

# **AUDIT REPORT**



## **SOMI CONVEYOR BELTINGS LIMITED**

***FOR THE YEAR***  
***2013-2014***

**P. SINGHVI & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**  
**D-166, SHASTRI NAGAR**  
**JODHPUR (RAJ.)**

## **INDEPENDENT AUDITOR'S REPORT**

TO  
THE MEMBERS  
SOMI CONVEYOR BELTINGS LTD.  
JODHPUR (RAJASTHAN)

We have audited the accompanied financial statements of **SOMI CONVEYOR BELTINGS LIMITED**, which comprises of the Balance Sheet as on 31<sup>st</sup> March, 2014 and the Statement of Profit and Loss and Cash Flow statement for the year ended 31<sup>st</sup> March, 2014 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 the 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 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 fair presentation of the financial statements that 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. These 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 misstatements.

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 in the financial statements, whether due to fraud or an error. In making these 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 the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are 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 adequate 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 Profit and Loss Statement, 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.

### **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 sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 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 accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
- (e) 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 March 31, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

FOR P.SINGHVI & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN 113602W

  
(PRAVEEN SINGHVI)  
PARTNER  
M.No. 71608



PLACE : JODHPUR  
DATED: 30<sup>TH</sup> MAY, 2014

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH, 2014 OF SOMI CONVEYOR BELTINGS LTD.**

On the basis of such checks as we considered appropriate and according to the information and explanations given to us during the course of audit, we state that:

- i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets are physically verified by the management during the year and no material discrepancies between the book records and the physical records have been noticed.
- (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the period.
- ii) (a) The inventory has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventory as compared to book records, were not material.
- iii) (a) The company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
- (b) The company has not taken unsecured loans from directors on the Balance Sheet date.
- iv) In our opinion and according to the information and explanations given to us, certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system that commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v) (a) In our opinion and according to the information and explanations given to us, during the year under audit, the contracts and arrangements which need to be entered in the register, have been duly entered under section 301 of the Companies Act, 1956.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the rupees five lacs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) In our opinion and according to the information and explanations given to us, the company has not taken any deposit under Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- vii) In our opinion the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the management commensurate with the size of the company and the nature of its business.
- viii) We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the central government under Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

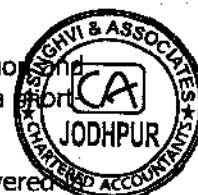


- ix) (a) In our opinion and according to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Customs duty, Excise duty, Cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Provident Fund, Wealth Tax, Custom Duty, ESI, service tax and cess as at March 31, 2014 on account of any dispute. The dues of income tax, sales tax Entry Tax as discussed below have not been deposited by company on account of disputes.

Name of the Statute	Nature of dues	Amount (in Rs.)	Period to which the amount relates	Forum where dispute is pending
Entry Tax Demand	Entry Tax	266131.00	A.Y 2005-06, 2006-07 & 2007-08	Hon. High Court
Entry Tax Demand	Entry Tax	239008.00	A.Y 2005-06 & 2006-07	Hon. High Court
Income Tax Demand	Income Tax	4657870.00	A.Y. 2010-11	CIT(Appeal)
Sales Tax Penalty	Sales Tax	146947.00	A.Y. 2008-09	Commissioner (A) Commercial Tax Department
Sales Tax Demand	Sales Tax (ITC)	1316184.00	A.Y. 2008-09	Commissioner (A) Commercial Tax Department
		300000.00	A.Y. 2009-10	

Note: Income tax demand, Sales tax demand, sales tax Penalty in respect of appeal is pending but Amount is already paid to department.

- x) The Company has no Accumulated losses as at March 31, 2014 and it has not incurred any cash losses in the year ended on that date or in the immediately preceeding financial year.
- xi) According to the records of the Company examined by us and the information and explanations given to us, the company has not defaulted in repayment of dues to any bank as at the balance sheet date.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund / nidhi / mutual benefit company / societies are not applicable to the company.
- xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.
- xvi) In our opinion and according to the information and explanations given to us, the term loan taken by the company has been applied for the purpose for which they were raised.
- xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short term basis, which have been used for long-term investment.
- xviii) The Company has not made preferential allotment of shares to parties and companies covered



the register maintained under Section 301 of the Companies Act, 1956 during the year.

- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause 4(xx) of the Order are not applicable to the company.
- xxi) During the course of examination of the books and records of the Company, carried out in accordance with the Generally Accepted Auditing Practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor we have been informed of such case by the management.

FOR P.SINGHVI & ASSOCIATES  
CHARTERED ACCOUNTANTS  
FRN 113602W

*P Singh*  
(PRAVEEN SINGHVI)  
PARTNER  
M.No. 71608



PLACE : JODHPUR  
DATED: 30<sup>TH</sup> MAY, 2014



**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**

**BALANCE SHEET AS AT 31<sup>st</sup> MARCH, 2014**

PARTICULARS	NOTE	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
<b><u>EQUITY AND LIABILITIES</u></b>			
<b><u>Shareholders' Fund</u></b>			
Share Capital	1	117796560	117796560
Reserves & Surplus	2	399415040	363378776
<b><u>Share Application Money Pending Allotment</u></b>			
<b><u>Non Current Liabilities</u></b>			
Long Term Borrowings	3	951184	64906588
Deferred Tax Liability	4	8589964	6847639
Other Long Term Liabilities	5	16190152	13754788
Long Term Provisions	6	619463	1732934
<b><u>Current Liabilities</u></b>			
Short Term Borrowings	7	132234534	89138307
Trade Payables	8	35920815	51318927
Other Current Liabilities	9	108770773	106522247
Short Term Provisions	10	508949	364458
<b>TOTAL</b>		<b>820997433</b>	<b>815761224</b>
<b><u>ASSETS</u></b>			
<b><u>Non Current Assets</u></b>			
Tangible Assets	11	366188698	348546219
Intangible Assets	11	32000	-
Capital Work-In-Progress	11	22801214	29329191
Non Current Investments	12	3000	3000
Long Term Loans and Advances	13	8736431	4851262
Other Non Current Assets	14	9075183	12261855
<b><u>Current Assets</u></b>			
Inventories	15	140182575	129898090
Trade Receivables	16	145726117	141417356
Cash and Bank Balances	17	59498141	42020962
Short Term Loans and Advances	18	28467982	34932028
Other Current Assets	19	40286092	72501261
<b>TOTAL</b>		<b>820997433</b>	<b>815761224</b>

**Significant Accounting Policies  
and Notes on Accounts**

1 To 33

Schedules & Notes referred to above form an integral part of Financial Statements.

AS PER OUR REPORT OF EVEN DATE ATTACHED.

FOR P.SINGHVI & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 FRN 113602W

*P Singh*  
 (PRAVEEN SINGHVI)  
 PARTNER  
 M.NO. 71608



PLACE : JODHPUR  
 DATED : 30<sup>TH</sup> MAY, 2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

*O.P. Bhansali*  
 O.P. BHANSALI  
 (MANAGING DIRECTOR)

*Gaurav Bhansali*  
 GAURAV BHANSALI  
 (WHOLE TIME DIRECTOR)

*Amit Baxi*  
 AMIT BAXI  
 (COMPANY SECRETARY)



**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**

**STATEMENT OF PROFIT & LOSS ACCOUNT STATING EBITDA FOR THE YEAR ENDED ON 31<sup>st</sup> MARCH, 2014**

PARTICULARS	NOTE	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
<b>INCOME</b>			
Revenue from Operations	20	655170454	793948562
Other Income	21	3121208	7158866
		<u>658291662</u>	<u>801107428</u>
<b>EXPENDITURE</b>			
Cost of Material Consumed	22	430805964	496107747
Changes in Inventories of Finished Goods and WIP	23	16524607	77151095
Employee Benefits Expenses	24	11165944	13290112
Finance Cost	25	20118039	30633098
Depreciation	26	40161052	42774585
Other Expenses	27	85777122	81522475
		<u>604552728</u>	<u>741479112</u>
<b>Profit Before Tax</b>		53738934	59628316
Provision for Current Tax		(15960345)	(20642871)
Deferred Tax (Liability)/Asset		(1742325)	414212
<b>Profit After Tax</b>		36036264	39399657
<b>Balance brought forward</b>		127105955	87706298
<b>Balance carried forward to Balance Sheet</b>		163142219	127105955
<b>EARNING PER SHARE (Basic &amp; Diluted)</b>	28	3.06	3.34
<b>Significant Accounting Policies and Notes on Accounts</b>	1 To 33		

Schedules & Notes referred to above form an integral part of Financial Statements.

AS PER OUR REPORT OF EVEN DATE ATTACHED.

FOR P.SINGHVI & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 FRN 113602W

  
 (PRAVEEN SINGHVI)  
 PARTNER  
 M.NO. 71608



PLACE : JODHPUR  
 DATED : 30<sup>th</sup> MAY, 2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

  
 O.P.BHANSALI  
 (MANAGING DIRECTOR)

  
 GAURAV BHANSALI  
 (WHOLE TIME DIRECTOR)

  
 AMIT BAXI  
 (COMPANY SECRETARY)





**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2014**

PARTICULARS	For the year ended 31.03.2014	For the year ended 31.03.2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	53,738,934	59,628,316
Add: Depreciation Charged	40,161,052	42,774,585
Preliminary Expenses written off	2,959,899	2,959,898
Interest Charged	12,262,840	22,487,169
	109,122,725	127,849,968
Less: Interest Received	(1,955,685)	(1,970,023)
<b>Operating Profit Before Working Capital Changes</b>	<b>107,167,040</b>	<b>125,879,945</b>
Trade and Other Receivables	(1,122,089)	(83,654,983)
Inventories	(10,284,485)	68,499,420
Trade Payables & Provisions	(59,616,544)	30,889,532
Loans & Advances and Other Current Assets	46,699,316	(6,630,714)
Advance Tax Paid	(10,980,000)	(14,500,000)
<b>Cash Generated From Operating Activities</b>	<b>71,863,238</b>	<b>120,483,200</b>
Direct Taxes Paid	(5,968,330)	(6,251,450)
<b>Net Cash Flow From Operating Activities (a)</b>	<b>65,894,908</b>	<b>114,231,750</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase /Acquisition of Fixed Assets	(51,307,554)	(20,507,113)
Security Deposit	(3,885,169)	3,047
Interest Received	1,955,685	1,970,023
<b>Net Cash used in Investing Activities (b)</b>	<b>(53,237,038)</b>	<b>(18,534,043)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Secured Loans	17,082,149	(52,315,779)
Unsecured Loans	-	(16,744,086)
Interest Paid	(12,262,840)	(22,487,169)
<b>Net Cash from Financing Activities (c)</b>	<b>4,819,309</b>	<b>(91,547,034)</b>
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents (a+b+c)</b>	<b>17,477,179</b>	<b>4,150,673</b>
Cash & Cash Equivalent At The Beginning of The Year	42,020,962	37,870,289
Cash & Cash Equivalent At The End of The Year	59,498,141	42,020,962

Notes: The above cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard 3 (Revised) on Cash Flow Statements as prescribed by Companies (Accounting Standard) Rules, 2006.

FOR P.SINGHVI & ASSOCIATES  
 CHARTERED ACCOUNTANTS  
 FRN 113602W

*P Singhvi*  
 (PRAVEEN SINGHVI)  
 PARTNER  
 M.NO. 71608



PLACE : JODHPUR  
 DATED : 30<sup>TH</sup> MAY, 2014

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

*O.P. Bhansali*  
 O.P. BHANSALI  
 (MANAGING DIRECTOR)

*Gaurav Bhansali*  
 GAURAV BHANSALI  
 (WHOLE TIME DIRECTOR)

*Amit Baxi*  
 AMIT BAXI  
 (COMPANY SECRETARY)



**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

PARTICULARS	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
<b>1 SHARE CAPITAL</b>		
<u>Authorised</u>		
25000000 Equity Shares of Rs.10 each	<u>250000000</u>	<u>250000000</u>
<u>Issued, Subscribed &amp; Paid up</u>		
11779656 Equity Shares of Rs.10 each fully paid up	<u>117796560</u>	<u>117796560</u>
	<u>117796560</u>	<u>117796560</u>

**1.1 The details of shareholders holding more than 5% shares :**

Name of Shareholders	Current Year		Previous Year	
	No. of Shares	% held	No. of Shares	% held
Om Prakash Bhansali	4412658	37.46	4162658	35.34
Om Kumari Bhansali	989394	8.40	989394	8.40

**1.2 The reconciliation of the number of shares outstanding is set out below:**

Particulars	Current Year	Previous Year
	No. of Shares	No. of Shares
Equity shares at the beginning of the year	11779656	11779656
Add: Shares issued	0	0
Less: Shares buy back	0	0
Equity Shares at the end of the year	<u>11779656</u>	<u>11779656</u>

**2 RESERVES AND SURPLUS**

General Reserve	0	0
Security Premium	181816800	181816800
Re- Valuation Reserve	54456021	54456021
Net Profit		0
As per Last Balance Sheet	127105955	87706298
Add: Appropriated during the year	36036264	39399657
	<u>399415040</u>	<u>363378776</u>





**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)

**3 LONG TERM BORROWINGS**

**Secured Loans**

Foreign Currency Loans- Buyer's Credit	0	63307288
HDFC Car Loan	951184	1599300
	<b>951184</b>	<b>64906588</b>

3.1. HDFC Car Loan is secured by way of Hypothecation of Car.

Maturity Profile of HDFC Car Loan are set out below:

Rate of Interest	2014-15	2015-16
10%	765000	255000

**4 DEFERRED TAX LIABILITY (NET)**

Depreciation	8926081	7435114
Provision for Gratuity	(245895)	(535477)
Liability allowed on payment basis	(90222)	(51998)
	<b>8589964</b>	<b>6847639</b>

**5 OTHER LONG TERM LIABILITIES**

Trade Payables	1330962	302734
Payables on purchase of Fixed Assets	14859190	13452054
	<b>16190152</b>	<b>13754788</b>





**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
<b>6 LONG TERM PROVISIONS</b>		
Provision for Gratuity	619463	1732934
	<u>619463</u>	<u>1732934</u>
<b>7 SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
Working Capital Loan (PNB Jodhpur)	85026844	89138307
PNB Packing Credit	9916467	0
PNB Buyer's Credit	37291223	0
	<u>132234534</u>	<u>89138307</u>
<b>7.1 Working Capital Loan is secured by way of Hypothecation of Current Assets present and future including entire stocks, raw materials, consumable stores and spares, finished goods and book debts.</b>		
<b>8 TRADE PAYABLES</b>		
Micro, Small and Medium Enterprises	0	0
Others	35920815	51318927
	<u>35920815</u>	<u>51318927</u>
<b>9 OTHER CURRENT LIABILITIES</b>		
Creditors for Capital Expenditure	3648469	921673
Term Loan Instalment due within one year	37941327	0
Forward Contract Payable	40032846	66637740
Advance from Customers	4178551	10111470
Other Payables	22969580	28851364
	<u>108770773</u>	<u>106522247</u>

**9.1 Other payables comprises of creditors for expenses and statutory dues.**





SOMI CONVEYOR BELTINGS LIMITED  
4F-16, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014

**NOTE 11**

**FIXED ASSETS (CONSOLIDATED)**

PARTICULARS	GROSS BLOCK AS ON 01-04- 2013	ADDITIONS DURING THE YEAR	DEDUCTIONS/ ADJUSTMENT	TOTAL	RATE	DEPRECIATION				W.D.V.	
						AS AT	CURRENT	DEDUCTIONS/	TOTAL	AS ON	AS ON 31.03.2014
						01.04.2013	YEAR	ADJUSTMENT		31.03.2013	
<b>Tangible Assets</b>											
Land	59379925	0	0	59379925	NIL	NIL	NIL	0	0	59379925	59379925
Building	106104666	9004214	0	115108880	10.00%	37935688	6972969	0	44908657	68168978	70200223
Computer	1987549	44530	0	2032079	40.00%	1514005	196431	0	1710436	473544	321643
Plant & Machinery	330938558	48690761	85500	379541819	13.91%	118168241	31217339	0	149385580	212768317	230156239
Furniture & Fixtures	5033140	141526	0	5174666	18.10%	1608415	642728	0	2251143	3424725	2923523
Vehicles	7500126	0	0	7500126	25.89%	3226804	1106363	0	4333167	4273322	3166959
Vehicles (c)	270978	0	0	270978	30.00%	213570	17222	0	230792	57408	40186
<b>Total</b>	<b>511212942</b>	<b>57881031</b>	<b>85500</b>	<b>569008473</b>		<b>162666723</b>	<b>40153052</b>	<b>0</b>	<b>202819775</b>	<b>348546219</b>	<b>366188698</b>
<b>Intangible Assets</b>											
Trade Mark	0	40000	0.00	40000		0.00	8000.00	0.00	8000	0	32000
Capital WIP	29329191		6527977	22801214		0	0	0	0	29329191	22801214
<b>TOTAL</b>	<b>540542133</b>	<b>57921031</b>	<b>6613477</b>	<b>591849687</b>		<b>162666723</b>	<b>40161052</b>	<b>0</b>	<b>202827775</b>	<b>377875410</b>	<b>389021912</b>

The gross block of Fixed Assets includes Rs. 54456021 on account of revaluation of Land as at 15.02.2006 (Rs. 32000000), 16.02.2006 (Rs. 6693991), 26.03.2010 (Rs. 15762030)

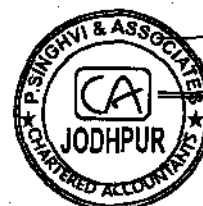




**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
<b>10 SHORT TERM PROVISIONS</b>		
Provision for Leave Encashment	508949	364458
	<u>508949</u>	<u>364458</u>
<b>12 NON CURRENT INVESTMENT</b>		
In Govt. Securitles - Unquoted		
National Saving Certificate	3000	3000
	<u>3000</u>	<u>3000</u>
<b>13 LONG TERM LOANS AND ADVANCES</b>		
(Unsecured and Considered Good)		
Security Deposits	8736431	4851262
	<u>8736431</u>	<u>4851262</u>
<b>14 OTHER NON CURRENT ASSETS</b>		
Long Term Trade Receivables	9075183	12261855
	<u>9075183</u>	<u>12261855</u>
<b>15 INVENTORIES</b>		
Stock of Raw Materials	121258117	94449025
Work-In-Progress	3218000	6575000
Finished Goods	15706458	28874065
	<u>140182575</u>	<u>129898090</u>
<b>16 TRADE RECEIVABLES</b>		
(Unsecured and Considered Good)		
More Than Six Months	17455097	19747783
Less Than Six Months	128271020	121669573
	<u>145726117</u>	<u>141417356</u>
<b>17 CASH AND BANK BALANCES</b>		
Cash In Hand	1420512	5895541
With Scheduled Bank in Current A/c	339279	8148501
FDR (For BG/LC Margin)	57738350	27976920
	<u>59498141</u>	<u>42020962</u>





**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	CURRENT YEAR	PREVIOUS YEAR
	AMOUNT (Rs.)	AMOUNT (Rs.)
<b>18 SHORT TERM LOANS AND ADVANCES</b>		
Loans and Advances to Staff	729043	1162570
(Unsecured and Considered Good)		
Prepaid Expenses	1266278	1201720
Balance With Revenue Authorities	19745661	25840738
Others	6727000	6727000
	<u>28467982</u>	<u>34932028</u>

18.1 Others comprises share application money which is not yet allotted.

**19 OTHER CURRENT ASSETS**

Unbilled Revenue	1030670	2268997
Unamortised Premium on Forward Contract	390540	2743002
Share Issue Expenses	0	2959899
Forward Contract Receivable	37101826	62792447
Duty Drawback Receivable	437031	1405412
Export Incentive Receivable	860393	0
Others	465632	331504
	<u>40286092</u>	<u>72501261</u>

19.1 Unbilled Revenue comprises of Advance to raw material suppliers and Advance against factory expenses.

**20 REVENUE FROM OPERATIONS**

Sale of Products	726890634	877562152
Other Operating Revenue	1534430	3225889
Less: Central Excise Duty	(73254610)	(86839479)
	<u>655170454</u>	<u>793948562</u>

**20.1 Sale of Products Comprises of:**

Manufactured goods		
Conveyor Belt	718649954	863741294
Rubber Sheet	8240680	13820858
	<u>726890634</u>	<u>877562152</u>





**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

## CURRENT YEAR

## PREVIOUS YEAR

## AMOUNT (Rs.)

## AMOUNT (Rs.)

20.2 Other Operating Income comprises of income from export incentive & Duty Drawback .

**21 OTHER INCOME**

Interest	2252416	1970023
Income on cancellation of forward contract	0	831240
Other Income	868792	4357603
	<u>3121208</u>	<u>7158866</u>

21.1 Interest income comprises of interest receivable on FDR of Rs.1829305 (Previous Year Rs. 1841995) & Interest received on deposit to JVVN of Rs.126380 (Previous Year Rs. 128028) and other Interest.

21.2 Other Income includes discount received and insurance Claim of Rs. 651240.

**22 COST OF MATERIAL CONSUMED**

	% of Consumed	Amount	% of Consumed	Amount
Imported	32.39	139552312	27.57	136775455
Indigenous	67.61	291253652	72.43	359332292
	<u>100</u>	<u>430805964</u>	<u>100</u>	<u>496107747</u>

**22.1 PARTICULARS OF MATERIAL CONSUMED**

Carbon	20983326	27539555
Chemical	38415829	48899302
Fabric	134819936	137252773
Process Oil	7971211	9789915
Rubber	224225985	271485877
Steel Cord	432390	0
Others	3957287	1140325
	<u>430805964</u>	<u>496107747</u>







**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (Rs.)		AMOUNT (Rs.)	
<b>23 CHANGES IN INVENTORIES OF FINISHED GOODS &amp; WIP</b>				
<b>Inventories (at closing)</b>				
Finished Goods	15706458		28874065	
WIP	<u>3218000</u>	18924458	<u>6575000</u>	35449065
<b>Inventories (at beginning)</b>				
Finished Goods	28874065		95400160	
WIP	<u>6575000</u>	35449065	<u>17200000</u>	112600160
		<u><b>16524607</b></u>		<u><b>77151095</b></u>
<b>24 EMPLOYEE BENEFITS EXPENSES</b>				
Salaries & Wages	11641684		12316228	
Contribution to Provident Fund & Other Fund	391131		464945	
Gratuity (Unfunded)	(937157)		339925	
Staff Welfare Expenses	<u>70286</u>		<u>169014</u>	
	<u><b>11165944</b></u>		<u><b>13290112</b></u>	

**24.1** Leave Encashment given by company is not retirement benefit but it is encashed in every year.

**24.2** As per Accounting Standard 15 "Employee Benefits" the disclosures as defined in the Accounting Standard are given below:

**Defined Contribution Plans**

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Employer's contribution to Provident Fund	213694	246750
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**Defined Benefit Plans**

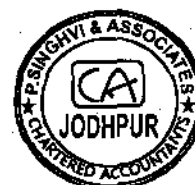
The employee's gratuity scheme managed by LIC is a defined as benefit plan. The present value of obligation is on actuarial valuation using the Projected Unit Credit Method, which recognises each period of services as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.

**24.3** Excess Provision on account of Gratuity made due to technical error amounting to Rs. 937157, no



**SOMI CONVEYOR BELTINGS LIMITED****4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR****NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (Rs.)		AMOUNT (Rs.)	
<b>25 FINANCE COSTS</b>				
Interest		12262840		22487169
Other Borrowing Cost		7855199		8145929
		<u>20118039</u>		<u>30633098</u>
<b>26 DEPRECIATION AND AMORTISATION COSTS</b>				
Depreciation		40161052		42774585
		<u>40161052</u>		<u>42774585</u>
<b>27 OTHER EXPENSES</b>				
<b>Manufacturing Expenses</b>				
Power & Fuel	18868306		21523342	
Consumable Stores	5503005		4314809	
Repairs & Maintenance	9147192		3946337	
Testing Charges	119390		178184	
Factory Expenses	557980		466986	
Freight Expenses	6804939		5957337	
Packing Expenses	4820166		4494132	
Water Expenses	318850	46139828	246130	41127257
<b>Selling and Distribution Expenses</b>				
Selling and Distribution Expenses	20588583	20588583	24874696	24874696
<b>Other Expenses</b>				
Administrative Expenses	6743325		5309189	
Auditor's Remuneration	325000		320000	
Insurance	1363002		2350344	
Charity and Donation	0		11000	
Loss on foreign currency transactions and translation	5205972		3674941	
Office Rent	2114000		427500	
Other Expenses	337514		467649	





**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	CURRENT YEAR		PREVIOUS YEAR	
	AMOUNT (Rs.)		AMOUNT (Rs.)	
Amortisation of share issue expenses	2959899	19048712	2959899	15520522
		<u>85777122</u>		<u>81522475</u>

**27.1 VALUE OF CONSUMABLE STORES AND RAW MATERIAL CONSUMED:**

	% of Consumed	Amount	% of Consumed	Amount
Imported	0	0	0	0
Indigenous	100	5503005	100	4314809
	<u>100</u>	<u>5503005</u>	<u>100</u>	<u>4314809</u>

**27.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF**

Raw Materials and Stock -in-Trade	142502718	119295706
Capital Goods	34834800	0
	<u>177337518</u>	<u>119295706</u>

**27.3 PAYMENT TO AUDITORS AS:**

Internal Audit Fees	80000	80000
Statutory Audit Fees	120000	120000
Cost Audit Fees	25000	20000
Tax Audit Fees	50000	50000
Professional Fees	50000	50000
	<u>325000</u>	<u>320000</u>

**27.4 EXPENDITURE IN FOREIGN CURRENCY:**

Repair to Machinery	3377539	-
Travelling Expenses	<u>1442810</u>	<u>432489</u>

**28 EARNINGS PER SHARE**

i) Net profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.)	36036264	39399657
ii) No. of Weighted Average Equity Shares	11779656	11779656
iii) Basic and Diluted Earnings per share (Rs.)	3.06	3.34
iv) Face Value per equity share (Rs.)	10	10





**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**  
**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
<b>29 EARNINGS IN FOREIGN EXCHANGE</b>		
FOB value of Exports	53606576	87072108
	<u>53606576</u>	<u>87072108</u>

**30 RELATED PARTY DISCLOSURES:**

(i) S.N. Name of the Related Party	Relationship
1 O.P. Bhansali	
2 Vimal Bhansali	
3 Gaurav Bhansali	Key Managerial Personnel (KMP)
4 Om Kumari Bhansali	
5 Priya Bhansali	
6 Ruchi Bhansali	
7 Madhu Mehta	Relative of Key Managerial Personnel (RKMP)
8 Oliver Micon Inc.	
9 Earth Movers enterprises	
10 OM Prakash Bhansali HUF	
11 Vimal Bhansali HUF	
12 Gaurav Bhansali HUF	
13 Ghunguru Hotels & Resorts Ltd.	KMP/RKMP exercise significant influence

**(ii) Transactions during the year with related parties :**

Nature of Transactions	Key Managerial Personnel	Relative of key Managerial Personnel	Entities in which KMP/RKMP have significant influence
Sale of Goods	0	0	6152056
Managerial Remuneration	1440000	0	0
Purchase & Other Expenses	2030000	204000	1523445





**SOMI CONVEYOR BELTINGS LIMITED**  
**4F-15, "OLIVER HOUSE", NEW POWER HOUSE ROAD, JODHPUR**

**NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2014**

	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
<b>Balance as at 31<sup>st</sup> March, 2014</b>		
Trade Receivable	441336	460944
Loans	<u>0</u>	<u>0</u>
<b>31 FINANCIAL AND DERIVATIVE INSTRUMENTS</b>		
Derivative contracts entered into by the company and outstanding as on 31 <sup>st</sup> March, 2014		
For Hedging Currency Related Risks :		
Forward Contract Payable	40032846	66637740
<b>32 CONTINGENT LIABILITIES AND COMMITMENTS</b>		<b>Rs. (In Lakhs)</b>
(i) Claims against company disputed liabilities		
Entry Tax Demand	4.59	4.59
(ii) Guarantees		
Performance Guarantees	749.00	617.51
Financial Guarantee	84.84	4.76
Guarantee against Buyer's Credit	373.24	531.07
(iii) Letter of credit	73.60	307.23

**33** The Company is in the process of identifying Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium development Act, 2006. Hence, disclosure relating to amounts unpaid as at the year end together with interest payable thereon has not been given.





## **SIGNIFICANT ACCOUNTING POLICIES**

### **1. ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention, except for certain fixed assets which are revalued, from books of accounts maintained on an accrual basis, in conformity with all material aspects with the Generally Accepted Accounting Principles and comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 and the relevant provisions of the Companies Act, 1956 and 2013.

### **2. FIXED ASSETS AND DEPRECIATION**

- a) Fixed Assets are stated at cost (net of cenvat/value added tax) including freight, duties, customs, adjustments arising from exchange rate variation and other incidental expenses relating to acquisition and installation and includes amount added on revaluation, less accumulated depreciation and impairment loss, if any.
- b) Depreciation has been provided on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.
- c) Capital work-in-progress- Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

### **3. INVESTMENTS**

Long term investments intended to be held for more than a year from the date of acquisition, are classified as long term investments and are carried at cost. Provision is made for diminution, other than temporary, in value of investments. Current investments are valued at lower of cost and market value.

### **4. INVENTORIES**

Items of inventories are measured at lower of cost or net realizable value. Cost of Raw material, stores and spares are determined on first in first out basis. Cost of finished goods and semi-finished goods include cost of raw materials and packing materials, cost of conversion and other costs incurred in bringing the inventories to the present location and condition.

### **5. REVENUE RECOGNITION**

Revenue from sale of goods is accounted for on the basis of dispatch of goods. Sales are inclusive of Excise Duty and net of sales return and trade discounts. Interest Income is accounted on accrual basis.

### **6. TAXATION**

#### **a) INCOME TAX PROVISION**

The provision for taxation is based on assessable profits of the company as determined under the Income Tax Act, 1961.

#### **b) DEFERRED TAX**

As per AS-22 issued by the Institute of Chartered Accountants of India, deferred tax is recognized, subject to the consideration of prudence, on timing differences being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred Tax Asset is not recognised unless there are timing differences, the reversal of which will result in sufficient income or there is virtual certainty that sufficient future taxable income will be available against which such deferred tax asset can be realized.





## **7. FOREIGN CURRENCY TRANSACTIONS**

Foreign currency transactions are accounted for at the exchange rate prevailing on the transaction date. Gain / loss arising out of fluctuation in rate between transaction date and settlement date in respect of revenue items are recognised in the Profit and Loss Account.

Monetary Assets and Liabilities in foreign currency are translated at the year end at the closing exchange rate and the resultant exchange differences are recognised in the Profit and Loss Account.

Non monetary foreign currency items are carried at cost.

### Accounting for Forward Contracts

In case of items which are covered by forward exchange contracts, the difference between the year end rate and rate on date of contracts is recognized as exchange difference and the premium paid on forward contracts is recognized over the life of the contract.

## **8. INTANGIBLE ASSETS**

Intangible Assets are stated at cost of acquisition net of recoverable taxes less accumulated amortization. All costs, including financing costs till commencement of commercial production and adjustments arising from exchange rate variations attributable to the intangible assets, are capitalized.

## **9. RETIREMENT BENEFITS**

### **(i) Defined Contribution Plans**

The company has a Defined Contribution Plan for post employment benefits namely Provident Fund which is administered through appropriate authorities.

The Company makes contributions to state plans namely Employees' State Insurance Fund and has no further obligation beyond making the payment to them.

The Company's contributions to the above funds are charged to revenue every year.

### **(ii) Defined Benefit Plan**

The gratuity will be paid as and when employee leaves. Liability towards gratuity is based on actuarial valuation carried out by the an authorized actuary which is in compliance with AS-15(revised) issued by the Institute of Chartered Accountants of India.

## **10. BORROWING COST**

Borrowing Costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised till the month in which the asset is ready to use as part of the cost of that asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Account.

## **11. IMPAIRMENT OF FIXED ASSETS**

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

## **12. OPERATING LEASE**

(a) Operating lease payments are recognised as an expense in the Profit and Loss Account.

(b) Finance lease is taken at lower of fair value of the assets and present value of the minimum lease rentals and is capitalized as fixed assets with corresponding amount shown as lease liability. The principal component in the lease rental is adjusted against the lease liability and the interest component is charged to Profit and Loss Account. All assets given on finance lease are shown as receivables at an amount equal to net investment in the lease. Initial direct costs in respect of the lease are expensed in the year in which such costs are incurred. Income from lease assets is accounted by applying the interest rate implicit in the lease to the net investment.





### **13. INSURANCE CLAIMS**

Insurance claims are accounted for on the basis of claims admitted or expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

### **14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities, if any, are not provided for in the financial statements. However, they are separately disclosed by way of notes on accounts. Contingent Assets are neither recognised nor disclosed in the financial statements.

### **15. USE OF ESTIMATES**

The presentation of the financial statements in conformity with the Generally Accepted Accounting Principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses and disclosure of contingent liabilities. Such estimates and assumptions are based on management's evaluation of relevant facts and circumstances as on the date of financial statements. Difference between the actual results and estimates are recognised in the period in which the results are known/ materialized.

### **16. EARNING PER SHARE**

As per AS-20 issued by The Institute of Chartered Accountants of India basic earnings per share is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per share are computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except where the results would be anti-dilutive.

### **17. CASH AND CASH EQUIVALENTS**

Cash comprises cash in hand & demand deposits with banks. Cash equivalents are short term (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **18. CASH FLOW STATEMENT**

Cash flows are reported using the indirect method, whereby profit before extraordinary items and tax is adjusted for the effects of transactions of non – cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the company are segregated based on the available information.

### **19. SHARE ISSUE EXPENSES**

Share issue expenses and redemption premium are adjusted against the Securities Premium Account as permissible under Section 78(2) of The Companies Act, 1956; to the extent balance is available for utilization in the Securities Premium Account. The balance of share issue expenses is carried as an asset and is amortised over a period of 5 years from date of the issue of shares.

