

ANNUAL ACCOUNTS

**YASHO INDUSTRIES
PRIVATE LIMITED**

FOR THE YEAR 2013 - 2014

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, 2014.

(1) FINANCIAL HIGHLIGHTS :

The financial results of the Company for the year ended 31st March, 2014 as compared to the previous year are summarised below:-

	2013/2014 Rs in lakhs	2012/2013 Rs in Lakhs
Gross Sales	16627.31	12062.30
Net Profit (before Tax & Depreciation)	43.90	(295.33)
Less: Depreciation	272.94	263.31
Profit before Taxes	(229.04)	(558.65)
Less: Provision for Taxes		
Current Tax	Nil	NIL
Deferred Tax	(91.05)	(180.99)
Profit/(Loss) after Taxes	(137.99)	(377.66)

(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, 2014 of Rs.166.27 Crores compared to Rs. 120.62 Crores of the last year coupled with loss of the year of Rs.137.99 lakhs as against Rs. 377.66 lakhs in the last year.

The company has till date received only Rs 9,77,20,672 against the final claim of Rs 17,08,17,626 for loss of goods due to fire on 13/12/2011. The company has preferred an appeal by way of arbitration proceeding against the Insurance company on 16/04/2014 for Rs7,30,96,954 the amount being short received for loss of goods and we are hopeful of a positive outcome. Awaiting decision on the said matter, we have not expensed the said short receipt as loss by fire in the current 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, 2014, 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 increase in total exports during the year ending March, 2014 of Rs 101.60 Crores as against Rs. 71.69 Crores in the previous year ending March, 2013.

(b) TOTAL FOREIGN EXCHANGE USED AND EARNED:

	2013/2014	2012/2013
	Rs	Rs
	-----	-----
Foreign Exchange Used	97,32,58,203	71,99,09,345
Foreign Exchange Earned (FOB)	97,26,68,157	67,63,63,160

(7) RESEARCH AND DEVELOPMENT:

Your Company has incurred Rs.15,89,938/- 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

**SHRI PARAG V. JHAVERI
(MANAGING DIRECTOR)**

PLACE : MUMBAI
DATE : 13/07/2014

INDEPENDENT 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 comprises the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss Account and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's 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 notified under the 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 and in accordance with the accounting principles generally accepted in India. 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

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, but not for the purpose of expressing an opinion on effectiveness of the 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.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2014;
- (b) in the case of the Statement of Profit & Loss Account, of the loss for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company 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 (the Order) issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraph 4 and 5 of the 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, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the Balance Sheet, the Statement of Profit & Loss and the Cash Flow Statement comply with the Accounting Standards notified under 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.
 - e. on the basis of written representations received from the directors as on March 31, 2014, taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, from being appointed as a director in terms of Section 274(1)(g) of the Act.

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: 18/07/2014



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.
 - (d) The Company has not disposed of fixed assets having, affect on going concern.
- 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 34 parties listed in the register maintained u/s 301. The outstanding balance as at the year-end of such loans was **Rs.38,25,39,761/-**.
 - ii) In our opinion, the rate of interest 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 not entered into transaction which need to be entered into the register 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 company has a system of internal audit which, in our opinion, is commensurate with its size and the nature of its business.
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 31st March, 2014 for a period of more than six months from the date they become payable.
- (b) There is no disputed dues in respect of Income tax, sales tax, wealth tax, excise duty, custom duty and cess which has not been deposited. The following are the particulars of Service tax dues not deposited under protest by the company on account of disputes given below,

Nature of Statue	Nature of Dues	Amount Involved (Rs.)	Period to which the Amount relates	Forum where dispute is pending
The Finance Act 2013, and the Service Tax Rules	Wrong availment of Cenvat Credit of Service Tax paid on bill raised by companies for treating waste & effluent outside the factory.	Rs 83,436	Dec-12 to Dec-13	JRO/JAC to examine.
The Finance Act 2013, and the Service Tax Rules	Non-payment of Service tax payable under reverse charge on Director's remuneration	Yet to ascertain	Dec-12 to Dec-13	JRO/JAC to examine.



10. The Company has accumulated losses at the end of the financial year and it has not incurred cash loss during the year. However cash loss was incurred in the immediately preceding 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 : 18/07/2014



For Jagdish B. Shah & Associates
Chartered Accountants


Jagdish B Shah
Partner

Membership No: 6415
Firm Registration No.: 109648S