

**ANNUAL ACCOUNTS**

**YASHO INDUSTRIES  
PRIVATE LIMITED**

**FOR THE YEAR 2012 - 2013**

**AUDITORS**

**M/S JAGDISH B. SHAH & ASSOCIATS**

**MUMBAI**

## **YASHO INDUSTRIES PVT.LTD.**

### **DIRECTORS' REPORT**

To  
The Members,

Your Directors are pleased to present to you the Annual Report about the working of your Company along with Statement of Accounts of the Company for the Financial year ended 31st March, 2013.

#### **(1) FINANCIAL HIGHLIGHTS :**

The financial results of the Company for the year ended 31st March, 2013 as compared to the previous year are summarised below:-

	<b>2012/2013</b> Rs in lakhs	<b>2011/2012</b> Rs in Lakhs
Gross Sales	12062.30	13403.15
Net Profit (before Tax & Depreciation)	(295.33)	333.42
Less: Depreciation	263.31	223.71
Profit before Taxes	(558.65)	109.71
Less: Provision for Taxes		
Current Tax	Nil	24.31
Deferred Tax	(180.99)	159.03
Profit/(Loss) after Taxes	(377.66)	(73.63)

#### **(2) OPERATIONS :**

##### **INDUSTRY/ BUSINESS ENVIRONMENT/ RISKS AND CONCERNS:**

Your Company is engaged in manufacturing of specialty & Fine Chemicals for Food, Fragrance, Flavors, Pharmaceuticals, Plastic & Lubricants.

##### **FINANCIAL PERFORMANCE / INTERNAL CONTROL SYSTEM / HUMAN RESOURCES**

The company achieved a Sales turnover for year ended 31st March, 2013 of Rs.120.62 Crores compared to Rs. 134.03 Crores of the last year coupled with loss of the year of Rs. 377.66 lakhs as against Rs. 109.71 lakhs in the last year.

The decline in turnover was on account of the major fire in one of our factories in the preceding year which made it difficult for us to achieve higher sales coupled with a substantial increase in fixed as well as variable operating costs. We are however positive about the future as we have restored the damaged factory and commenced commercial production towards the end of the financial year.

Systems for internal control engaged by your company are commensurate with the level of its activities and are periodically evaluated to suitably modify or alter them to suit with changes taking place in business practices. Industrial Relations, through out the financial year ended 31st March, 2013, generally remained cordial. Your company has adopted policies whereby its employees are regularly exposed to new production techniques and or methods, thereby enabling to enhance their skills further.

## **FUTURE OUTLOOK -**

Specialty & fine chemicals being ancillary to core Food and Pharmaceuticals Industries is bound to perform in time to come with signs of increase in global & local sales. Your company is fully geared to take full advantage of benefits arising from the above. Also the Rubber product's performance should enhance the company's overall performance.

### **(3) DIVIDEND:**

In view of the heavy losses, the company does not recommend any dividend.

### **(4) CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNINGS & OUT GO :**

The requirement of disclosure of particulars with respect to conservation of Energy is not applicable to the company.

### **(5) FOREIGN EXCHANGE EARNINGS AND OUTGO :**

#### **(a) EXPORT:**

There has been substantial decline in total exports during the year ending March, 2013 of Rs 71.69 Crores as against Rs. 81.24 Crores in the previous year ending March, 2012.

#### **(b) TOTAL FOREIGN EXCHANGE USED AND EARNED:**

	<b>2012/2013</b>	<b>2011/2012</b>
	<b>Rs</b>	<b>Rs</b>
	<b>-----</b>	<b>-----</b>
Foreign Exchange Used	71,99,09,345	77,90,31,266
Foreign Exchange Earned (FOB)	67,63,63,160	78,08,64,700

### **(7) RESEARCH AND DEVELOPMENT:**

Your Company has incurred Rs.15,70,385/- towards Research and Development Expenditure. Your Directors are very optimistic about the fruits of this research. As a result of constant R & D expenses your company has developed wide range of Specialty Chemicals and Rubber Chemicals.

### **(8) PARTICULARS OF EMPLOYEES :**

There was no employee employed throughout the financial year who was in receipt of remuneration in excess of that specified in the Companies Act and therefore no particulars are given under Section 217 (2A) of the Companies Act, 1956.

### **(9) AUDITORS :**

M/s Jagdish B. Shah & Associates, Chartered Accountants, Mumbai, retire as Auditors of the Company at the conclusion of the ensuing Annual General Meeting of the Company and have given their consent for re-appointment.

### **(10) DEPOSIT :**

The Company has not accepted any deposits from public U/S. 58A of the Companies Act 1956.

### **(11) DIRECTORS RESPONSIBILITY STATEMENT:**

Pursuant to sub-section (2AA) of section 217 of the Companies Act, 1956 and on the basis of explanation and compliance certificate given by executive of the Company and subject to disclosures in the Annual Accounts and also on the basis of discussions with the Statutory Auditors of the Company from time to time, we state as under:

- (i) that in the preparation of the Annual Accounts, the applicable accounting standards had been followed;
- (ii) that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the company for that period;
- (iii) that the Directors had 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; and
- (iv) that the Directors had prepared the annual accounts on a going concern basis.

**(12) INTERNAL AUDITORS:**

With a view to strengthen the Internal Control System and subject to Statutory Provisions, the management has appointed Internal Auditors who carry out their audit on a quarterly basis.

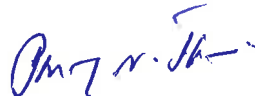
**(13) SECRETARIAL COMPLIANCE CERTIFICATE:**

The Compliance certificate received in accordance with the provisions of Section 383A(1)(a) read with the Companies (Compliance Certificate) Rules, 2001 being annexed to the Directors Report. The said compliance certificate is self explanatory and needs no comments.

**(14) ACKNOWLEDGMENT:**

The Directors would like to place on record their appreciation for co-operation and support of Members, Customers, Suppliers, Bankers and for Staff Members, Officers and Consultants.

**FOR AND ON BEHALF OF BOARD OF DIRECTORS**



**SRI PARAG V. JHAVERI  
(DIRECTOR)**

PLACE : MUMBAI  
DATE : 26/08/2013

## **STATUTORY AUDITOR'S REPORT TO THE MEMBERS OF**

### **YASHO INDUSTRIES PVT. LTD.**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of **Yasho Industries Pvt. Ltd.**, which comprise the Balance Sheet as at March 31, 2013, Profit & Loss Account for the year ended on that date and a summary of significant accounting policies and other explanatory information.

#### ***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 and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section(3C) of section 211 of the Companies Act, 1956 ('the Act').

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 misstatements, whether due to fraud or error.

#### ***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 judgment, 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. 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.

#### ***Opinion***

In our opinion and to the best of our information and according to the explanations given to us, the financial statements 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, 2013;
- (b) in the case of the Profit & Loss Account, of the loss for the year ended on that date

***Report on Other Legal and Regulatory Requirements***

1. As required by the Companies (Auditor's Report) Order, 2003 as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 (together the 'order') issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a Statement on the matters specified in paragraphs 4 & 5 of the said order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - c. the Balance Sheet and Profit & Loss Account dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet and Profit & Loss Account comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For and on behalf of  
JAGDISH B SHAH & ASSOCIATES  
Chartered Accountant  
Firm Registration No. 128216W

Jagdish B Shah  
Partner  
Membership No. 6415  
Place: Mumbai  
Date: 26/08/2013



Annexure to the Auditor's Report of even date

To the Members,

**YASHO INDUSTRIES PRIVATE LIMITED**

- 1 (a) The Company has maintained proper records showing full particulars, including quantitative details and the situation of its fixed assets.
  - (b) A major portion of fixed assets have been physically verified by the management during the year. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets & no serious discrepancies have been noticed on such verification.
  - (c) During the year the company has not disposed off any major fixed assets. In fact, the company has repaired, replaced and reinstated the assets damaged and destroyed in the fire which occurred on 13.12.2011 as referred to in our preceding year's report.
- 2 (a) The inventory have been physically verified by the management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion, the Company has maintained proper records of inventory. The discrepancies between the physical stocks and the book stocks were not material.
- 3 (a) During the year, the Company has not granted any loans to parties listed in the register maintained under Section 301 of the Companies Act, 1956;
  - (b) i) It has taken loans from 39 parties listed in the register maintained u/s 301. The outstanding balance as at the year-end of such loans was **Rs.263,395,641/-**.
  - ii) In our opinion, the loans are taken interest free and other terms on which the said loan have been taken are not, prima facie, prejudicial to the interest of the Company;
  - (c) The Company was regular in payment of principal amount as per the terms of the said loan.
  - (d) None of the above loans were overdue.
4. In our opinion and according to the information and explanations provided to us, there are adequate Internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchase of inventory, fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal controls.





- 5.(a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the Company has entered into the register the particulars of contracts/arrangements Maintained under Section 301.
- (b) On the basis of the information made available to us, the transactions made in pursuance of such arrangements have been at prices which are reasonable having regard to the prevailing market prices at the relevant time
6. The Company has not accepted any deposits from the public.
7. The requirement of an internal audit system is not applicable to the Company.
8. As per the information given to us, cost records have been prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 are being maintained by the Company.
9. (a) According to the records, information and explanations provided to us, the Company is generally regular in depositing with appropriate authorities undisputed amount of income-tax, sales tax, customs duty, service tax, cess and other statutory dues applicable to it and no undisputed amounts payable were outstanding as at 31<sup>st</sup> March, 2013 for a period of more than six months from the date they become payable except for an Appeal against penalty proceedings under the Income Tax Act for Asst. Yr. 2010-2011.
- (b) There are no disputed dues of Sales Tax, Income Tax, Customs, Excise duty, Service tax and Cess as on the last date of the Balance Sheet.
10. The Company has neither any accumulated losses but has incurred a cash loss in the current financial year.
11. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institutions and banks.
12. Based on our audit procedures and on the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
13. On the basis of the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
14. In our opinion and on the basis of the explanations made available to us, the company has used the funds of the term loan for the purpose for which it was raised.
15. On the basis of our examination of the books of accounts and the information and explanation given to us, in our opinion, the funds raised on short term basis have not been used for long-term investment and vice-versa.





16. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties covered in the Register maintained under Section 301 of the Act.
17. The Company did not have outstanding debentures during the year.
18. The Company did not raise any money by public issues during the year.
19. Based on our audit procedures performed and information and explanations given to us by the management, we report that no fraud on or by the Company has been noticed or reported during the course of audit.
20. Clause No. 4(xiii) and 4(xiv) are not applicable to the company.

PLACE: MUMBAI  
DATE : 26/08/2013



**For Jagdish B. Shah & Associates**  
*Chartered Accountants*

  
Jagdish B Shah  
Partner

**Membership No: 6415**  
Firm Registration No.: 109648S