205,809,068</b>
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(Working Capital Loan from SBI-Commercial Branch, Indore is secured by first charge over the company 's stock of raw materials, Finished Goods, Stock in Process, Stores and Spares, packing Materials including goods in transit, book debts and at their factory premises at Village Amona, District -Dewas (MP) and at such other places as approved by the banks from time to time were secured by personal guarantee of three persons including 2 Directors)

## DEWAS METAL SECTIONS LTD.

Particulars	As at 31st Mar-2016	As at 31st Mar-2015
<b>7. Trade payables</b>		
Due to Micro, Small & Medium Enterprises & Others for		
(i) Goods other than capital goods	75,198,815	38,005,752
(ii) Capital Goods	147,523	-
	<b>75,346,338</b>	<b>38,005,752</b>
<b>8. Other Current Liabilities</b>		
(a) Current maturity of Long Term Debts		
(I) State Bank of Indore, Commercial Banch indore	30,971,541	33,100,000
(II) Car Loan(Against hypothication of Car)		
From HDFC Bank	235,472	211,786
From ICICI Bank	74,923	172,402
(b) Statutory Liabilities	7,150,985	9,849,507
(c) Advance from customer	4,596,075	16,060,398
(d) Interest Accrued and due on borrowings	410,033	1,085,884
(e) Unclaimed Dividend	416,100	416,100
	<b>43,855,129</b>	<b>60,896,077</b>
<b>9. Short-Term Provisions</b>		
(a) Provision for Employee Benefits	-	25,270
(b) Others Outstanding Laibilities	23,704,143	12,221,855
(c) Income Tax	9,065,000	-
Less:-		
Deducted from Contra	(9,065,000)	-
	<b>23,704,143</b>	<b>12,247,125</b>
<b>11. Long-Term Loans and Advances</b>		
(a) Capital Advance	7,892,355	-
(b) Security Deposits	3,629,402	2,718,952
	<b>11,521,757</b>	<b>2,718,952</b>
<b>12. Other Non Current Asset</b>		
(i) Trade Receivables	-	688,995
(ii) Pre-operative Expenses (Ranipet Unit)	2,542,256	340,495
	<b>2,542,256</b>	<b>1,029,490</b>
<b>13. Inventories</b>		
(a) Raw materials	134,197,382	36,568,889
(b) Raw materials-Others	335,337	39,118
(c) Packing Materials	6,056,037	862,041
(d) Stock-in-progress	17,481,740	8,778,002
(e) Finished Goods	51,376,385	74,305,716
(f) Tools	830,428	760,931
(g) Stores and spares	822,886	627,230
(h) Machinery Maintenance	1,972,005	1,876,717
(i) Fuel	32,358	17,813
(j) Scrap	829,718	532,098
	<b>213,934,276</b>	<b>124,368,555</b>
<b>14. Trade Receivables (Unsecured)</b>		
(a) Considered good		
- Outstanding For a Period Exceeding 6 Months	10,046,299	1,382,442
- Others	148,599,481	184,702,567
(b) Considered Doubtful	4,172,664	6,127,676
	<b>162,818,445</b>	<b>192,212,685</b>
<b>15. Cash and Cash equivalents</b>		
(i) Balances with Banks	6,957,975	143,503
(ii) Cash on Hand	85,493	321,433
(iii) Other Bank Balances		
In ICICI (Interim Dividend Account)	416,100	416,100
In Fixed Deposit Account		
- As Margin Money against LC & BG	6,772,249	5,980,295
- As Margin Against Unsecured Loan	6,403,919	5,691,535
<b>Total</b>	<b>20,635,736</b>	<b>12,552,866</b>

## DEWAS METAL SECTIONS LTD.

Particulars	As at 31st Mar-2016	As at 31st Mar-2015
<b>16. Short-term loans and advances</b>		
<b>(Unsecured &amp; Considered good)</b>		
(i) Advances recoverable in cash or in kind or for value to be received	20,848,091	18,714,130
(ii) Income tax refundable for F.Y. 12-13	1,053,653	1,053,653
(iii) Income tax refundable for F.Y. 13-14	1,269,829	1,269,829
(iv) Income tax refundable for F.Y. 14-15	329,302	329,302
(v) Advance Tax	12,599,185	
Less:-		
Provision for tax (deducted per contra)	<u>(9,065,000)</u>	3,534,185
(vi) Balance with Central Excise Authorities	41,215,079	31,694,218
<b>Total</b>	<b><u>68,250,139</u></b>	<b><u>53,061,132</u></b>
<b>17. Other Current Assets</b>		
Interest Accrued but not due on Fixed Deposits	379,164	287,582
	<b><u>379,164</u></b>	<b><u>287,582</u></b>

## DEWAS METAL SECTIONS LTD.

Particulars	Year ended on 31.03.2016	Year ended on 31.03.2015
<b>18. Revenue from Operations</b>		
<b>(A) Sale of Products &amp; Scrap</b>		
Sale of Manufactured goods	1,304,317,398	1,430,435,670
Export Sales	8,282,626	14,582,709
Scrap Sales	23,948,904	30,519,915
Sale of Traded Goods	494,750	-
<b>Total (A)</b>	<b>1,337,043,678</b>	<b>1,475,538,294</b>
Less:-		
Sales Return	6,495,178	4,243,193
<b>Total</b>	<b>1,330,548,501</b>	<b>1,471,295,101</b>
<b>(B) Other Operating revenues</b>		
Job Work Charges	1,431,082	1,192,178
Misc. receipt	1,703,129	99,387
<b>Total</b>	<b>3,134,211</b>	<b>1,291,565</b>
<b>Total (A+B)</b>	<b>1,333,682,712</b>	<b>1,472,586,666</b>
<b>19. Other Income</b>		
Interest Income	5,101,912	2,652,247
Excess Provision Written Back	-	753,297
Credit balance written back	96,367	348,391
Input tax rebat(VAT) for earlier year	-	231,148
Entry tax refund	-	3,694,901
Foreign Exchange Fluctuation	19,472	-
Discount Received	44,922	-
Profit on Sale of Fixed Assets	42,296	-
Design & Development Charge recovered	271,000	-
Packing Charges recovered	75,202	72,390
	<b>5,651,172</b>	<b>7,752,373</b>
<b>20. Cost of Materials Consumed :</b>		
<b>(a) Raw Material</b>		
Opening Stock	36,608,008	93,439,891
Purchases	1,015,455,863	1,020,550,702
	<b>1,052,063,871</b>	<b>1,113,990,593</b>
Add:-		
(i) Entry Tax	393,095	431,515
(ii) Freight & Cartage	4,100,071	3,533,186
	<b>1,056,557,037</b>	<b>1,117,955,294</b>
Less:- Sale of Raw Material	(30,038,540)	(12,697,539)
Less:- Closing Stock	(134,532,719)	(36,608,007)
<b>Total- (a)</b>	<b>891,985,777</b>	<b>1,068,649,748</b>
<b>(b) Packing Material</b>		
Opening Stock	862,041	1,850,790
Purchases	45,721,171	28,981,382
	<b>46,583,211</b>	<b>30,832,172</b>
Less:- Closing Stock	(6,056,037)	(862,041)
<b>Total- (b)</b>	<b>40,527,174</b>	<b>29,970,131</b>
<b>Total- (a+b)</b>	<b>932,512,952</b>	<b>1,098,619,879</b>



## DEWAS METAL SECTIONS LTD.

Particulars	Year ended on 31.03.2016	Year ended on 31.03.2015
<b>21. Change in Inventory</b>		
<b>Opening Stock</b>		
Finished Goods	74,305,716	63,212,327
Work-in-Progress	8,778,002	35,565,995
Scrap	532,099	229,556
	<b>83,615,817</b>	<b>99,007,878</b>
<b>Closing Stock</b>		
Finished Goods	51,376,385	74,305,716
Work-in-Progress	17,481,740	8,778,002
Scrap	829,718	532,098
	<b>69,687,843</b>	<b>83,615,816</b>
<b>Increase/Decrease in Inventory</b>	<b>13,927,973</b>	<b>15,392,062</b>
<b>22. Direct Manufacturing Expenses</b>		
Power & Fuel	9,365,295	8,646,208
Repairs to Machinery	4,985,815	8,674,626
Slitting charges	257,787	663,721
Job Work Charges	10,058,138	5,266,654
Consumables Store & Spares	5,870,753	5,294,706
Tools written off	486,698	544,884
Factory Rent	2,680,000	2,580,000
	<b>33,704,486</b>	<b>31,670,799</b>
<b>23. Employee benefits expense</b>		
Salary & wages	32,316,370	31,340,716
Contribution to P.F., E.S.I. & other funds	2,581,765	2,503,150
Staff & Labour Welfare	10,902,762	9,487,122
Leave Encashment	214,031	499,560
Attendance & Production Incentive	523,531	346,976
Bonus	1,478,785	752,681
Gratuity	765,898	233,210
Service charges	30,000	27,500
	<b>48,883,779</b>	<b>45,190,915</b>
<b>24. Finance cost</b>		
<b>(a) Interest on</b>		
(i) Term loan	13,747,857	13,027,303
(ii) Cash credit a/c	16,653,674	27,862,114
(iii) Bills Discounting	10,666,218	5,711,590
(iv) Car loan	89,838	26,437
(v) Unsecured loan	8,571,057	10,655,950
(vi) Delayed Payment of excise and Service tax	62,706	-
(vii) Delayed Payment of tds	9,054	84
<b>(b) Other borrowing costs</b>	<b>4,198,183</b>	<b>5,716,098</b>
<b>Total</b>	<b>53,998,588</b>	<b>62,999,576</b>

## DEWAS METAL SECTIONS LTD.

Particulars	Year ended on 31.03.2016	Year ended on 31.03.2015
<b>25. Other Expenses</b>		
<b>(a) Administrative Expenses :</b>		
Postage & Telegram	144,780	181,693
Telephone & Trunkcall	431,683	432,024
Stationary & Printing	405,033	492,115
Travelling Expenses	2,872,038	2,195,458
Charity & Donation	771,839	643,750
Statutory & Tax Audit	132,000	110,000
Cost Audit, VAT Audit & Internal Audit Fees	280,000	75,000
Vehicle Maintenance	756,769	933,282
Building & other Fixed Assets repairs	942,284	1,369,129
Security charges	1,526,612	1,295,119
Legal & Professional charges	2,066,434	2,925,041
ISO expenses	233,521	126,080
Insurance Charges	413,843	383,352
Garden Expenses	228,417	209,976
Rates & Taxes	1,003,419	339,875
Penalty & Fine	157,500	29,057
Misc. Exp.	1,451,627	1,168,883
Loss on Sales of Fixed Assets	-	333,474
Right Issue Exp. Written off	-	268,379
Input Tax Rebate Written off	231,148	-
Advances to suppliers of capital goods written off	300,400	-
Swachh Bharat Cess	74,058	-
Sale Tax For Earlier Year	-	59,793
	(A)	
	<b>14,423,405</b>	<b>13,511,687</b>
<b>(b) Selling &amp; Distribution Expenses :</b>		
Freight Outwards	20,513,356	14,007,892
Export Expenses	785,281	1,311,860
Advertising & Sales Promotion	434,597	533,986
Bad Debts	1,015,342	13,592
Brokerage & Commission	9,134,942	10,173,258
Discount Rebate and Claim	-	1,409,758
Insurance on Finished goods	100,105	33,845
Liquidity Damages	291,483	4,999,298
Tender fees	95,733	61,633
Foreign Exchange Fluctuation	-	117,405
Service tax GTA	1,174,314	764,854
	(B)	
	<b>33,545,153</b>	<b>33,427,380</b>
<b>(c) Director's Remuneration &amp; Benefits :</b>		
Remuneration - Whole time director	2,445,000	2,280,000
Contribution to PF	284,449	310,308
Other Benefits	118,047	25,404
Directors Meeting Fees	22,000	42,000
	(C)	
	<b>2,869,496</b>	<b>2,657,712</b>
<b>TOTAL</b>	<b>(A+B+C)</b>	
	<b>50,838,054</b>	<b>49,596,779</b>

**(I) SIGNIFICANT ACCOUNTING POLICES.**

**CORPORATE INFORMATIONS:**

Dewas Metal section Ltd. having its registered office at GRAM-AMONA, A.B.ROAD, DEWAS (CIN-L02710MP1979PLC001501) is a limited company in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in manufacturing & selling Metal sections and components.

**Significant Accounting Polices**

**1.1 Basis of Preparation of Financial Statements.**

The Financial statement are prepared and presented under the historical cost convention, on the accrual basis of accounting in accordance with the accounting principles generally accepted in India ('India GAAP') and comply with the Accounting Standards issued by the Institute of Chartered Accountants of India ('ICAI), The Companies Accounting Standard Rules, 2006 and relevant provisions of Companies Act, 2013 ('The Act') to the extent applicable.

**1.2 Use of Estimates**

The preparations of financial statements in conformity with generally accepted accounting principles ('GAAP') requires management to make estimates and assumptions that the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Any revision to accounting estimates is recognized prospectively in current and future periods.

**1.3 Fixed assets and depreciation.**

**Tangible Assets**

Tangible Assets are stated at cost net of recoverable taxes, trade discounts and rebates and include amounts added on revaluation, less accumulated depreciation and impairment loss, if any. The cost of Tangible Assets comprises its purchase price, borrowing cost and any cost directly attributable to bringing the asset to its working condition for its intended use, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the assets. Subsequent expenditures related to an item of Tangible 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.

Depreciation on Fixed Assets is provided on the Straight Line (SLM)Method. Depreciation is provided based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013.Depreciation on carrying amount of fixed assets whose life had been exhausted up to 31.03.2014; had been debited in Reserve & surplus.

Projects under which assets are not ready for their intended use are disclosed under Capital Work-in-Progress.

**Intangible Assets**

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortisation/depletion and impairment loss, if any. The cost comprises purchase price, borrowing costs, and any cost directly attributable to bringing the asset to its working condition for the intended use and net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the intangible assets. Amortisation of Intangible assets is done over a period of 10 years in respect of followings:

(i) Design Software

(ii)Licence Fees Paid to Microsoft

(iii)ERP Software

#### 1.4 Impairment of Assets.

The company assessed at each balance sheet date whether there is any indication that an asset or a group of assets (cash generating unit) may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset or a group of assets. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the profit & loss account. If at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost.

#### 1.5 Inventory.

- a. Inventories are valued as under:

Finished Goods	:	At estimated cost
Stock in Process	:	At estimated cost
Raw Material	:	At average cost
Packing Material	:	At cost
Consumables	:	At cost
Spares (Ancillary Raw Material, Stores & Spares & Machinery Maintenance)	:	At cost
Loose Tools	:	At cost
Scrap	:	At realizable value

- b. The cost of inventories comprises all costs of purchase including duties and taxes (other than those subsequently recoverable from the taxing authorities.) Conversion cost and other costs incurred in bringing the inventories to their present location and condition.
- c. The cost formulas used are Weighted Average Cost in case of Raw Material and first-in-first-out (FIFO) in case of ancillary Raw Material (Consumable Spares.)
- d. The excise duty payable on the finished goods is accounted for in the valuation of the finished goods. This is in accordance with Accounting Standard (AS) 2 Valuation of inventories issued by The Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standard Rules 2006 and also the guidance Note on accounting treatment for Excise Duty issued by the (ICAI) inventory of finished goods.

#### 1.6 Revenue Recognition.

- a. Revenue from sale of products is recognized on transfer of all significant risk and rewards of ownership of products to the customers which is generally on dispatch of goods. Sales are stated exclusive of value added tax.
- b. Interest income is recognized on the time proportion basis.
- c. Export incentives receivable are accrued when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection of export proceeds.
- d. The company is entitled to Industrial Incentive in the form of remission of VAT and CST against deposit of such taxes under Industrial Policy, 2004 of M.P.Govt.from second year of operation. Determination of subsidy (incentive) is to be made in the assessment order for relevant year and thereafter subsidy is granted by Industrial Department. Such determination depends upon circumstances prevailing at the time of assessment. Therefore, income by way of subsidy receivable under the policy is recognized on cash basis.

#### 1.7 Employee Benefits.

- a. Short Term Employee Benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages and short term compensated absences etc... are recognized in the period in which the employee renders the related services.

- b. Post – Employment Benefits.

- i. Defined Contribution plans: The employee State Insurance Scheme and Contributory Provident Fund administered by provident Fund Commissioner are defined contribution plans. The Company's contribution paid/payable under the schemes is recognized as expense in the profit and loss account during the period in which the employee renders the related service.

- ii. Defined Benefit Plans: The Company has taken Group Gratuity and cash Accumulations Policy issued by the ICICI Prudential. The present value of the obligation under such defined benefits plans is determined based on actuarial valuation as advised by ICICI Prudential using the protected unit credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans are as advised by ICICI Prudential.
- iii. Actuarial gains and losses are recognized immediately in the profit & loss accounts.

#### 1.8 **Foreign Currency Transactions.**

Transactions denominated in foreign currency are recorded at the exchange rate prevailing on the date of transactions. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the profit and loss account of the year.

Monetary assets and liabilities in foreign currency, which are outstanding as at the year-end are translated at the closing exchange rate and the resultant exchange differences are recognized in the profit and loss account.

#### 1.9 **Borrowing Costs.**

The borrowing costs that are directly attributable to the acquisition, construction or productions of a qualifying asset are capitalized as part of the cost of the asset. The amount of borrowing cost eligible for capitalization is determined in accordance with Accounting Standard (AS) 16- Borrowing Costs issued by the Institute of Chartered Accountants of India (ICAI) and notified under the Companies Accounting Standard Rules 2006.

#### 1.10 **Taxation**

Tax expenses for the current year comprises of current tax and deferred tax. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of Income Tax Act 1961. Deferred tax is recognized, on timing differences between the taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

#### 1.11 **Earning per Share**

Basic and Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year, by the weighted average number of equity shares outstanding during the year.

#### 1.12 **Provisions for contingencies.**

Provisions comprise liabilities of uncertain timing or amount. Provisions are recognized when the company recognizes it has a present obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reasonably estimated.

Disclosures for contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an out flow of resources

when there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingencies arising from claims, litigation, assessment, fines, penalties, etc. are recorded when it is probable that a liability has been incurred and the amount can be reasonable estimated.

Contingent assets are not recognized in the financial statements.

- 26. In the opinion of the Board of Directors of the Company, the Current Assets, Loans and Advances have a value realizable in the ordinary course of business at least equal to the amount at which they are stated and provisions for all known liabilities are adequate and not in excess of the amount reasonable necessary.
- 27. No provision has been made in accounts, in respect of doubtful debts amounting to Rs. 41,72,664/- (Previous year Rs. 61,27,676/-)
- 28. The estimated amount of contract remaining to be executed on capital account and not provided for 1,24,50,000 (previous year Rs. Nil/-) Advances paid for Capital Work in progress Rs. 78,92,355 (previous year Rs. NIL /-).

29. **Contingent Liabilities:**

- a) Contingent liabilities not provided for in respect of Bank Guarantees given by Bank at Rs. 639.91 Lacs (previous year Rs. 240.61 lacs) to the customers from whom the company received the advance against supplies to be made.
- b) The following statutory demands have been raised by the various departments against the company after assessment for the respective years. The company has filed appeals before the appropriate authorities against such assessment orders. No provision is made in the accounts for these demands.

1.	Entry Tax Act	Entry Tax A.Y.2008-09	M.P. Commercial Tax appellate Board, Bhopal.	2,88,290/-
2.	Entry Tax Act	Entry Tax A.Y.2012-13	Addl. Commissioner appeal	13,488/-
3.	Central Sales Tax	CST-A.Y. 2011-12	M.P. Commercial Tax appellate Board, Bhopal.	3,17,122/-
4.	Central Sales Tax	CST-A.Y. 2012-13	Addl. Comm. Appeal	9,65,626/-
5.	VAT	Vat-A.Y. 2012-13	Addl. Comm. Appeal	19,38,895/-
6.	Central Sales Tax	CST-A.Y. 2013-14	Dy. Comm. (Appeal) Commercial Tax	88,114/-
	Total			Rs.36,11,535/-

30. Amount Outstanding from Debtors, due to Creditors & Loans and advances are subject to confirmations & reconciliation.

31. **Micro, Small and Medium Enterprises Development Act , 2006:-** Under the Micro, small and medium enterprises Development Act., 2006 which came into force from 2<sup>nd</sup> October '2006, certain disclosures are required to be made relating to Micro , Small and Medium Enterprises . The Company is in the process of compiling relative information from it's suppliers about their coverage under the said Act Since the relevant information is not readily available , no disclosures have been made in the accounts in accordance with the provisions of this act the liability is not expected to be material.

32. The Disclosure required as per Accounting Standard ( AS ) 15 "Employees Benefit " issued by the Institute of Chartered Accountants of India ( ICAI ) and notified under the Companies Accounting Standards Rules , 2006 and based on the report generated by the ICICI Prudential Life Insurance is as under:

The Company had taken group gratuity & cash accumulation policy issued by SBI which is a defined benefit plan

**Changes in the Present Value of the Obligation and in the Fair Value of the Assets**

	Mar-16	Mar-15
Present Value Of obligation Beginning Of The Period	6,231,143	5,540,524
Interest Cost	470,021	406,511
Current Service Cost	346,049	436,177
Past Service Cost	0	0
Benefits Paid	-442,248	-918,265
Actuarial (gain) loss on Obligation	366,240	289,754

Present Value Of obligation End Of The Period	6,971,205	5,754,701
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Fair value of plan Assets Beginning Of The Period	6,205,873	4,868,320
Expected Return On plan assets	514,688	425,886
Contributions	1,047,267	725,903
Benefits Paid	-442,248	-918,265
Actuarial gain (Loss) Plan Assets	-98,276	676,993
Fair value of plan Assets End Of The Period	7,227,304	5,778,837

Total Actuarial gain (loss) to be recognized	464,516	387,239
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#### Balance Sheet Recognition

Present Value Of Obligation	6,971,205	5,754,701
Fair Value Of Plan Assets	7,227,304	-5,778,837
Liability (assets)	-256,099	-24,136
Unrecognised Past Service Cost	0	0
<b>Liability (asset) recognised in the Balance Sheet</b>	<b>-256,099</b>	<b>-24,136</b>

#### Profit & Loss - Expenses

Current Service Cost	346,049	436,177
Interest Cost	470,021	406,511
Expected Return On plan assets	-514,688	-425,886
Net Actuarial (gain) loss recognised in the year	464,516	-387,239
Past Service Cost	0	0
<b>Expenses Recognised in the statement of P &amp; L</b>	<b>765,898</b>	<b>29,563</b>

#### Movement in the net Liability recognized in the Balance Sheet

Opening net Liability	25,270	672,204
Expenses	765,898	29,563
Contribution	-1,047,267	-725,903
Closing Net Liability	-256,099	-24,136

33. The amount of borrowing cost capitalized during the year Rs.61,75,973 /- (previous year Rs. 23, 53,385)
34. Based on the guiding principles given in Accounting Standard on Segment Reporting (AS-17) issued by the Institute of Chartered Accountant of India, the company's primary segment is Sections & Components. As the Company's business activity falls within single primary business segment, the disclosure requirements of AS-17 in this regard are not applicable.
35. Related party disclosure, as required by AS-18

The names of related parties with relationship and transactions with them are disclosed as under:

a. **Relationship:**

<b>i. Key Management Personnel</b>	<b>Nature of Relationship</b>
a. Shri L K Shah	Chief Executive Officer
b. Shri Anjan Shah	Whole Time Director
c. Shri Aradhya Baheti	Director
d. Shri Ram Airen	Director
e. Shri K. K. Nagar	Director

ii. **Associates Entities:**

Other parties where Key Management personnel and their relative have significant influence:

- a. M/s Dee Tee Industries Ltd.
- b. M/s Dewas Techno Products Pvt.Ltd.
- c. M/s Decostyle Technics Pvt. Ltd.
- d. M/s Aaradhya Investment & Finance Pvt. Ltd.
- e. M/s Pooja Resources Pvt. Ltd.
- f. M/s Samarth Enterprises

iv. **Relatives of Key Management Personnel:**

- a. Mr. Manohar Baheti
- b. Ms. Pooja Banka

- b. The following transactions were carried out with the related parties referred in above in the ordinary course of business.

Particulars	Key Management Person	Relative	Associate Entities
Remuneration	Rs.49,06,846 /-(P.Y. Rs. 46,15,715/-)	Nil	Nil
Interest on Unsecured Loan	Rs. 23,65,775 /-(P.Y. Rs. 21,05,646/-)	Rs. 42,114 /-(P.Y. Rs.81,380/-)	Rs.2,28,624 /- (P.Y. Rs. 1,51,857 /-)
Professional fee	Nil	Rs.3,60,000 / (P.Y. Rs.2,40,000)	Nil
Sales	Nil	Nil -	Rs.3,37,05,617 / (P.Y. Rs. 1,82,27,548 /-)
Purchase	Nil	Nil	Rs.71,23,877 /- (P.Y. Rs. 90,90,337 /)
Job Work payment	Nil -	Nil	Rs. 97,888-(P.Y. Rs.4,04,549 /)
Interest receipt	Nil	Nil	Rs.40,10,41 /-(P.Y. Rs.1,68,421/-)



Directors Meeting fees	Rs.22,000/- (P.Y. Rs.42,000/-)	Nil -	Nil
Reimbursement of expenses	Nil	Nil	Rs, 3,91,979/- (P.Y. Rs. 3,14,077/-)

### 36. Earnings per Share

The company's share capital consists of equity share. The basic and diluted earnings per Share is calculated as under:-

Particulars	Year Ended 31.03.16	Year Ended 31.03.15
Number of Shares at the Commencement	38,86,400	38,86,400
Shares issued during the year	NIL	NIL
No. of shares at the end of the Year	38,86,400	38,86,400
Profit After Taxes	2,92,74,778/-	32,40,106/-
Basic & Diluted Earnings per share	Rs. 8/-	Rs.1/-
Nominal Value per Share	Rs.10/-	Rs.10/-

### 37. Deferred Tax Liabilities:

Deferred Tax Assets/Liabilities for the year have been created in accordance with the Accounting Standard 22 "Accounting of taxes on income issued by the institute of Chartered Accountants.

### 38. Expenditure & Earnings in Foreign Currency:-

Expenditure	Current Year Amt.	Previous Year Amt.
1. On Travelling Expenses	1,92,265/-	2,58,522/-
2. Earnings in foreign currency (realized) on Export of Goods/services on FOB Basis	83,02,139/-	1,47,23,894/-

39. Previous year's figures have been regrouped, rearranged, wherever considered necessary; so as to make them comparable.

As per our report of even date

For and on Behalf of Board

For P.D.Nagar & Co.,  
Chartered Accountants  
Firm Reg.No.-001231C

(CA P D Nagar)

Proprietor  
(M.N. 008627)  
Date : 26/05/2016  
Place : Indore

Whole Time Director  
Anjan Shah  
DIN-00696395

Director  
Aradhya Bhaleti  
DIN-660745