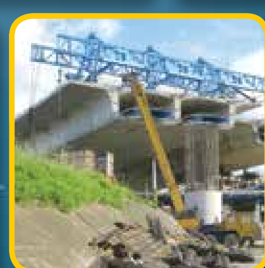
# SEAM INDUSTRIES LIMITED




## BUILDING ON STRENGTHS. DELIVERING ON VALUE.

9th ANNUAL REPORT
2013-14

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As India moves resolutely forward to ensuring reliable energy supply, we remain steadfast to our commitment to accelerating the growth of our business by aligning our business and processes with that of the power industry.

Keeping this in focus, we have incorporated continuous improvement in our DNA.

Be it in expanding our range of critical components for the power industry, leveraging our logistic advantage effectively, finding new ways to serve our customers, enhancing technological competencies or by our commitment to attracting, developing and refining the best talent, we have set our minds to scaling growth by reinforcing business strengths.

And through our disciplined and decisive approach of fortifying our business, we are confident of delivering the best value to our customers engaged in meeting the energy requirements of the nation.

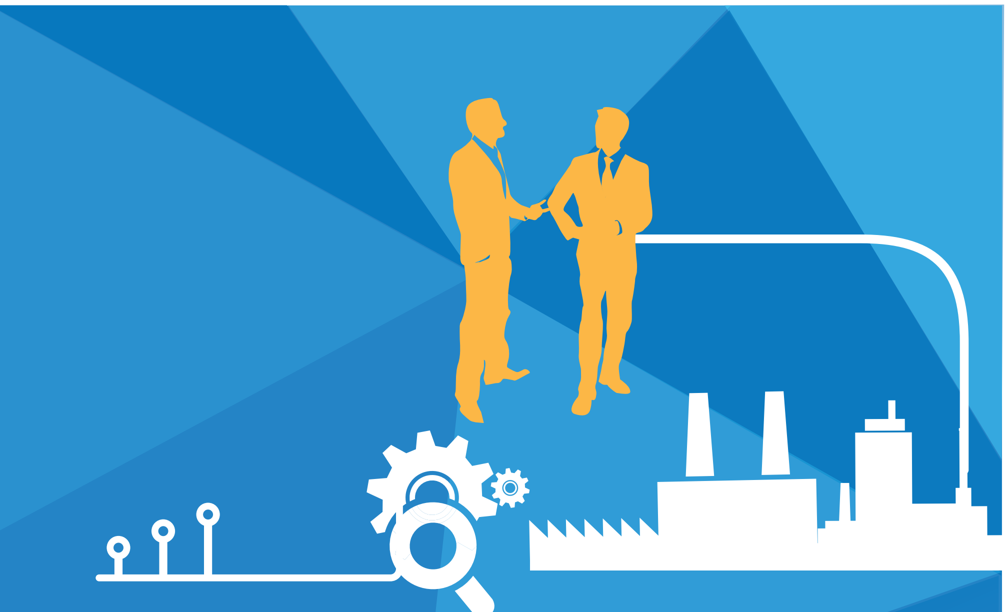
What you do today determines your tomorrow. By reinforcing the strengths of our business we can only envision greater value creation for all our stakeholders.

# CORPORATE OVERVIEW

Seam Industries Limited is India's market-leading critical equipment and service provider serving the infrastructure requirements of core industries, with a special focus on enhancing and accelerating the growth of power generation industries. The highly engineered solutions help the timely commissioning of plants and maximise their uptime. The Company specializes in the manufacture of Pipings (IBR & Non-IBR), Pressure Parts & Vessels, Boiler Parts and Technological Structures with a vision to become a complete EPMS (Engineering, Procurement, Manufacturing and Services)

## Shared History, Shared Discipline

Seam Industries Limited is a subsidiary and manufacturing arm of the reputed Sunil Hitech Group of Companies engaged in the business of thermal power, sugar & allied products, road construction, education and real estate. In less than a decade, since its foundation in 2005, through unmatched commitment to operational excellence and customer satisfaction, not only has Seam Industries Limited enabled the parent company to augment and consolidate R&M expertise in the expanding market of R&M business in the power sector as a supplier cum on-site repairer, but has also emerged as an original equipment & component manufacturer for new projects and for expansion units.



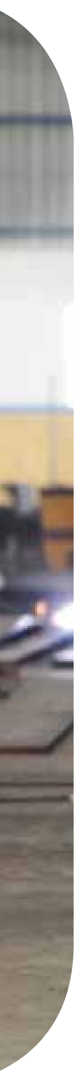
# TENETS INSPIRING US TOWARDS VALUE CREATION

### Prudent Philosophy

Pursue international norms of time, cost and quality in manufacturing of products.
Strive to become the most dependable supplier by continuously enhancing standards.
Concentrate efforts towards growth of human resources and sustained asset building.

## EMPOWERING VISION

To become an EPMS (Engineering, Procurement, Manufacturing and Services) Company of international standards for power, cement, steel, fertiliser, railways, paper & other allied industries.



## VALUE-ENHANCING MISSION

Design, develop and implement most modern working practices, methods and tools to sustain constant growth at a good pace.

# FAST FACTS

### INSTALLED CAPACITIES

Technical structures 24,000 MT per annum

Pressure Parts 4,000 MT per annum

Piping, Tanks and Vessels 5,000 MT per annum.

### CREDENTIALS

An ISO 9001:2008 certified company, Steam Industries Limited is among India's leading EPC service provider engaged in the manufacture of cutting-edge power plant equipment.

### PRESENCE

Two manufacturing units in Nagpur supported by a pan-India marketing presence.

# WHAT PLACES SEAM INDUSTRIES LIMITED AT VANTAGE POINT FOR DELIVERING BETTER VALUE?

## Advantage: Location

The Company's operations are strategically located in the industrial area of Butibori near Nagpur – the Central part of the country, keeping us in geographic proximity with both our customers and suppliers.

Sourcing from suppliers in the vicinity, including SAIL, TATA, ISMT, MSL, JFE - Japan and Jindal, we gain an edge in logistics for the supply of raw materials for our operations and are able to deliver the finished products and our services to our customers at the right time and at right price. Competitive pricing further enables us to win large contracts.

Also, with nearly 25,000 MW power plants being built within a 700 km radius from the Company, there will be a large demand pipeline for power equipment and services. Our diverse manufacturing capabilities, excellent execution skills and sound reputation will enable us to effectively leverage our position of being the only integrated large scale industrial supplier for critical components.

## Advantage: Expansive Land Bank

Seam Industries Limited is presently using only 33% of its 24-acre land bank. This robust land bank will enable us to expand production as and when required, enabling us to deliver greater returns to our stakeholders.

## Advantage: Sustained Growth Momentum

Deploying the most modern technology in our operations, reducing costs by positioning operations close to our customers and suppliers, effective utilisation of capacity by diversifying into fabrication, supply & erection of Steel Girders – a business that delivered new avenues of revenue generation for our Company, we are positive about sustaining our growth momentum. Further, by expanding our product range to meet the growing needs of sectors like power, petroleum, petrochemicals, fertilisers, sugar, paper and railways (steel girders -ROB/RUB projects) we are confident of augmenting our revenues in the coming years and deliver better value.

# THE BETTER WE GET, THE MORE OPPORTUNITY WE GENERATE FOR VALUE CREATION.
# SO HOW ARE WE GETTING BETTER?

## Diversified Capabilities

We are greater than the sum of our parts.

Seam Industries Limited emphasizes on developing varied capabilities, each strategically positioned to produce excellent returns and high cash flow over the business cycle.

While our delivery capabilities include a mix of design, engineering, manufacturing and onsite installation, our manufacturing capabilities include a state-of-the-art, technologically superior fabrication shop with an installed modern H-Beam automatic welding line (imported from Italy) with a capacity of 2,500 tonnes per month.

Developing diverse capabilities and transitioning to an integrated operating business module, makes us a choice vendor for power plants, petroleum units, petrochemical industry and sugar companies seeking multiple deliverables from a single vendor with a single point responsibility, efficiency and ease of transaction.

## Increased Automation for Higher Productivity, Lower Costs

When it comes to increasing productivity, no short cut works. Except automation.

At Seam Industries Limited, cognizant of the path to be followed for higher performance, we have installed a state-of-the-art H-Beam welding machine imported from Italy. This manufacturing process, at par with international norms, enables more efficient and reliable operations thereby raising final output. Apart from that, automation has significantly reduced our manpower requirements. Where an average of 500 people (for managing an output of 1,500 MT per month) was required, automation has reduced manpower requirement to a mere 50, driving the transition to lower cost manufacturing.

## Diversified and Well-Entrenched Client Base

Develop and maintain a wide-client base to de-risk the business model. Our strategy for all times.

Seam Industries Limited has in less than a decade forged strong relationships with a diverse clientele. We are critical equipment providers to all major leading State Electricity Boards (SEB) and have rate contracts & orders from PSUs contributing to our revenue stream. Apart from developing our own client base, we also provide support to the clients and projects of our parent company Sunil Hitech Engineers Ltd. This makes our order book robust and immune from vagaries or downturns in any one industry.

Further, in pursuit of our motto of continuous improvement, in the coming years we are confident of extending our supplies and services to more petrochemical, oil & fertiliser Industries.

## Expanding Range of Products and Services

We are accelerating our performance by ensuring that our customers can accelerate theirs.

Seam Industries Limited closely partners with customers to develop and deploy highly engineered and customised product and service solutions that accelerate the growth of their operations – more efficiently and effectively than ever before. Our relentless customer focus drives us to continually upgrade our resources to provide wide range of products & services that fully meet customers' requirements of stringent quality and performance.

To insulate the performance of the Company from the vagaries of the power sector, we have successfully diversified into fabrication, supply and erection of ROB/ RUB Steel Girders. As a step ahead, we have developed complete Heavy Fab-Shop duly equipped with all machineries and heat treatment facilities such as Bogie Hearth Stress Reliving Furnace and other quality testing viz. mechanical & chemical.

As we continue to grow and satisfy the increasingly complex and demanding needs of our customers and their specific applications, so will our portfolio.

## Investing in Human Resources

Only with the right person at the right place can we get the right results.

The right kind of human resource plays a pivotal role in achieving manufacturing and operational excellence. We have successfully retained and attracted the best talent in the industry. Additionally, we continually invest in the training and development of our employees to enable them to improve processes and achieve higher levels of performance and satisfaction for our customers.

# DELIVERING VALUE THROUGH MANUFACTURING PROWESS


**Our throughput includes:**

Various structures such as boiler and technological structures, heavy and medium built-up structures, and ducting with a capacity of up to 1,400 tonnes/month.

R e-heater LTSH and economiser coils up to 500 MW, and water wall panels and all economiser and SH headers up to 500 MW.

High pressure tubes of SA 347 H, SA213, T11, T2 and T91 carbon steel tubes for boilers up to 500 MW.

Various SH and re-heater spray nozzles.

Fabrication and supply of IBR carbon shed pipings up to 600 MW.

Manufacture of tanks, vessels and heaters and pressure part bends up to 500 MW.

Fabrication and supply of CW piping of up to 4,500 mm in diameter.

Clarified and DM water lines and other piping systems.

# ENDORSING OUR STRENGTHS

## Marquee Clientele

NTPC

MSPGCL

GRASIM INDUSTRIES

BHEL

ORIENTAL STRUCTURAL ENGINEERS INDIA PVT. LTD.

GAMMON INDIA LTD.

KC LODGE COTTRELL

L&T

POSCO ENGINEERING & CONSTRUCTION INDIA PVT. LTD.

DOOSAN POWER SYSTEMS INDIA PVT LTD.

HITACHI ZOSEN INDIA PVT. LTD.

TNGENCO GENERATION CO.

# MESSAGE FROM THE MANAGING DIRECTOR

Dear Friends,

The nation is passing through an important inflection point in its journey. These are indeed momentous times for the country, which is today in the throes of a major churning that will lead us into a brighter tomorrow. Under the stewardship of the new government, we are moving aggressively on the path towards greater progress for one and all.

The government's 'Make in India' campaign, in particular, has energized Indian industry with its focus on boosting the domestic manufacturing industry and attracting foreign investment into the Indian economy. The Power sector is among the 25 priority sectors identified for special impetus under this campaign – a development that we, at Seam Industries, are looking at with much enthusiasm.

Drawing on our comprehensive strengths in the business, coupled with our expertise, prowess and longstanding presence, we are geared to deliver exceptional value to all stakeholders and be a part of the Make in India vision.

## Reviewing Performance

The bright prospects for the future are particularly welcome given the not so good performance of your Company during the year gone by. Being an equipment supplier and service provider to companies in the power, infrastructure, petrochemicals and fertilizer domain, the below-par performance of the economy correspondingly impacted our business. Turnover reduced to ₹ 162.89 crores in FY 2013-14, as against ₹ 172.17 crores in FY 2012-13. PAT also declined from ₹ 8.12 crores to ₹ 3.88 crores, below our stated financial goals.

However, with macroeconomic performance expected to improve significantly in the coming years, we are confident that, leveraging our competitive strengths, we will progress full steam towards our target of reaching a turnover of ₹ 500 crores in the next 3 years.

## Future Outlook

With an ambitious target to give 24x7 electricity to all households in the country by March 2019, large investments are expected in

> "we are confident that, leveraging our competitive strengths, we will progress full steam towards our target of reaching a turnover of ₹ 500 crores in the next 3 years"

the power sector.  What makes the prospects even brighter is the fact that Seam Industries Limited is strategically located in a region where power projects with a total capacity of 25,000 MW are coming up within 700 kms of the Company's plant location.

Moreover, as economic growth gains momentum, sustained investments are expected in the petroleum, petrochemicals, fertilizer and sugar industries. Real estate demand is also expected to pick up after remaining depressed in the past couple of years. This would give an impetus to the demand for vital components which serve the needs of these diverse industries.

Our products and services are critical components for core sectors of the nation. Given our proven capabilities, state-of-the-art-infrastructure and robust land bank for expanding production, economic revival would open up a plethora of opportunities for your Company. Capitalizing on these opportunities, we are confident of substantially increasing our top-line growth.

## Acknowledgements

In closing, on behalf of the management I would like to thank our team for their commitment and dedication, our bankers for their kind co-operation, our parent company for direction and support and our shareholders for continued confidence in the Company. Last, but not the least, I would like to extend our gratitude to our customers for their continued patronage and loyalty. Together we look forward to another year of growth and improved profitability.

Thanking you,

Yours truly,

**Ratnakar Gutte**

# BOARD OF DIRECTORS

### MR. RATNAKAR MANIKRAO GUTTE

*Chairman and Managing Director*

Mr. Ratnakar Manikrao Gutte, Promoter, has enriched the Company with 32 years of experience in project execution, fabrication, erection, testing and commissioning of power plants. Ratnakar Manikrao Gutte, a man of mission, objective and planning has made the Company a brand name in the field of civil and power project execution within a very short span of time. Being a first generation entrepreneur, he possesses excellent on-the-job knowledge of engineering, the intricacies of civil construction, machinery installation, finance, banking, taxation, general management and commercial matters.

In recent years, he was awarded with various prestigious awards like 'Life Time Udyog Achievement Award 2004' and 'Great Achiever in Industrial Excellence Award 2004', NCCL Entrepreneur of the Year, 2007-08, Bharat Vibhushan Samman Puraskar – 2009 to name a few.

During April 2011, he was honoured with the 'Marathwada Gaurav Award' by Shri Prithviraj Chavan, Hon'ble Chief Minister of Maharashtra, in the presence of Hon'ble State and Central Ministers, for his significant contribution in the field of industry as well as social services.

### MR. SUNIL RATNAKAR GUTTE *Director*

Mr. Sunil R. Gutte is a Mechanical Engineer from Pune University and underwent rigorous training at BHEL's Welding Research Institute in Tiruchirapalli and a training programme in project management from IIM, Ahmedabad. He possesses sound technical, managerial, and interpersonal skill. He has imparted the employees with zeal, eagerness to work for the organisation, a sense of belongingness among them and to contribute their best towards the development of the organisation as a whole and strengthen the Company to meet the future challenges and opportunities strategically.

He played a key role in broadening the Company's market. He pioneered paradigmatic changes in the management structure, reporting standards, structured decision-making, HR policies and Corporate Governance practices. He played a key role in transforming the Company into among only a few BOP players in India among India's leading power project executors.

With his strategic leadership and governance qualities, analytical skill, team building, he has marked his presence in the corporate sector.

### MR. VIJAY RATNAKAR GUTTE *Director*

Mr. Vijay R. Gutte is an MBA specialising in marketing and finance. He brings his up-to-date knowledge to this specialised field. His competence lies in understanding banking and finance, airline industry and taxation as he has completed various projects in these fields. He continuously monitors end-to-end processes and transaction quality to analyse defects and identify remedies. He creates a sense of belongingness among employees. He believes in maintaining a timely schedule across each facet of life and is prompt in his commitments.

### MRS. SWATI R. PHAD *Executive Director*

Mrs. Swati R. Phad, working in the capacity of Executive Director, having more than four years of hands-on experience in handling the Company's overall management and administration. She is a team leader and has sound managerial skills developed through the culture of timeliness and belongingness among the employees in the organisation.

She regularly interacts with the employees to know their weaknesses, problems they are facing in their respective working and suggests remedial measures for them. She has played a significant role in developing a corporate culture in the organisation and sense of responsibility, belongingness and loyalty among the employee towards the organisation.

Additionally, she regularly participates in socially responsible activities as a part of the Company's Corporate Social Responsibility scheme. She regularly interacts with the underprivileged and takes various initiatives for their welfare like providing them with educational, medical facilities.

### MR. PARAG A. SAKALIKAR *Director*

Mr. Parag Sakalikar is a young entrepreneur. He holds a B.E. degree in Mechanical Engineering from Nagpur in 1998. After graduation, he joined as a trainee in the auditor training programme in ISO 9001:2000 from TUV Asia Pvt. Ltd. and advance training in Maruti servicing vehicle from Maruti Udyog Ltd.

He established his own authorised automobile service station, (an ISO 9001:2000-certified company from TUV) for the entire range of Maruti vehicles. His company was awarded for good performance in Maharashtra from 2003-2007 including the entire western region (Maharashtra, Goa, Gujarat and Chhattisgarh) by Maruti Suzuki. He also set up an additional new Maruti authorised service station in Butibori MIDC with 'A' grade category. He possesses good financing, marketing and administration knowledge. He is also the Chairman of Audit Committee and Remuneration Committee of the Board.

### MR. M.T. DEVARAJAN *Director (MFG. & BD)*

Mr. Devarajan is a Mechanical Engineer. He had completed his Diploma in the year 1980. He had over 34 years of rich and vast experience in the field of Fabrication and Erection of the Power Plant Projects especially in Boiler Pressure Parts. He is actively involved in the Manufacturing of Boiler Components & Business Development activities for the Company. Under his leadership, the Company has marked its presence among all leading power companies and various SEB's and the Company had been awarded with the prestigious "Best Business Partner Award, 2011" from BHARAT HEAVY ELECTRICALS LIMITED.

Under his strong supervision and leadership, Seam Industries Limited is able to revamp the resources & is committed to further improve the quality standards, to cater the requirements of customers and also to achieve the target of ₹ 500 Crores as envisaged by the Board for the financial year 2014-15.

# Directors' Report

To,

The Members,

**SEAM Industries Limited**

Your Directors are pleased to present the 9th Annual Report together with the audited financial statements of the Company for the financial year ended as on 31st March, 2014.

## FINANCIAL RESULTS

The Financial Performance of the Company for the financial year ended on 31st March, 2014 is summarized below:

₹ In lacs

| Particulars | 2013-14 | 2012-13 |
|---|---|---|
| Net Sales /Revenue | 16,289.96 | 17,217.15 |
| Other Income | 70.64 | 27.89 |
| **Total Income** | **16,360.60** | **17,245.04** |
| EBIDTA | 1867.59 | 2255.84 |
| Interest & Financial Charges | 846.71 | 718.62 |
| Depreciation | 402.74 | 347.50 |
| Profit Before Tax | 618.14 | 1189.72 |
| Tax | 242.10 | 377.63 |
| Change in estimate of Depreciation | (12.17) | - |
| **Profit After Tax** | **388.22** | **812.09** |
| Surplus transferred to Balance Sheet | 388.22 | 812.09 |

## OPERATIONAL REVIEW

Your Company has registered the net turnover of ₹ 16,289.96 lacs for the financial year 2013-14 as against ₹ 17, 217.15 lacs in the previous year. Profit before tax for the financial year ended on 31st March, 2014 is ₹ 618.14 lacs, whereas it was ₹ 1189.72 lacs for the financial year ended on 31st March, 2013. Profit after tax is ₹ 388.22 lacs for the financial year 2013-14 and for the financial year 2012-13, it was 812.09 lacs.

The decrement in performance is due to competitive market moves & general slowdown in the country but your Directors are of view the company will revive soon by taking meticulous efforts.

## DIVIDEND

In order to conserve resources for future plans, the Board of Directors has not recommended any dividend for the financial year ended on 31st March, 2014.

## AUDIT COMMITTEE

The Audit Committee of the Company met four times during the financial year 2013-14 to review the financial statements of accounts, internal controls & audit systems, scope of audit in details. Mr. Parag Sakalikar who is a non executive director is the Chairman of the audit Committee and Mr. Sunil R. Gutte and Mr. Vijay R. Gutte are the members of the Committee.

## APPOINTMENT OF COST AUDITOR

The Board of Directors has appointed M/s Ujwal P. Loya & Co. Cost Auditors having FRN 101399 as the Cost Auditor for the Company for the financial year 2014-15 to conduct audit of cost records as may be required under the provisions of the Companies Act, 2013 and under all other applicable rules, regulations or guidelines issued thereunder.

## FUTURE PROSPECTS

Your Company 'Seam Industries Limited' is an ISO 9001:2008 Company, a Subsidiary of 'Sunil Hitech Engineers Limited' (a leading Infrastructure Project Executor of India mainly deals in Power, Civil and Road / Highway Projects). Your Company is among India's leading niche EPC service providers, providing solutions across power plant BOP and EPC spaces and ensuring India's energy security. This group offers engineered and fabricated boiler components to meet the growing demand. Your Company is dealing in various segment like Power, Infrastructure, cement, Steel, Aluminum & Fertilizer business. This is the main segment of the Company and contributing major proportion of the total revenue of the Company.

Your Company deals with 'Structural & Technical Fabrication' and Erection, and manufactures various products required in the execution of Power and Infrastructure Projects. It manufactures and supplies technological structures, Pressure parts, Boiler parts, Piping and fittings, Tanks and Vessels and miscellaneous components for thermal power projects, for Sugar Projects – tubes, jackets and piping's, for Petroleum Projects – columns, condensers and miscellaneous vessels.

The Indian market offers significant growth opportunities to a wide gamut of industries in the power sector. Under its five-year plans, the government has announced plans to add an additional 100GW by 2017 to the existing capacity. The power equipment industry will thus emerge as a high-growth opportunity. Your Company being one of the renowned suppliers to Power sector Companies shall be in more better position in coming years due to growing opportunities in power sector. In Doing so, we have an opportunity to power India's revolution in economic development.

Domestic demand fundamentals for manufacturing industries in India have never been easier as it is now. And in this series Your Company also plays vital role, as in addition to the power sector, Company supplies various components, parts to Companies dealing in infrastructure, cement, Steel, Aluminum, Fertilizer business. Our manufacturing capabilities include a state-of-the-art, technologically superior fabrication shop with installed modern H-Beam automatic welding line (imported from Italy) with a capacity of 2500, tonnes per month.

The Infrastructure equipments sector will benefit from the rise in demand for housing and commercial real estate space. Strong growth is also expected in this sector with rising demand for office space, retail, and hospitality. At SEAM, we are attractively positioned to capture this growth opportunity. Looking towards the bright future of this sector Your Company is also moving forward with great ambition, speed of execution and quality of operation, as we overcame many challenges last year—energy volatility, continued global economic uncertainty. We shall believe in our employees and other stakeholders. Together, we shall embrace new ideas and businesses. We shall stand by our promises and adhere to high standards of business.

## DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 217(2AA) of the Companies Act, 1956, your Directors hereby confirm that:

a) In the preparation of Annual Accounts of the Company, the applicable Accounting Standards have been followed along with proper explanation to material departure from the same, if there any.

b) They have selected such Accounting Policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true & fair view of the state of affairs of the Company at the end of the financial year ended on 31st March, 2014 and of the Profit of the Company for the year ended on that date.

c) They have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) They have prepared the annual accounts of the Company on a going concern basis.

## DIRECTORS

As per Article 151 read with Article 150 of Articles of Association of the Company, Mr. Sunil R. Gutte, Executive Director of the Company is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for his reappointment. The Board of Directors recommends his reappointment subject to the approval of shareholders at the ensuing annual general meeting.

## COMPANY SECRETARY

Mrs. Sarita Kakani was appointed as Company Secretary of the company on 23rd October, 2013 and resigned from her office w.e.f. 24th August, 2014.

## AUDITORS

M/s K. K. Mankeshwar & Co., Chartered Accountants, (having ICAI Firm Reg. No. 106009W), shall hold office only upto the conclusion of ensuing Annual General Meeting and are eligible for re-appointment. The Company has received letter from them that their reappointment, if made shall be within the limit prescribed under Section 141 of the Companies Act, 2013 and that they are not disqualified for re-appointment under the provisions of the Act.

## PARTICULARS OF EMPLOYEES

As required by the provisions of section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 there is no Employee which comes under the purview of the aforesaid section read with the aforesaid Rules.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 has been mentioned below;

### a) Conservation of Energy

Your Company realizes the importance of Energy conservation. We regularly take initiatives to reduce the consumption of energy in our day to day operations. In the financial year 2013-14, we incurred ₹ 73.62 lacs towards 'Power & Fuel' whereas in the financial year 2012-13, we incurred ₹ 87.28 lacs.

| Particulars | Unit | Current Year 2013-14 | Previous Year 2012-13 |
|---|---|---|---|
| Production | | | |
| Piping,Structure & Presure Parts | MT | 1,30,927.26 | 9,059.54 |
| Piping,Structure & Presure Parts | SETS | 1 | 90.00 |
| Piping ,Structure & Presure Parts | MTRs | 99,621.51 | 1,746.27 |
| Piping ,Structure & Presure Parts | NOS. | 32,30,020.38 | 6,69,016.00 |
| Power & Fuel Consumption (in ₹) | | 73,62,848 | 87,28,207 |

**b) Technology Absorption**

Your Company is doing business by its own means, by utilizing all its available resources in best possible way. It has not initiated any Research & Development Activity so far.

**c) Foreign Exchange Earnings and Outgo**

There is Foreign Exchange Outgo during the Financial Year 2013-14 is $ 1,15,637/- (One Lacs Fifteen Thousand Six Hundred Thirty Seven Dollars) for advance given for purchase of Machinery. There is no Foreign Exchange Earnings during the Financial Year 2013-14.

**Acknowledgement**

The Directors of your Company express their gratitude for the valuable support extended by Shareholders, Customers, Bankers and Vendors. Your Directors place on record their appreciation for the valuable contribution made by the employees at all levels towards the development of the Company. With the whole hearted support of Employees, Bankers and our valuable customers, your company will reach the new limits of success and growth.

On behalf of the Board
For **SEAM Industries Limited**

Date: May 13, 2014
Place: Butibori, Nagpur

**Ratnakar Manikrao Gutte**
Managing Director

**Sunil Ratnakar Gutte**
Director

# Independent Auditor's Report

To,
The Members of
**SEAM INDUSTRIES LIMITED**
Butibori, Nagpur.

## 1. REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **SEAM INDUSTRIES LIMITED** ("the company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit & Loss, Cash flow Statement for the year ended on that date annexed there to and a summary of significant accounting policies & other explanatory information.

## 2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act,2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## 3. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## 4. OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements read together with notes give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

b. in the case of the Statement of Profit & Loss, of the Profit for the year ended on that date; and

c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## 5. REPORT ON OTHER LEGAL AND REGULATORY MATTERS

As required by the Companies (Auditor's Report) Order, 2003 ("the order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of The Act, we give in the Annexure a Statement on the matter specified in paragraph 4 and 5 of the said order.

## 6. AS REQUIRED BY SECTION 227 (3) OF THE ACT, 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 purpose of our audit;

ii. In our opinion, proper books of account as required by Law have been kept by the company so far as appears from our examination of those books;

iii. The Balance Sheet, Statement of Profit & Loss & Cash Flow Statement dealt with by this report are in agreement with the books of account;

iv. In our opinion, the Balance Sheet, Statement of Profit & Loss & Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956 notified under the Companies Act, 1956 read with the general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs in respect of Sec 133 of the Companies Act, 2013;

v. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**ABHAY UPADHYE**
Partner
Membership No. 049354

For & on behalf of
**K.K.MANKESHWAR & CO.**
Chartered Accountants
FRN: 106009W

Nagpur, dated the,
13th May, 2014.

# Annexure A to Independent Auditors' Report

(The annexure referred to in our report of even date to the members of **SEAM INDUSTRIES LIMITED** on the Financial Statements for the year ended 31st March, 2014)

In terms of information and explanations given to us and books and records examined by us in the normal course of audit and to the best of our information and belief, we state that:

1. **In respect of fixed assets:**
   a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   b. The fixed assets were physically verified during the year by the Management in a phased periodical manner, which in our opinion is reasonable, having regards to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.

   c. The company has not disposed off any substantial part of fixed assets during the year and the going concern status of the company is not affected.

2. **In respect of inventories:**
   a. The Inventory has been physically verified by the management at reasonable intervals. Materials lying with third parties have substantially been physically verified. In our opinion, the frequency of verification is reasonable.

   b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.

   c. The Company is maintaining proper records of inventories.There were no materials discrepancies noticed on physical verification of inventories, as compared to the book records.

3. **In respect of loans, secured or unsecured, granted or taken by the company to / from Companies, firms or other parties covered in the registered maintained under section 301 of the Companies Act, 1956:**
   a. The company has not granted any loan secured or unsecured to any companies/firms covered in the register maintained under section 301 of the Companies Act, 1956, accordingly clause (iii)(b), (iii)(c) and (iii)(d) are not applicable to the company.

   b. The company has not taken any loans, secured or unsecured, during the year from Companies/firm covered under section 301 of The Companies Act 1956, however it has Outstanding Unsecured loan from One Party covered in the register maintained under section 301 of the Companies Act 1956. Total Outstanding balance as on 31st March, 2014 was ₹ 300 Lakhs.

   c. The rate of interest, wherever applicable and other terms and conditions are not prima facie prejudicial to the interest of the company.

   d. In respect of loan taken by the Company, these are repayable on demand and therefore the question of overdue amount does not arise. The company is paying interest regularly.

4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business and services for the purchase of inventory, fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness in internal controls.

5. **In respect of transactions covered under section 301 of the Companies Act, 1956:**
   a. The transactions made in pursuance of contracts or arrangements, that needed to be entered into in the register maintained under section 301 of the Companies Act, 1956 have been so entered.

   b. The transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regards to prevailing market prices at the relevant time.

6. The company has not accepted any deposit from the public within the meaning of section 58A and 58AA or any other relevant provision of the Companies Act, 1956 and the rules framed there under. No order has been passed by the Company Law Board on the Company.

7. The Company neither has its own internal audit department neither has entrusted the work of internal audit to an outside agency during the year.

8. We have broadly reviewed the books of accounts and records maintained by the Company relating to the products of the Company pursuant to the rules by the Central Government for the maintenance of Cost records under Section 209 (1) (d) of the Companies Act, 1956. We are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

9. **In respect of statutory dues:**

   a. All undisputed statutory dues including Provident fund, Employees State Insurance, Income tax, Sales tax, Wealth tax, Service Tax, Excise Duty, cess and other statutory dues have been generally regularly deposited with the appropriate authorities.

      There are no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2014 for a period of more than six month from the date of becoming payable.

   b. There are no dues of income tax, sales tax, wealth tax, custom duty, excise duty, service tax and cess which have not been deposited on account of any dispute.

10. The Company has no accumulated losses as on 31st March, 2014 and has not incurred any cash losses during the financial year covered by our audit or in the immediately preceding financial year.

11. The company has not defaulted in repayment of dues of financial institution or bank, as at the balance sheet date.

12. No loans and advances have been granted by the Company on the basis of security by way of pledge of shares debentures and other securities.

13. The Company is not a chit fund or nidhi / mutual benefit fund / society therefore clause 4 (xiii) of the Companies (Auditors Reports) order 2003 is not applicable to the Company.

14. The Company is not dealing or trading in shares, securities, debentures and other investments.

15. The Company has not given guarantees for loans taken by others from banks or financial institutions.

16. On an overall basis, the term loans taken and / or utilized during the year have been applied for the purpose for which they were obtained other than temporary deployment of such funds.

17. On an overall examination of the balance sheet of the company, we report that funds raised on short-term basis have not been used for long-term purposes.

18. The Company has not made preferential allotment of shares to any party covered in the register maintained in section 301 of the Act.

19. The Company has not issued any debentures during the year. Hence, reporting on paragraph 4 (xix) of Companies (Auditor's Report) Order, 2003 pertaining to creation of security or charged for debentures does not arise.

20. The Company has not raised any money by way of public issues during the year. Accordingly reporting on paragraph 4 (xx) of Companies (Auditor's Report) Order, 2003 is not applicable to the company.

21. During the course of our examination of the books and records of the company, carried out in accordance with the Generally Accepted Accounting Practices in India, and in accordance to the information and explanation given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor have we been informed of such case by the management.

As per our report attached

**ABHAY UPADHYE**
Partner
Membership No. 049354

For & on behalf of
**K.K.MANKESHWAR & CO.**
Chartered Accountants
FRN: 106009W

Nagpur, dated the,
13th May, 2014.

# Balance Sheet
## as at 31st March, 2014

(Figures in ₹)

| Particulars | | | | Note No. | As on 31st March 2014 | As on 31st March 2013 |
|---|---|---|---|---|---|---|
| **I.** | **EQUITY AND LIABILITIES** | | | | | |
| | **1** | **Shareholders' Funds** | | | | |
| | | (a) | Share capital | 1 | 55,300,000 | 55,300,000 |
| | | (b) | Reserves & surplus | 2 | 288,609,657 | 249,788,025 |
| | **2** | **Non-Current Liabilities** | | | | |
| | | (a) | Long-term borrowings | 3 | 108,813,031 | 108,367,403 |
| | | (b) | Deferred tax liability | 4 | 11,786,255 | 8,522,746 |
| | | (c) | Other Long term liabilities | 5 | 71,166,644 | 155,113,955 |
| | | (d) | Long-term provisions | 6 | 3,851,266 | 4,387,965 |
| | **3** | **Current Liabilities** | | | | |
| | | (a) | Short-term borrowings | 7 | 377,970,192 | 378,304,233 |
| | | (b) | Trade payables | 8 | 241,599,245 | 417,664,819 |
| | | (c) | Other Current Liabilities | 9 | 48,161,856 | 41,844,193 |
| | | (d) | Short-term provisions | 10 | 2,990,266 | 8,621,564 |
| | | | **TOTAL** | | **1,210,248,412** | **1,427,914,903** |
| **II.** | **ASSETS** | | | | | |
| | **Non-Current Assets** | | | | | |
| | **1** | (a) | Fixed assets | 11 | | |
| | | | (i) Tangible assets | | 342,735,192 | 302,128,294 |
| | | | (ii) Intangible assets | | 2,115,464 | 1,198,688 |
| | | | (iii) Capital work-in-progress | | 609,229 | 39,662,339 |
| | | (b) | Non-current investments | 12 | 1,600,000 | 1,600,000 |
| | | (c) | Long-term loans and advances | 13 | 2,418,198 | 5,851,981 |
| | **2** | **Current Assets** | | | | |
| | | (a) | Inventories | 14 | 374,939,356 | 354,325,306 |
| | | (b) | Trade receivables | 15 | 366,575,771 | 599,154,073 |
| | | (c) | Cash and Bank balance | 16 | 51,856,148 | 32,251,092 |
| | | (d) | Short-term loans and advances | 17 | 64,313,577 | 90,510,052 |
| | | (e) | Other Current Assets | 18 | 3,085,477 | 1,233,078 |
| | | Significant Accounting Policies & Notes | | 19 | | |
| | | | **TOTAL** | | **1,210,248,412** | **1,427,914,903** |

The notes refered to above form an integral part of financial statements as per our report attached.

As per our Report attached

For & on behalf of Board of Directors

**Abhay Upadhye**
Partner
Membership No. 049354

For and on behalf of
**K.K.Mankeshwar & Co.**
Chartered Accountants
FRN: - 106009W

**Ratnakar M Gutte**
Managing Director

**Sunil R Gutte**
Director

Nagpur, dated the,
13th May, 2014

**Sarita Kakni**
Company Secretary

# Statement of Profit & Loss
## for the year ended 31st March, 2014

(Figures in ₹)

| Particulars | | Refer Note No. | For the year ended 31st March 2014 | For the year ended 31st March 2013 |
|---|---|---|---|---|
| I. | Gross Revenue from operations | 20 | 1,628,995,934 | 1,721,715,116 |
| II. | Other income | 21 | 7,063,727 | 2,788,737 |
| III. | **TOTAL REVENUE (I + II)** | | **1,636,059,661** | **1,724,503,853** |
| IV. | **EXPENSES:** | | | |
| | Cost of materials consumed | 22 | 1,383,566,545 | 1,319,914,080 |
| | (Increase)/ Decrease in Inventories | 23 | (135,980,468) | (34,196,656) |
| | Employee benefits expenses | 24 | 78,789,629 | 69,452,528 |
| | Finance costs | 25 | 84,670,908 | 71,862,229 |
| | Depreciation and amortization expenses | 11 | 40,274,421 | 34,750,338 |
| | Other expenses | 26 | 122,924,175 | 143,749,151 |
| | **Total expenses** | | **1,574,245,210** | **1,605,531,670** |
| V. | **PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX (III-IV)** | | **61,814,451** | **118,972,183** |
| VI. | **TAX EXPENSE:** | | | |
| | (1) Current tax / MAT | | 18,465,465 | 34,018,192 |
| | (2) Deferred tax | | 3,263,509 | 3,745,205 |
| | (3) Tax expense Relating to prior years | | 2,481,218 | - |
| VII. | **CHANGE IN ESTIMATE OF DEPRECIATION (REFER NOTE 11(VIII))** | | (1,217,373) | - |
| VIII. | **PROFIT (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS (V-VI-VII)** | | **38,821,632** | **81,208,786** |
| IX. | **PROFIT (LOSS) FOR THE PERIOD** | | **38,821,632** | **81,208,786** |
| X. | **EARNINGS PER EQUITY SHARE:** | | | |
| | (1) Basic | 27 | 7.02 | 14.69 |
| | (2) Diluted | | 7.02 | 14.69 |

The notes refered to above form an integral part of financial statements as per our report attached.

As per our Report attached

**Abhay Upadhye**
Partner
Membership No. 049354

For and on behalf of
**K.K.Mankeshwar & Co.**
Chartered Accountants
FRN: - 106009W

Nagpur, dated the,
13th May, 2014

For & on behalf of Board of Directors

**Ratnakar M Gutte**
Managing Director

**Sunil R Gutte**
Director

**Sarita Kakni**
Company Secretary

# Cash Flow Statement
## as on 31st March, 2014

(Figures in ₹)

| Sr. No. | Particulars | As on 31st March 2014 | As on 31st March 2013 |
|---|---|---|---|
| 1 | CASH FLOW FROM OPERATING ACTIVITIES | | |
| | (a) **Profit from operating activities before exceptional items and taxes** | 61,814,451 | 118,972,183 |
| | **Adjustments:** | | |
| | Depreciation and amortization | 40,274,421 | 34,750,338 |
| | Interest and Finance costs | 84,670,908 | 71,862,229 |
| | Bad Debts written off | - | 1,755,504 |
| | (Gain)/Loss on sale of fixed assets | - | - |
| | Misc. Expenditure Write off | - | 118,573 |
| | Interest Income | (3,085,477) | (1,370,087) |
| | (b) **Working capital changes:** | | |
| | - Increase in inventories | (20,614,050) | (249,119,567) |
| | - Decrease /(Increase) in trade receivables | 232,578,303 | 19,092,680 |
| | - Decrease/ (increase) in short-term loans and advances | 26,196,474 | (70,159,717) |
| | - Increase /(Decrease) in other current assets | 1,233,077 | 660,621 |
| | - Increase in trade payables | (176,065,574) | 29,823,927 |
| | - Increase/ (Decrease) in other current liabilities | (1,438,643) | 9,738,159 |
| | - Increase /(Decrease) in provisions | 151,156,995 | 2,982,505 |
| | - Decrease / (Increase) in Fixed Deposits given as Margin Money | (16,998,711) | (17,460,621) |
| | -Income Tax paid | (26,683,675) | (33,405,025) |
| | **Total of (1)** | **50,724,509** | **(81,758,298)** |
| 2 | CASH FLOW FROM INVESTING ACTIVITIES | | |
| | (a) Increase in Fixed assets | (80,580,722) | (83,192,652) |
| | (b) Decrease in Capital work in progress | 42,486,893 | (16,934,159) |
| | (c) Investment in subsidiaries/associates/business ventures | - | - |
| | (d) Interest received | - | 137,009 |
| | **Total of (2)** | (38,093,829) | (99,989,802) |
| 3 | CASH FLOW FROM FINANCING ACTIVITIES | | |
| | (a) Proceeds from Equity Share Capital | - | - |
| | (b) Increase /(Repayment) of long-term borrowings | 8,201,934 | 29,507,262 |
| | (b) Increase /(Repayment) of Short-term borrowings | (334,041) | 85,440,770 |
| | (c) Proceeds from other long-term liabilities | 66,778,680 | 130,414,432 |
| | (d) Interest and other finance costs | (84,670,908) | (71,862,229) |
| | **Total of (3)** | **(10,024,335)** | **173,500,235** |
| 4 | NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS (1+2+3) | 2,606,345 | (8,247,865) |
| | Add: Cash and cash equivalents at the beginning of the period | 3,515,651 | 11,763,516 |
| 5 | CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | 6,121,996 | 3,515,651 |

**NOTES**
1. The above statement has been prepared following the Indirect Method.
2. Increase in Fixed Assets are stated exclusive of movements of Capital work in progress and Capital advances.
3. Proceeds from long term and other borrowings are shown net of repayments.
4. Cash and Cash Equivalents represent Cash and Bank Balances only.
5. Figures for the previous year have been rearranged and regrouped wherever necessary to conform to Current year's classification.

As per our Report attached

**Abhay Upadhye**
Partner
Membership No. 049354

For and on behalf of
**K.K.Mankeshwar & Co.**
Chartered Accountants
FRN: - 106009W

Nagpur, dated the,
13th May, 2014

For & on behalf of Board of Directors

**Ratnakar M Gutte**
Managing Director

**Sunil R Gutte**
Director

**Sarita Kakni**
Company Secretary

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 1 - SHARE CAPITAL

**1.1**

(Figures in ₹)

| Particulars | As at 31st March 2014 | | As at 31st March 2013 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **Authorised** | | | | |
| Equity Shares of ₹ 10 each. | 10,000,000 | 100,000,000 | 10,000,000 | 100,000,000 |
| **Issued** | | | | |
| Equity Shares of ₹ 10 each | 5,530,000 | 55,300,000 | 5,530,000 | 55,300,000 |
| **Subscribed and Paid up** | | | | |
| Equity Shares of ₹ 10 each fully paid | 5,530,000 | 55,300,000 | 5,530,000 | 55,300,000 |
| **Total** | **5,530,000** | **55,300,000** | **5,530,000** | **55,300,000** |

**1.2 Reconciliation of number of shares outstanding at the beginning and at the end of reporting period**

(Figures in ₹)

| Particulars | As at 31 March 2014 | | As at 31 March 2013 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| **At the beginning of the period** | 5,530,000 | 55,300,000 | 5,530,000 | 55,300,000 |
| Add : Shares issued during the year | - | - | - | - |
| **At the end of reporting period** | **5,530,000** | **55,300,000** | **5,530,000** | **55,300,000** |

**1.3 Terms of Equity Shares**

a) The Equity shares has, the face value a ₹ 10/- per share .

b) Voting rights of Equity share Holders - As per the number of shares held ranking parri passu in all respects.

c) Dividend Rights of Shares Holders - As per the number of shares held ranking paripassu in all respects.

d) Rights of ShareHolders at the time of dissolution - N.A.

**1.4** Details of Shares in respect of each class including more than 5% in the company held by its holding company or its ultimate holding company including shares held by or by subsidiaries or associates of the holding company or the ultimate holding company in aggregate:-

| Name of Shareholder | As at 31st March 2014 | | As at 31st March 2013 | |
|---|---|---|---|---|
| | No. of Shares held | % of Holding | No. of Shares held | % of Holding |
| Sunil Hitech Engineers Limited- Holding Co. | 4,900,000 | 88.6076 | 4,900,000 | 88.6076 |
| Mr. Ratnakar M. Gutte- Managing Director | 400,000 | 7.2333 | 400,000 | 7.2333 |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 2 - RESERVES & SURPLUS

2.1

(Figures in ₹)

| Particulars | | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|---|
| a. | **Capital Reserves** | | |
| | Opening Balance | 2,500,000 | 2,500,000 |
| | (+) Received during the year | - | - |
| | (-) Written Back in Current Year | | |
| | **Closing Balance** | **2,500,000** | **2,500,000** |
| b. | **Securities Premium Account** | | |
| | Opening Balance | 28,000,000 | 28,000,000 |
| | Add : Securities premium credited on Share issue | - | - |
| | **Closing Balance** | **28,000,000** | **28,000,000** |
| c. | **General Reserves** | | |
| | Balance as per Last Balance Sheet | 15,000,000 | 15,000,000 |
| | **Closing Balance** | **15,000,000** | **15,000,000** |
| d. | **Surplus** | | |
| | Opening balance of Statement of Profit & Loss | 204,288,025 | 123,079,239 |
| | (+) Net Profit/(Net Loss) For the current year | 38,821,632 | 81,208,786 |
| | **Closing Balance** | **243,109,657** | **204,288,025** |
| | **Total** | **288,609,657** | **249,788,025** |

2.2 The Capital reserve represents the Capital Subsidy from District Industry Centre, Nagpur. It was sanctioned in the Year 2008-09 for Capital Expansion Purposes.

### NOTE 3 - LONG TERM BORROWINGS

3.1

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| **Secured** | | |
| Term Loans- | | |
| From Banks | 78,813,013 | 78,367,403 |
| **Unsecured borrowings** | | |
| Loan & Advances from related parties | 30,000,000 | 30,000,000 |
| **Total long term borrowings** | **108,813,031** | **108,367,403** |

**3.2 Details of Long Terms Loans from Bank availed by company are stated as under:**

**"Long term loans under consortium from Oriental Bank of Commerce & Punjab National Bank Of India are secured by way of:-**

(i) First Pari Passu equitable mortgage charge over the assets created/ to be created from the term loans. Also, Collateral security of

(ii) Land And Building at Five Star Industrial Zone, MIDC, Butibori Industrial Area,Nagpur

(iii) Freehold Land at Nagpur - Jabalpur Road, Village Bende, Tahsil Ramtek, District Nagpur.

(iv) Freehold Land (situated in agricultural area) bearing GAT No. 421, Parli Vaijnath-Nagpur Road, Village Tokwadi, Tahsil Parli Vaijnath, District Beed."

**A. All Secured Loans have Personal Guarantees of Following :**

- Mr. Ratnakar M. Gutte — Managing Director
- Mr. Sunil R. Gutte — Director
- Mr. Vijay R. Gutte — Director

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

**B. Corporate Guarantee: -**

Collaterally secured by way of corporate guarantee of M/s. Sunil Hi-Tech Engineers Ltd. (Holding Co.)

**C.** Second charge by way of hypothecation on all the current assets of the borrower company for securing their working capital facility.

**"Long term loan from HSBC Bank is secured by way of:-**

(i) First Pari Passu equitable mortgage charge over the assets created/ to be created from the term loans.

**A. All Secured Loans have Personal Guarantees of Following :**

- Mr. Ratnakar M. Gutte — Managing Director
- Mr. Sunil R. Gutte — Director
- Mr. Vijay R. Gutte — Director
- Mrs. Sudhamati Gutte — Relative of Director

**B. Corporate Guarantee:-**

Collaterally secured by way of corporate guarantee of M/s. Sunil Hi-Tech Engineers Ltd. (Holding Co.)

### 3.3 Term Loan Bank include Long Term Vehicle Loans availed by company are stated as under:

From ICICI bank for purchase of Sunny Nissan,Santa Fie Car and Tata Bus.

From HDFC bank for the purchase of AUDI Car against hypothecation of the respective Vehicles.

From Kotak Mahindra Bank for purchase of Two (2) Toyota Innova Cars.

### 3.4 Nature of Security and terms of repayment for secured borrowings:

| Nature of Security | Terms of Repayment |
|---|---|
| **Term Loans from Banks** | |
| (i) Oriental Bank Of Commerce (Loan II) - (1) First charge on assets created from the term Loan. | In 20 quarterly instalments of ₹ 30 Lacs each commenced from January 2011 (Total Outstanding Loan - ₹ 157.48 Lacs out of which ₹ 120 Lacs classified in Other Current Liabilities as current maturity of Long Term debt) |
| (ii) Oriental Bank Of Commerce (Loan III) - (1) First charge on assets created from the term Loan. | In 20 quarterly instalments of ₹ 35 Lacs each commence from April 2012 (Total Outstanding Loan - ₹ 424.98 Lacs out of which ₹ 140 Lacs classified in Other Current Liabilities as current maturity of Long Term debt) |
| (iii) Punjab National Bank (Loan I) - (1) First charge on assets created From the term Loan. | In 20 quarterly instalments of ₹ 12.50 Lacs each commenced from December 2013 (Total Outstanding Loan - ₹ 229.88 Lacs out of which ₹ 50 Lacs classified in Other Current Liabilities as current maturity of Long Term debt) |
| (iv) HSBC Bank (Loan 1) - (1) First charge on assets created from the term loan. | In the form of Bullet Repayment at the end of the three years from the procurement of loan. (Total Outstanding Loan - ₹ 271.04 Lacs) |
| (v) HDFC - Audi Car - (1) Secured by way of hypothecation of vehicle. | EMI of ₹ 87,373 in 36 Installments commenced from March 2012 |
| (vi) ICICI - Santafe Car - (1) Secured by way of hypothecation of vehicle. | EMI of ₹ 81,306 in 36 Installments commenced from November 2011 |
| (vii) ICICI - Bus - (1) Secured by way of hypothecation of vehicle. | EMI of ₹ 47,972 in 36 Installments commenced from July 2012 |
| (viii) ICICI- Sunny Car - (1) Secured by way of hypothecation of vehicle. | EMI of ₹ 28,495 in 36 Installments commenced from February 2012 |
| (ix) Kotak Mahindra - 2 Innova Cars - (1) Secured by way of hypothecation of vehicles. | EMI of ₹ 38,488 in 36 Installments commenced from October 2013 (EACH) |

**3.5** Loan & Advances from related parties is the amount payable to Sunil Hi-Tech Engineers Limited (Holding Company).

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 4 -DEFERRED TAX ASSETS/LIABILITY (NET)

In terms of Accounting Standard 22 , the computation has been made to the extent there is a reasonable certainty that these will be realised in future. The Deferred tax asset and liability as at 31st March, 2014 comprise of timing differences on account of:

(Figures in ₹)

| Particulars | | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|---|
| | Expenditure Disallowed under the Income Tax Act | 1,080,316 | 1,809,545 |
| | **Total** | **1,080,316** | **1,809,545** |
| (b) | **Deferred Tax Liability:** | | |
| | Higher depreciation claimed under tax laws | 116,46,416 | 9,451,186 |
| | Expenditure allowed on Payment under the Income Tax Act | 1,220,156 | 881,105 |
| | **Total** | **12,866,571** | **10,332,291** |
| (c) | **Net Deferred Tax Liability:** | 11,786,255 | 8,522,746 |
| | **Closing Net Deferred Tax Liability/(Assets)** | 11,786,255 | 8,522,746 |
| (d) | **Opening Deferred taxLiability/ (Asset)** | 8,522,746 | 4,777,541 |
| | **Net Deferred Tax Charged to Statement of Profit & Loss** | **3,263,509** | **3,745,205** |

### NOTE 5 - OTHER LONG TERM LIABILITIES

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| Due to Others | 71,166,644 | 155,113,955 |
| **Total** | **71,166,644** | **155,113,955** |

### NOTE 6 - LONG TERM PROVISIONS

(Figures in ₹)

| Particulars | | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|---|
| (a) | **Provision for employee benefits-** | | |
| | Gratuity | 1,808,864 | 1,662,054 |
| | Leave Encashment | 2,042,402 | 2,725,911 |
| **Total** | | **3,851,266** | **4,387,965** |

### NOTE 7 - SHORT TERM BORROWINGS

**7.1**

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| **Short Term Borrowings** | | |
| **Secured** | | |
| **Loans from banks** | | |
| Cash Credit from banks | 377,970,192 | 378,304,233 |
| **Total** | **377,970,192** | **378,304,233** |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

**7.2 Details of cash credit (secured) availed from bank and description of security and name of guarantors provided for such loans.**

**(A) Oriental Bank of Commerce :**

(i) The loan from Oriental Bank of Commerce is secured by way of hypothecation of Raw Materials, Stock in process, Finished Goods and receivables and other current assets of the company both current and future.

The Cash Credit limit of Oriental Bank of Commerce is 28 Crores.

(ii) Security
Corporate Guarantee of Sunil Hitech Ltd.
Personal Guarantees of Ratnakar Gutte , Sudhamati Gutte, Sunil Gutte and Vijay Gutte

**(B) Punjab National Bank :**

(i) The loan from Punjab National Bank is secured by way of hypothecation of Raw Materials, Stock in process, Finished Goods and receivables and other current assets of the company both current and future.

The Cash Credit limit of Punjab National Bank is 10 Crores.

(ii) Security
Corporate Guarantee of Sunil Hitech Ltd.
Personal Guarantees of Ratnakar Gutte , Sunil Gutte and Vijay Gutte

**NOTE 8 - TRADE PAYABLES**

**8.1**

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| Due to Micro, Small and Medium Enterprises | 21,573,937 | 26,915,657 |
| Due to Other | 179,012,270 | 342,476,892 |
| Due For Services | 41,013,038 | 48,272,270 |
| **Total** | **241,599,245** | **417,664,819** |

| | | | | |
|---|---|---|---|---|
| **8.2** | (i) | Principal amount due and remaining unpaid to any supplier as at the end of the accounting year | 20,622,011 | 26,915,657 |
| | (ii) | Interest due thereon remaining unpaid to any supplier as at the end of the accounting year | 951,926 | - |
| | (iii) | The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | - | - |
| | (iv) | The amount of interest due and payable for the year | 951,926 | - |
| | (v) | The amount of interest accrued and remaining unpaid at the end of the accounting year | 951,926 | - |
| | (vi) | Interest accrued and remaining unpaid | 951,926 | - |
| | (vi) | The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | 951,926 | - |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 9 - OTHER CURRENT LIABILITIES

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| Current maturities of long term debt | 34,001,452 | 26,245,146 |
| Advance from Customer | 7,023,363 | 4,480,270 |
| Statutory Dues | 2,497,133 | 6,010,012 |
| Liabilities for Expenses | 4,639,908 | 5,108,765 |
| **Total** | **48,161,856** | **41,844,193** |

### NOTE 10 - SHORT TERM PROVISIONS

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| **(a) Provision for employee benefits-** | | |
| Bonus | 2,598,562 | 2,491,836 |
| Leave Encashment | 254,127 | 334,142 |
| Gratuity | 137,577 | 58,594 |
| **(b) Provision for Income Tax** | - | 5,736,992 |
| **Total** | **2,990,266** | **8,621,564** |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 11: FIXED ASSETS

(Figures in ₹)

| Particulars | Gross Block ( at Cost ) | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1.4.2013 | Additions During the Year | Adjustment during the year | Total as at 31.03.2014 | As at 1.4.2013 | During the year | Adjustments during the year | Total as at 31.03.2014 | As on 31.03.2014 | As on 31.3.2013 |
| Leasehold Land | 23,927,432 | 948,500 | - | 24,875,932 | 706,727 | 249,320 | - | 956,047 | 23,919,885 | 23,220,705 |
| Office Building | - | 3,072,109 | 15,077,936 | 18,150,045 | - | 742,668 | 785,330 | 1,527,998 | 16,622,047 | - |
| Factory Shed & Building | 171,929,486 | 38,954,515 | (15,077,936) | 195,806,065 | 36,938,625 | 14,329,641 | (1,547,746) | 49,720,520 | 146,085,545 | 134,990,861 |
| Plant & Equipments | 156,738,183 | 29,326,036 | - | 186,064,219 | 32,301,137 | 19,712,360 | - | 52,013,497 | 134,050,722 | 124,437,046 |
| Heavy Motor Vehicle | 2,578,048 | - | - | 2,578,048 | 1,097,692 | 444,107 | - | 1,541,799 | 1,036,249 | 1,480,356 |
| Motor Vehicle | 10,513,570 | 2,995,740 | - | 13,509,310 | 4,071,576 | 2,063,068 | - | 6,134,644 | 7,374,666 | 6,441,994 |
| Air Conditioner | 156,651 | 67,835 | - | 224,486 | 46,750 | 19,678 | - | 66,428 | 158,058 | 109,901 |
| Electrical Installation | 9,455,855 | 3,194,498 | - | 12,650,353 | 2,640,210 | 1,070,479 | - | 3,710,689 | 8,939,664 | 6,815,645 |
| Office Equipment | 1,920,181 | 293,856 | (547,597) | 1,666,440 | 606,287 | 266,539 | 146,982 | 1,019,808 | 646,632 | 1,313,894 |
| Furniture & Fixture | 3,819,388 | 448,828 | - | 4,268,216 | 1,614,903 | 424,383 | - | 2,039,286 | 2,228,930 | 2,204,485 |
| Computers & Softwares | 2,741,635 | 78,805 | 547,597 | 3,368,037 | 1,628,228 | 368,667 | (301,652) | 1,695,243 | 1,672,794 | 1,113,407 |
| **Tangible Assets Total(A)** | **383,780,429** | **79,380,722** | **-** | **463,161,151** | **81,652,135** | **39,690,910** | **(917,086)** | **120,425,959** | **342,735,192** | **302,128,294** |
| ERP Software | 2,000,000 | 1,200,000 | - | 3,200,000 | 801,312 | 583,511 | (300,287) | 1,084,536 | 2,115,464 | 1,198,688 |
| **Intangible Assets Total(B)** | **2,000,000** | **1,200,000** | **-** | **3,200,000** | **801,312** | **583,511** | **(300,287)** | **1,084,536** | **2,115,464** | **1,198,688** |
| **Capital Work In Progress(C )** | **39,662,339** | **27,422,643** | **66,475,752** | **609,229** | **-** | **-** | **-** | **-** | **609,229** | **39,662,339** |
| **Total(A+B+C)** | **425,442,768** | **108,003,365** | **66,475,752** | **466,970,381** | **82,453,447** | **40,274,421** | **(1,217,373)** | **121,510,495** | **345,459,886** | **342,989,321** |
| Previous Year | 326,253,349 | 122,854,990 | 23,665,571 | 425,442,768 | 47,703,109 | 34,750,338 | - | 82,453,447 | 342,989,321 | |

(i) Fixed assets are stated at cost of acquisition (net of CENVAT & VAT), installation or construction including financing costs till commencement of commercial production other direct expenses incurred to bring the assets to its present location and condition less accumulated depreciation thereon.

(ii) Depreciation is provided on Written Down Value Method in the manner and at the rates prescribed in Schedule XIV to the Companies Act, 1956.

(iii) Fixed asset individually costing ₹ 5000 or less are depreciated 100%, except when they are part of larger capital investment program.

(iv) Rate of depreciation on Computer Software (Intangible Fixed Assets) have been changed retrospectively from 40% to 25% for better estimate of useful life.

(v) Depreciation on Buildings other than Factory Building (Tangible Fixed Assets) have been regrouped and depreciation charged at the rate 5% retrospcetively.

(vi) Assets, amounting to ₹ 1,50,77,936 have been rectified which were previously grouped in 'Factory Building' and now Re-grouped in 'Office Buliding'.

(vii) Assets, amounting to ₹ 5,47,597 have been rectified which were previously grouped in 'Computers & Softwares' and now Re-grouped in 'Office Equipment'.

(viii) Sale/ Adjustments/ Disposal during the year in case of Accumulated Depreciation includes depreciation reversed during the year for giving retrospective effect due to change in rate of depreciation as under :

**Change of Estimate in Depreciation :**

| Particulars | Depreciation Reversed |
|---|---|
| Computers & Softwares | (154,670) |
| ERP Software | (300,287) |
| Office Building | (762,416) |
| Grand Total | (1,217,373) |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 12: NON CURRENT INVESTMENTS

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| Other Investments | | |
| Investment in Equity instruments | 1,600,000 | 1,600,000 |
| **Total** | **1,600,000** | **1,600,000** |

**Details of Other Investments**

| Sr. No. | Name of the Body Corporate | Subsidiary / Associate / JV/ Controlled Entity / Others | No. of Shares / Units | | Quoted / Unquoted | Partly Paid Fully paid | Extent of Holding (%) | | Amount (RS.) | | Whether stated at Cost Yes / No | If Answer to Column (12) is 'No' - Basis of Valuation |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 2014 | 2013 | | | 2014 | 2013 | 2014 | 2013 | | |
| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) |
| | Investement in Equity Instruments | | | | | | | | | | | |
| | Gangakhed Sugar and Energy Ltd. | Controlled Entity | 40,000 | 40,000 | Unquoted | Fully Paid Up | 0.06 | 0.06 | 1,600,000 | 1,600,000 | Yes | - |
| | **Total** | | | | | | | | **1,600,000** | **1,600,000** | | |

### NOTE 13 - LONG TERM LOANS AND ADVANCES

#### 13.1

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| Other loans & advances, unsecured, considered good | | |
| Capital Advances | 2,418,198 | 5,851,981 |
| **Total** | **2,418,198** | **5,851,981** |

### NOTE 14 - INVENTORIES

#### 14.1

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| Raw materials | 169,678,532 | 283,984,468 |
| Stock In Process | 167,260,471 | 23,597,420 |
| Finished Goods | 22,667,991 | 30,350,574 |
| Stores and spares | 15,332,362 | 16,392,844 |
| **Total** | 374,939,356 | 354,325,306 |

**14.2** Raw Material, Stores & Spare parts, etc., are valued at cost. Finished goods and Stock In Process are valued at cost or net realizable value which ever is lower.

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 15 - TRADE RECEIVABLES

**15.1**

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| **Trade Receivables** | | |
| **Outstanding for a period exceeding six months from the date they are due for payment** | | |
| (a) Secured, considered good | - | - |
| (b) Unsecured, considered good. | 97,583,761 | 263,240,540 |
| (c) Doubtful | - | - |
| | 97,583,761 | 263,240,540 |
| Provision for doubtful debts | - | - |
| **Sub-total (a)** | **97,583,761** | **263,240,540** |
| **Other Receivables** | | |
| (a) Secured, considered good | - | - |
| (b) Unsecured, considered good | 222,188,303 | 212,968,845 |
| (c) Doubtful | - | - |
| | 222,188,303 | 212,968,845 |
| Provision for doubtful debts | - | - |
| **Sub-total (b)** | **222,188,303** | **212,968,845** |
| **Debts Due by Companies in which Director is a Partner or Director or Member** | | |
| (a) Secured, considered good | - | - |
| (b) Unsecured, considered good, | 46,803,707 | 122,944,688 |
| (c) Doubtful | - | - |
| Provision for doubtful debts | - | - |
| **Sub-total (c)** | **46,803,707** | **122,944,688** |
| **Total (a+b+c)** | **366,575,771** | **599,154,073** |

### NOTE 16 - CASH & BANK BALANCE

**16.1**

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| **Cash & Cash Equivalants :** | | |
| On current accounts | 3,455,238 | 1,613,602 |
| Cash on hand | 2,666,758 | 1,902,049 |
| | **6,121,996** | **3,515,651** |
| **Others** | | |
| Fixed Deposits (Given as Margin Money) | 45,734,152 | 28,735,441 |
| **Total** | **51,856,148** | **32,251,092** |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 17 - SHORT TERM LOANS AND ADVANCES

17.1

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| **Other loans & advances, unsecured, considered good** | | |
| Employee advances | 314,841 | 521,711 |
| Balance with statutory authorities | 54,227,246 | 39,694,336 |
| Income Tax Receivable (AY 2014-15) | 533,796 | - |
| Prepaid expenses | 600,080 | 592,782 |
| Advances to Suppliers | 4,150,341 | 46,404,099 |
| Short term security deposit | 4,487,273 | 3,297,124 |
| **Total** | **64,313,577** | **90,510,052** |

### NOTE 18 - OTHER CURRENT ASSETS

18.1

(Figures in ₹)

| Particulars | As at 31st March 2014 Amount | As at 31st March 2013 Amount |
|---|---|---|
| Interest Accrued On Fixed Deposits | 3,085,477 | 1,233,078 |
| **Total** | **3,085,477** | **1,233,078** |

### NOTE: 19

#### I. NATURE OF BUSINESS:

The company is in the business of manufacturing, fabricating, assembling, designing and construction of boiler parts or similar items used in manufacture of Thermal power plants / Hydro Power Plants or like.

#### II. SIGNIFICANT ACCOUNTING POLICIES:

#### A. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Financial Statements are prepared on an accrual basis of accounting and in accordance with the Generally Accepted Accounting Principles In India, provisions of the Companies Act, 1956 and comply in material aspects with the accounting standards notified under section 211 (3C) of the Companies Act, 1956 read with Companies (Accounting Standards) Rule, 2006.

#### B. USE OF ESTIMATES

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

#### C. CASH FLOW STATEMENT

The Cash flow Statement has been prepared under the "Indirect Method" in accordance with the requirements of Accounting Standard -3 "Cash flow Statement".

#### D. FIXED ASSETS - TANGIBLE

Fixed assets are stated at cost of acquisition and subsequent improvement thereto including Freight, Duties, Taxes and other incidental expenses related to acquisition and installation.

Expenditure during construction period including interest on specific borrowings for new major project is capitalized prior to the date of commercial operations

#### E. FIXED ASSETS – INTANGIBLE

Assets identified as Intangible assets are stated at cost including incidental expenses thereto, and are amortized over a predetermined period.

#### F. DEPRECIATION:

Depreciation on Fixed Asset is provided on Written Down Value Method in accordance with Schedule XIV of the Companies Act, 1956 however Leasehold Land is amortized over the period of lease.

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### G. INVENTORY VALUATION:

Items of inventories are measured at lower of cost or net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other cost incurred in bringing them to their respective present location and condition. Raw material and components & Work in Progress are determined on FIRST IN FIRST OUT BASIS.

### H. REVENUE RECOGNITION

i. Revenue from the sale of products is recognized on dispatch of goods to the customer, which corresponds to transfer of significant risk and reward of ownership and is net off excise duty, sales tax and trade discounts.

ii. Revenue from Job Work recognized when significant risk and reward is transferred to the customer.

iii. Revenue from interest income is recognized on accrual basis.

### I. INVESTMENTS

Current investments are carried at lower of cost and quoted/ Fair Value, computed category wise. Long- Term Investments are stated at cost. Provision for diminution in the value of Long- Term Investments is made only if such a decline is other than temporary.

### J. IMPAIRMENT OF ASSETS

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit & Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

### K. EMPLOYEE BENEFITS / RETIREMENT BENEFITS:

i. Short term employee benefits are charged off in the year in which the related services are rendered.

ii. Post employment and other long term employee benefits are charged off in the year in which the employee has rendered services. The amount charged off is recognized at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gain and losses in respect of post employment and other long term benefits are charged to Statement of Profit and Loss

### L. TAXATION:

Provision for Current Tax is made after taking into consideration benefits admissible under the provisions of the Income Tax Act, 1961.

Deferred tax resulting from the “timing difference” between book and taxable profits is accounted for using the tax rates and laws that have been enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the assets will be realized in the future.

### M. PROVISIONS AND CONTINGENCIES:

The company creates a provision when there is a present obligation as a result of past events that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation. A disclosure for a contingent liability is made, where there is a possible obligation or a present obligation that probably will not require an outflow of resources or where a reliable estimate of the obligation cannot be made.

## III. NOTES TO ACCOUNT

**1. Contingent Liability**

Bank Guarantee outstanding is ₹ 7,99,02,062 (Previous year ₹ 3,91,37,527).

**2. Commitment:**

Estimated amount of contract remaining to be executed on Capital Accounts is ₹ Nil. (Previous year ₹ 10,40,000)

**3.** Information on Related Parties as required by Accounting Standard AS-18 “Related Party Disclosure” as under:-

**a. Name of the Related Parties and Relationships:-**

| | | |
|---|---|---|
| i. | Holding Company - | Sunil Hi-tech Engineers Limited. |
| ii. | Subsidiaries | - None |
| iii. | Fellow Subsidiaries | - None |
| iv. | Associates | - None |
| v. | Other related Party | - Gangakhed Sugar and Energy Limited<br>- Gutte Infra Pvt. Ltd.<br>- Sunil Hitech India Infra Pvt. Ltd.<br>- VRG Digital Corporation Pvt. Ltd.<br>- Trimurti Towers Pvt. Ltd. |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

**b. Transactions during the year with Related Parties:-**

| Sr. No. | Name of the Related Parties | Nature of Transactions | Transaction during the year Amount (₹) | Balance as on 31st March, 2014 | Balance as on 31st March, 2013 |
|---|---|---|---|---|---|
| (a) | Swati Phad(Director) | Remuneration/ Professional fees | 25,83,000 | Nil | 89,518 (Cr.) |
| (b) | Sunil Gutte (Director) | Rent paid | 2,94,000 | 2450(Dr.) | Nil |
| (c) | Devarajan Thankappan Manamtharayil (Director) | Remuneration/ Professional fees | 19,92,155 | 5,64,038 (Dr.) | Nil |
| (d) | Sunil Hi-Tech Engineers Ltd. (Holding Company) | Interest paid on Inter corporate loan during the year. | 33,00,001 | 4,68,03,707 (Dr.) | 9,92,55,859 (Dr.) |
| | | Purchase of Consumable Materials. | 1,28,14,844 | | |
| | | Sale of finished goods and services. | 17,07,42,882 | | |
| | | Service charges incurred during the year | 80,66,742 | | |
| | | Other Miscellaneous Charges (e.g. Bank Charges of Letter of Credit) | 99,74,009 | | |
| | | Inter corporate loan outstanding during the year. | - | 3,00,00,000 (Cr) | 3,00,00,000 (Cr) |
| (e) | Gangakhed Sugar & Energy Limited | Sales during the year | 13,75,431 | 8,729 (Dr.) | 4,22,689 (Dr) |
| (f) | Gutte Infra Pvt. Ltd. | Sales during the year | 23,18,800 | Nil | Nil |

**c. Key Managerial Personnel**

Mr. Ratnakar M Gutte - Managing Director
Mr. Sunil R Gutte - Director
Mr. Vijay R Gutte - Director
Mrs. Swati R Phad - Director
Mr. Devarajan Thankappan Manamtharayil - Director

**d. Relative of Key Managerial Personnel**

Mrs. Sudhamati R. Gutte – Wife of Mr. Ratnakar. M. Gutte.

4. Figures of the previous year have been re-arranged and regrouped, wherever necessary to make them comparable to the classification of current year.

As per our Report attached

For & on behalf of Board of Directors

**Abhay Upadhye**
Partner
Membership No. 049354

For and on behalf of
**K.K.Mankeshwar & Co.**
Chartered Accountants
FRN: - 106009W

**Ratnakar M Gutte**
Managing Director

**Sunil R Gutte**
Director

Nagpur, dated the,
13th May, 2014

**Sarita Kakni**
Company Secretary

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 20 - REVENUE FROM OPERATIONS

(Figures in ₹)

| Particulars | | For the year ended 31st March 2014 Amount | For the year ended 31st March 2013 Amount |
|---|---|---|---|
| (a) | **Sale of Products** | | |
| | Structures, Boiler parts and Components | 1,599,054,173 | 1,724,167,672 |
| (b) | **Other Operating revenue** | | |
| | Job Work Receipts | 92,789,515 | 112,590,516 |
| | **Gross revenue from operations** | **1,691,843,688** | **1,836,758,188** |
| | **Less:** | | |
| (c) | **Excise duty** | 62,847,754 | 115,043,072 |
| **Net revenue from operations (a)+(b)-( c)** | | **1,628,995,934** | **1,721,715,116** |

### NOTE 21 - OTHER INCOME

(Figures in ₹)

| Particulars | | For the year ended 31st March 2014 Amount | For the year ended 31st March 2013 Amount |
|---|---|---|---|
| (a) | Sale of Scrap | 3,952,750 | 1,365,250 |
| (b) | Interest from Fixed Deposits | 3,085,477 | 1,370,087 |
| (c) | Miscellaneous Income | 25,500 | 53,400 |
| **Total** | | **7,063,727** | **2,788,737** |

### NOTE 22 - COST OF MATERIALS CONSUMED

**22.1**

(Figures in ₹)

| Particulars | | For the year ended 31st March 2014 Amount | For the year ended 31st March 2013 Amount |
|---|---|---|---|
| (a) | **Opening stock of Inventory** | | |
| | Material | 300,377,312 | 85,454,401 |
| | Add : Purchases | 1,268,200,127 | 1,534,836,991 |
| | less : Purchase return | - | - |
| | **Sub-Total(a)** | **1,568,577,439** | **1,620,291,392** |
| | Less : Closing stock of inventory | 185,010,894 | 300,377,312 |
| (b) | **Cost of material consumed** | **1,383,566,545** | **1,319,914,080** |

**22.2 Details of various raw materials**

(Figures in ₹)

| Particulars | For the year ended 31st March 2014 Amount | For the year ended 31st March 2013 Amount |
|---|---|---|
| **Breakup of raw material consumed :** | | |
| Piping & Pressure Parts | 414,935,476 | 371,282,224 |
| Stores & Spares(Consumables & Non Consumables) | 12,438,844 | 74,497,104 |
| Structures | 956,192,225 | 874,134,752 |
| | **1,383,566,545** | **1,319,914,080** |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

**22.3 Value of Imported and Indigenous goods:-**

(Figures in ₹)

| Particulars | | For the year ended 31st March 2014 | % | For the year ended 31st March 2013 | % |
|---|---|---|---|---|---|
| (a) | **Raw Material** | | | | |
| | Indigenous | 1,371,127,701 | 100% | 1,245,416,976 | 100% |
| | Imported | - | - | - | - |
| (b) | **Components & Spare Parts** | | | | |
| | Indigenous | 12,438,844 | 100% | 74,497,104 | 100% |
| | Imported | - | - | - | - |

**22.4 Value of Imports Calculated on C.I.F Basis By the Company During The Financial Year In Respect of :-**

(Figures in ₹)

| Particulars | | For the year ended 31st March 2014 Amount | For the year ended 31st March 2013 Amount |
|---|---|---|---|
| (a) | Raw Material | - | - |
| (b) | Components & Spare Parts | - | - |
| (c) | Capital Goods | 10,433,811 | 33,589,988 |

### NOTE 23 - CHANGES IN INVENTORIES IN CASE OF STOCK IN PROCESS

(Figures in ₹)

| Particulars | For the year ended 31st March 2014 Amount | For the year ended 31st March 2013 Amount |
|---|---|---|
| **Opening Stock :** | | |
| Finished Goods | 30,350,574 | - |
| Stock In Process | 23,597,420 | 19,751,338 |
| **Sub-total (a)** | **53,947,994** | **19,751,338** |
| **Closing Stock :** | | |
| Finished Goods | 22,667,991 | 30,350,574 |
| Stock In Process | 167,260,471 | 23,597,420 |
| **Sub-total (b)** | **189,928,462** | **53,947,994** |
| **Net (Increase)/ Decrease in Stocks (a-b)** | **(135,980,468)** | **(34,196,656)** |

### NOTE 24 - EMPLOYEE BENEFITS EXPENSES

**24.1**

(Figures in ₹)

| Particulars | For the year ended 31st March 2014 Amount | For the year ended 31st March 2013 Amount |
|---|---|---|
| Salaries & Wages Includes Managerial Remunration | 72,219,628 | 63,077,959 |
| Contribution to Provident & Other Funds | 2,687,695 | 2,535,559 |
| Staff and Labour Welfare Expenses | 3,882,306 | 3,839,010 |
| **Total** | **78,789,629** | **69,452,528** |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### 24.2 DEFINED BENEFIT PLAN:

The Present Value of obligation is determined based on actuarial valuation using the projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the financial obligations. The obligation for leave encashment is recognized in the same manner as gratuity.

(Figures in ₹)

| | | 31.03.14 | | 31.03.13 | |
|---|---|---|---|---|---|
| | | Gratuity | Leave encashment | Gratuity | Leave encashment |
| | | Unfunded | (Unfunded) | Unfunded | (Unfunded) |
| a) | **Reconciliation of Opening and closing balances of Defined benefit Obligation** | | | | |
| | Defined Benefit Obligation at year beginning | 1,720,648 | 3,060,053 | 1,028,980 | 1,572,247 |
| | Current Service Cost | 533,045 | 1,537,571 | 299,058 | - |
| | Interest Cost | 139,372 | 247,864 | 113,481 | - |
| | Plan Amendments | - | - | - | - |
| | Actuarial (gain)/loss | (446,624) | (2,548,959) | 280,130 | - |
| | Benefits Paid | - | - | (84,993) | - |
| | Liabilities assumed on Acquisation | - | | 83,992 | |
| | Defined benefit obligations at year end | 1,946,441 | 2,296,529 | 1,720,648 | 3,060,053 |
| b) | **Reconciliation of Opening and closing balances of Fair value of plan assets** | | | | |
| | Fair Value of plan assets at year beginning | - | - | - | - |
| | Expected Return on Plan Assets | - | - | - | - |
| | Actuarial gain/(loss) | - | - | - | - |
| | Employer's Contribution | - | - | - | - |
| | Benefit Paid | - | - | - | - |
| | Fair Value of Plan Assets at year end | - | - | - | - |
| | Actual Return on Plan Assets | - | - | - | - |
| c) | **Reconciliation of Fair value assets and obligations** | | | | |
| | Fair Value of plan assets as at year end | - | - | 1,720,648 | 3,060,053 |
| | Present Value of obligation as at year end | 1,946,441 | 2,296,529 | (1,720,648) | (3,060,053) |
| | Amount recognised in balance sheet | (1,946,441) | (2,296,529) | | |
| d) | **Expenses recognised during the period (Under the head "Employee Benefit Expenses)** | | | | |
| | Current Service Cost | 533,045 | 1,537,571 | 299,058 | - |
| | Interest Cost | 139,372 | 247,864 | 113,481 | - |
| | Past Service Cost | - | - | - | - |
| | Expected return on plan assets | - | - | - | - |
| | Actuarial (gain) / loss | (446,624) | (2,548,959) | 280,130 | - |
| | Net Cost | 225,793 | (763,524) | 692,669 | - |
| e) | **Discount Rate (Per Annum)** | 9.00% | 9.00% | 8.10% | 8.10% |
| f) | **Expected rate of return on plan assets (per annum)** | 0.00% | 0.00% | 0.00% | 0.00% |
| g) | **Salary esclation rate(per annum)** | 5.00% | 5.00% | 6.00% | 6.00% |

**Note:** Actuarial valuation has been carried out using the Projected Unit Credit Method.

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### NOTE 25 - FINANCE COSTS

(Figures in ₹)

| Particulars | For the year ended 31st March 2014 Amount | For the year ended 31st March 2013 Amount |
|---|---|---|
| Interest | 74,538,651 | 66,490,119 |
| Other Borrowing Cost | 10,132,257 | 5,372,110 |
| **Total** | **84,670,908** | **71,862,229** |

### NOTE 26 - OTHER EXPENSES

(Figures in ₹)

| Particulars | For the year ended 31st March 2014 Amount | For the year ended 31st March 2013 Amount |
|---|---|---|
| **Manufacturing Expenses** | | |
| Crane Hire charges | 8,850,239 | 5,697,703 |
| Water Charges | 1,307,767 | 1,820,685 |
| Power & Fuel | 7,362,848 | 8,728,207 |
| Repairs and Maintenance - Plant & Machinery | 1,355,565 | 2,038,802 |
| Testing & Inspection charges | 2,560,313 | 1,964,950 |
| Job work charges | 46,699,969 | 74,208,094 |
| Factory expenses | 3,319,316 | 4,085,557 |
| Service charges | 7,179,371 | 3,272,730 |
| Increase/(Decrease) in Excise Duty Provision | (1,671,441) | 3,788,216 |
| **Adminstrative Expenses** | | |
| Insurance Charges | 496,075 | 282,980 |
| Rates and Taxes, excluding taxes on Income | 353,274 | 40,349 |
| Loss due to Foreign Exchange Fluctuatuion | 2,477,882 | 351,138 |
| Office & Other Expenses | 4,254,617 | 4,980,398 |
| Travelling and Conveyance | 4,715,508 | 3,436,658 |
| Repairs and Maintenance - Buildings | 1,381,223 | 1,694,141 |
| Repairs and Maintenance - Others | 3,233,588 | 2,872,790 |
| Security Expenses | 4,664,783 | 3,562,463 |
| Rent | 3,216,555 | 3,420,194 |
| Advertisement Charges | 64,400 | 907,390 |
| Legal and Professional Charges (* Refer note 26.1) | 7,842,452 | 3,006,851 |
| Business Promotion | 1,665,660 | 3,085,850 |
| Late Delivery Charges | 91,712 | 2,311,267 |
| Interest On MSME | 951,926 | - |
| Bad Debts Written Off | - | 1,755,504 |
| Miscellaneous Expenses | - | 118,573 |
| **Selling and Distribution Expenses** | | |
| Transportation Expenses | 10,550,573 | 6,317,661 |
| **Total** | **122,924,175** | **143,749,151** |

# Notes forming part of the Balance Sheet
## as at 31st March, 2014

### 26.1 LEGAL AND PROFESSIONAL CHARGES INCLUDE :-

(Figures in ₹)

| Payment to Auditors | For the year ended 31st March 2014 | For the year ended 31st March 2013 |
|---|---|---|
| | Amount | Amount |
| For Statutory Audit | 300,000 | 300,000 |
| For Tax Audit | 50,000 | 50,000 |
| For Taxation Matters | - | - |
| For Cost Audit | 45,000 | 45,000 |
| **Total** | **395,000** | **395,000** |

### NOTE 27 - EARNINGS PER SHARE

(Figures in ₹)

| | Profit Computation for EPS | For the year ended 31st March 2014 | For the year ended 31st March 2013 |
|---|---|---|---|
| (a) | Net Profit after tax attributable to equity Shareholders | 38,821,632 | 81,208,786 |
| (b) | Weighted Number of shares for Basic Earnings per share | 5,530,000 | 5,530,000 |
| ( c) | Weighted Number of shares for Diluted Earnings per share | 5,530,000 | 5,530,000 |
| (a) / ( b) | Basic earnings per share | 7.02 | 14.69 |
| (a) /( c) | Diluted earnings per share | 7.02 | 14.69 |
| (d) | Nominal value per equity share | 10 | 10 |

# Notes

# Notes

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

Mr. Ratnakar Manikrao Gutte – Managing Director
Mr. Sunil Ratnakar Gutte – Director
Mr. Vijay Ratnakar Gutte – Director
Mrs. Swati Phad – Director
Mr. Parag A. Sakalikar – Director
Mr. M.T. Devarajan – Director

## AUDITORS

K. K. Mankeshwar & Co.
Chartered Accountants
243, "SHRIKA RESIDENCY",
Central Road, Dharampeth, Nagpur- 440010

## BANKERS

Oriental Bank of Commerce
Punjab National Bank

## R & T AGENTS

M/s. Bigshare Services Private Limited
E-2/3, Ansa Industrial Estate,
Sakivihar Road, Saki Naka,
Andheri (E), Mumbai 400072

## REGISTERED OFFICE

97, East High Court Road
Ramdaspeth
Nagpur 440010
Tel: 91-712-2562087/88, 3959214
Fax: 91-712-2562091
E-mail: info@seamlimited.com, cs@seamlimited.com

## FACTORY

1) K-43/2 Five Star Industrial Zone
MIDC, Butibori, Nagpur 441122
(M.S) India
Tel: 91-7104-265468
Fax No.: 91-7104-265467
E-mail: info@seamlimited.com,

2) K-55 Five Star Industrial Zone
MIDC, Butibori, Nagpur 441108, (M.S) India
Tel: 91-7104-265468
Fax No.: 91-7104-265467
E-mail: info@seamlimited.com

WEB SITE
www.seamlimited.com

SEAM

www.seamlimited.com