

**INDEPENDENT AUDITORS' REPORT**

**TO  
THE MEMBERS OF  
BANCO PRODUCTS (INDIA) LIMITED**

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **Banco Products (India) Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, on that date and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls.

2nd Floor, 'B' Wing, Premium House, Near Gandhigram Rly. Station, Navrangpura, Ahmedabad-380 009. Gujarat, India.  
Phone : 26580956, 26580966, 26582484, 26585064 Fax : 91-79-26583573

Email : [info@msglobal.co.in](mailto:info@msglobal.co.in)

Website : [www.msglobal.co.in](http://www.msglobal.co.in)

**Ahmedabad • Mumbai • Rajkot • Jamnagar**





**Manubhai & Shah**  
Chartered Accountants

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the standalone financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31st March, 2015, and its profit and its 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account 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, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e. On the basis of the written representations received from the directors as on March 31, 2015 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a director in terms of Section 164(2) of the Act.
  - f. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 30 to the financial statements;



**Manubhai & Shah**  
Chartered Accountants

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

**Place: Ahmedabad**

**Date: May 26, 2015**



**For Manubhai & Shah**  
**Chartered Accountants**  
**Firm Registration No. 106041W**

**(G. R. Parmar)**

**Partner**

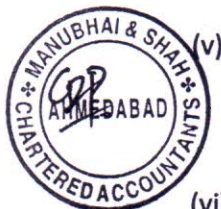
**Membership No.121462**



**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in Para 1 under the heading "Report on the other – Legal and Regulatory Requirements" of our Report on Standalone Financial Statements of even date)

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and Situation of fixed asset.
- (b) The Company has a regular program of physical verification of fixed assets which, in our opinion is reasonable. The assets which were to be covered as per the said program have been physically verified by the management during the year. According to the information and explanations give to us, no material discrepancies were noticed on such verification.
- (ii) (a) The Inventory has been physically verified by the Management at the reasonable intervals during the year except stock lying with third parties in respect of which confirmations have been obtained in majority of the cases by the company.
- (b) In our opinion and according to the information and explanations given to us, 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 inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
- (iii) The company had granted unsecured loan to its one of the subsidiary covered in the register maintained under Section 189 of the Companies Act, 2013. The subsidiary is regular in repayment of the principal amount and in payment of interest. There is no overdue amount for more than Rs. One Lac.
- (iv) In our opinion and according to the information and explanations given to us, there is generally an adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination and according to the information and explanations given to us, we have neither come across nor have any information of any instances of major weaknesses in the aforesaid internal control systems.
- (v) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 and the rules framed there under.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for the goods manufactured by company.



- (vii) (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, custom duty, Value Added Tax, excise duty, cess and other material statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, excise duty and cess were in arrears, as at 31st March 2015 for a period of more than six months from the date they became payable.

- (b) Following disputed demands aggregating to ₹ 506.51 lakhs have not been deposited since the matters are pending with the relevant concerned authorities.

Name of the Statute	Nature of Dues	Amount in Lacs	Period to which the amount relates	Forum where the dispute is pending
Central Excise Act, 1944	Excise Duty and Service Tax	396.83	Financial Year 1998-1999 till financial year 2014-2015	<ul style="list-style-type: none"> <li>• ₹ 384.62 lacs pending with CEGAT, WZB, Ahmedabad</li> <li>• ₹ 9.10 lacs pending with Commissioner (Central Excise and Custom (Appeal)</li> <li>• ₹ 3.11 lacs pending with Commissioner (Appeal) Customer, Mumbai</li> </ul>
Sales Tax Act	VAT/CST	109.68	Financial Year 2008-2009 till 2010-2011	<ul style="list-style-type: none"> <li>• ₹ 41.38 lacs pending with Appellate Tribunal, Ahmedabad.</li> <li>• ₹ 7.35 lacs pending with JC-Appeal, Vadodara and Rs. 60.95 lacs pending with DC-Assistant Commissioner, Ranchi.</li> </ul>

- (c) The amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time.

- (viii) The company does not have any accumulated loss as at 31<sup>st</sup> March, 2015. It has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.



- (ix) According to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution or banks.

- (x) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from a bank or financial institution.



**Manubhai & Shah**  
Chartered Accountants

- (xi) According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
- (xii) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.



**Place: Ahmedabad**

**Date: May 26, 2015**

**For Manubhai & Shah**  
**Chartered Accountants**  
**Firm Registration No. 106041W**

A handwritten signature in black ink, appearing to read "G. R. Parmar".

**(G. R. Parmar)**

**Partner**

**Membership No.121462**

**INDEPENDENT AUDITOR'S REPORT**

**TO**  
**THE MEMBERS OF**  
**BANCO PRODUCTS (INDIA) LIMITED**

**Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of **Banco Products (India) Limited** ("the Holding Company") and its subsidiaries (the Holding Company and its Subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

**Management's Responsibility for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

2nd Floor, 'B' Wing, Premium House, Near Gandhigram Rly. Station, Navrangpura, Ahmedabad-380009, Gujarat, India.  
Phone : 26580956, 26580966, 26582484, 26585064 Fax : 91-79-26583573

Email : [info@msglobal.co.in](mailto:info@msglobal.co.in)

Website : [www.msglobal.co.in](http://www.msglobal.co.in)

**Ahmedabad • Mumbai • Rajkot • Jamnagar**





**Manubhai & Shah**  
Chartered Accountants

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated 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, of the consolidated state of affairs of the Group as at March 31, 2015, and their consolidated Profit and their consolidated cash flows for the year ended on that date.

**Other Matters**

- (a) We did not audit the financial statements of 3 subsidiaries whose financial statements reflect total assets of ₹ 17,424.03 Lacs as at 31st March, 2015, total revenues of ₹ 19,193.84 Lacs and net cash flows amounting to ₹ 329.94 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries, and our report in terms of sub-sections (3) and (11) Of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.





- (b) We did not audit the financial information of 11 subsidiaries whose financial information reflect total assets of ₹ 35,585.44 Lacs as at 31st March, 2015, total revenues of ₹ 61,124.48 Lacs and net cash flows amounting to ₹ 1,444.31 Lacs for the year ended on that date, as considered in the consolidated financial statements. These financial information are reviewed by auditors and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiaries is based solely on such reviewed financial information.

Our opinion on the consolidated financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding Company and Subsidiary Company incorporated in India, we give in the "Annexure" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

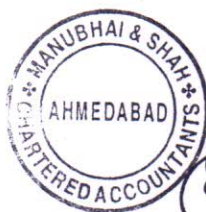


**Manubhai & Shah**  
Chartered Accountants

- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors of its Subsidiary Company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- (i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - Refer Note 26 to the consolidated financial statements.
  - (ii) The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - (iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. In case of Subsidiary Company incorporated in India there were no amounts which were required to be transferred to the Investor Education and Protection Fund.

Place: Ahmedabad

Date: May 26, 2015



For Manubhai & Shah  
Chartered Accountants  
Firm Registration No. 106041W

(G. R. Parmar)

Partner

Membership No.121462



**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in Para 1 under the heading "Report on the other – Legal and Regulatory Requirements" of our Report on Consolidated Financial Statements of even date to the members of Banco Products (India) Limited)

1.
  - (a) The Holding Company and its Subsidiary has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - (b) The Holding Company and its Subsidiary has a regular program of physical verification of fixed assets which, in our opinion is reasonable. The assets which were to be covered as per the said program have been physically verified by the management during the year. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
2.
  - (a) The Inventory has been physically verified by the Management at the reasonable intervals during the year except stock lying with third parties in respect of which confirmations have been obtained in majority of the cases by the Holding Company. The frequency of verification is reasonable.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Holding Company and its Subsidiary and the nature of its business.
  - (c) The Holding Company and its Subsidiary is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been properly dealt with in the books of account.
3. The Holding Company had granted unsecured loan to its one of the Foreign Subsidiary covered in the register maintained under section 189 of the Companies Act, 2013. The Subsidiary is regular in repayment of the principal amount and in payment of interest. There is no overdue amount for more than ₹ One Lacs.

The Subsidiary Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of Clause 3 (iii) [(a) and (b)] of the Order are not applicable.



**Manubhai & Shah**  
Chartered Accountants

4. There is generally an adequate internal control procedures commensurate with the size of the Holding Company and its Subsidiary and the nature of its business with regard to purchases of inventory, fixed assets and for the sale of goods and services. Further, we have neither come across nor have any information of any instances of major weaknesses in the aforesaid internal control systems.
5. The Holding Company and its Subsidiary has not accepted any deposits within the meaning of sections 73 to 76 of the Companies Act, 2013 and the rules framed there under.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act for the goods manufactured by the Holding Company.

The statutory auditors have broadly reviewed the cost records maintained by the Subsidiary Company pursuant to the companies (cost accounting records) Rule, 2011 prescribed by the Central Government under Section 148 (1) of the Act and are of the opinion that prima facie the prescribed cost records have been maintained. The statutory auditors of the Subsidiary company have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. (a) The Holding Company and its Subsidiary is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.

No undisputed amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, Value Added Tax, excise duty and cess were in arrears, as at 31st March 2015 for a period of more than six months from the date they became payable.

- (b) Following disputed demands aggregating to ₹ 557.62 lakhs have not been deposited since the matters are pending with the relevant concerned authorities.





**Manubhai & Shah**  
Chartered Accountants

Name of the Statue	Nature of Dues	Amount in Lacs	Period to which the amount relates	Forum where the dispute is pending
<b>Holding Company :</b>				
Central Excise Act, 1944	Excise Duty and Service Tax	396.83	Financial Year 1998-1999 till financial year 2014-2015	<ul style="list-style-type: none"> <li>• ₹ 384.62 lacs pending with CEGAT,WZB, Ahmedabad</li> <li>• ₹ 9.10 lacs pending with Commissioner (Central Excise and Custom (Appeal)</li> <li>• ₹ 3.11 lacs pending with Commissioner (Appeal) Customer, Mumbai</li> </ul>
Sales Tax Act	VAT/CST	109.68	Financial Year 2008-2009 till 2010-2011	<ul style="list-style-type: none"> <li>• ₹ 41.38 lacs pending with Appellate Tribunal, Ahmedabad.</li> <li>• ₹ 7.35 lacs pending with JC-Appeal, Vadodara and ₹ 60.95 lacs pending with DC-Assistant Commissioner, Ranchi.</li> </ul>
<b>Subsidiary Company :</b>				
Central Excise Act, 1944	Excise Duty and Service Tax	37.61	Financial Year 2004-05 to Financial Year 2008-09	CESTAT, Ahmedabad
Finance Act, 1994	Service Tax	13.50	From July 2008 to March 2014	Commissioner (Appeals) , CE & C and ST, Surat.

- (c) In case of Holding Company, the amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under has been transferred to such fund within time. In case of Subsidiary, there is no amount required to be transferred to Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made there under.

8. The Holding Company does not have any accumulated loss as at 31st March, 2015. It has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.

In case of Subsidiary, the Company was incorporated on 26 / 08 / 2011. Since a period of five years has not elapsed from the date of incorporation as at the balance sheet date, we are of the opinion that no comment is required under the provisions of clause (viii) of the Order regarding the erosion of 50% or more of net worth and cash losses in the current and in the immediately preceding financial years.




**Manubhai & Shah**  
Chartered Accountants

9. According to the information and explanations given to us, the Holding Company and its Subsidiary has not defaulted in repayment of dues to financial institution or banks.
10. According to the information and explanations given to us, the Holding Company and its Subsidiary has not given any guarantees for loans taken by others from a bank or financial institution.
11. According to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
12. During the course of examination of the books and records of the Holding Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and based on statutory auditor's report of the Subsidiary Company, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

Place: Ahmedabad

Date: May 26, 2015



For Manubhai & Shah  
Chartered Accountants  
Firm Registration No. 106041W  
  
(G. R. Parmar)  
Partner  
Membership No. 121462