

MOUNT SHIVALIK INDUSTRIES LIMITED

BOARD OF DIRECTORS

Mr. B. D. Bali	Chairman & Managing Director
Mr. Sanjiv Bali	Managing Director
Mr. K. C. Garg	Director Finance
Mr. Rajiv Bali	Director
Mr. Kamal Dutt	Director
Mr. A. L. Batra	Director
Mr. J. M. Malhotra	Director
Mr. Raghbir Singh	Director
Mr. S. K. Chhibber	Director
Dr. K. S. Chugh	Director

COMPANY SECRETARY

Mr. Thomas P. Joshua

AUDITORS

M/s. K. C. Khanna & Co.
Chartered Accountants,
New Delhi

BANKERS

Oriental Bank of Commerce

REGISTRAR & SHARE TRANSFER AGENTS (RTA)

M/s. MAS Services Ltd.,
T-34, II Floor,
Okhla Industrial Area, Phase-II,
New Delhi – 110020

REGISTERED OFFICE

140th Milestone, Delhi - Jaipur Highway No.8,
Village Gunti, Tehsil Behror,
Distt. Alwar, Rajasthan

HEAD OFFICE

C-153/2, Okhla Industrial Area,
Phase - I, New Delhi - 110 020

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MOUNT SHIVALIK INDUSTRIES LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the **Nineteenth Annual General Meeting** of the Members of **Mount Shivalik Industries Limited** will be held on Wednesday, the 26th Day of December, 2012, at 3.00 P.M., at the Registered Office of the Company at 140th Milestone, (Delhi-Jaipur) National Highway No. 8, Village Gunti, Tehsil Behror, Distt. Alwar (Rajasthan) to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Statement of Profit and Loss for the financial year (period of 15 months) ended 30th June, 2012 and Balance Sheet as on that date together with the reports of Board of Directors and Auditors' thereon.
2. To appoint a Director in place of Mr. Rajiv Bali, who retires by rotation at the conclusion of this meeting and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Raghbir Singh, who retires by rotation at the conclusion of this meeting and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. K. S. Chugh, who retires by rotation at the conclusion of this meeting and being eligible, offers himself for re-appointment.
5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT M/s. K. C. Khanna & Co., Chartered Accountants, New Delhi, who retires at the conclusion of this Annual General Meeting, be and are hereby appointed as Statutory Auditors of the Company till the conclusion of the next Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the Company."

SPECIAL BUSINESS

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to Section 16, 31, 94, 97 and other applicable provisions, if any, of the Companies Act, 1956, the Authorised Share Capital of the Company be and is hereby increased by Rs. 3,50,00,000/- (Rupees Three Crore Fifty Lacs) i.e. from Rs. 6,50,00,000/- (Rupees Six Crore Fifty Lacs) divided into 65,00,000 (Sixty Five Lac) Equity Shares of Rs. 10/- (Rupees Ten) each to Rs. 10,00,00,000 (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten) each by creation of additional 3,50,00,000 (Three Crore Fifty Lac) Equity Shares of Rs. 10/- (Rupees Ten) each ranking pari-passu with the existing Equity Shares of the Company.

RESOLVED FURTHER THAT the existing Clause V of the Memorandum of Association of the Company be and is hereby altered by substituting it with the following new clause:

- V. The Authorised Share Capital of the Company is Rs. 10,00,00,000 (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten) each.

FURTHER RESOLVED THAT Article No. 3 of the Articles of Association of the Company be and is hereby altered by substituting it with the following new article:

3. The Authorised Share Capital of the Company shall be such amounts and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association of the Company with power to increase and/or reduce the Capital of the Company in accordance with the Company's regulations and legislative provisions, for the time being in force, in that behalf, with the powers to divide the share capital, whether original, increased or decreased, into several classes and attach thereto, respectively, such ordinary, preferential or special rights and conditions, in such a manner, as may for the time being be provided by the regulations of the Company and allowed by law.

RESOLVED FURTHER THAT the board be and is hereby authorised to do all such acts and deeds as may be necessary in this regard and to file/submit all the required forms/returns/documents with the respective authorities, to give effect to this resolution."

Dated: 30th November, 2012

Registered Office:

140th Milestone,
(Delhi-Jaipur) National Highway No. 8,
Village Gunti, Tehsil Behror
Distt. Alwar, Rajasthan

By order of the Board of Directors

(Sanjiv Bali)
Managing Director

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. A BLANK PROXY FORM IS ANNEXED HERewith AND, IF INTENDED TO BE USED, IT SHOULD BE RETURNED DULY COMPLETED AND MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FOR HOLDING THE AFORESAID MEETING.
2. Register of members and Share Transfer Books of the Company shall remain closed for a period of Five days from 22nd day of December, 2012 to 26th day of December, 2012 (both days inclusive).
3. Members are requested to quote their Folio Number or DP ID and Client ID in all their correspondence with the Company. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID for easy identification of attendance at the meeting and number of shares held by them.
4. Members desirous of having any information regarding accounts are requested to address their queries to 'The Company Secretary' at the registered office of the Company at 140th Milestone, (Delhi-Jaipur) National Highway No. 8, Village Gunti, Tehsil Behror, Distt. Alwar (Rajasthan), atleast ten days before the meeting, so that the requisite information is made available at the meeting.
5. Members are requested to bring with them the attendance slip and hand it over at the entrance duly signed by them.
6. Members attending the Annual General Meeting are requested to bring along with them their copies of the Annual Report, as the same will not be distributed at the meeting.
7. The trading in the Company's Shares is compulsory in dematerialized form. In view of the numerous advantages offered by the depository system, members are requested to avail of the facility of Dematerialization of the Company's Shares.
8. Members are also requested to notify any changes in their addresses immediately to the Registrar & Share Transfer Agent - M/s. MAS Services Ltd, T-34, II Floor, Okhla Industrial Area, Phase-II, New Delhi – 110020.
9. Pursuant to the provisions of Section 205A(5) of the Companies Act, 1956 the dividend which remains unclaimed for a period of seven years will be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government pursuant to the provisions of Section 205C of the Companies Act, 1956.

Information in respect of such unclaimed dividend transfer to the said fund is given below:

Financial Year ended	Date of declaration of dividend	Last date for claiming unclaimed dividend	Due date for transfer to IEP Fund
31.03.2007	28.09.2007	27.10.2014	28.10.2014
31.03.2008	26.09.2008	25.10.2015	26.10.2015
31.03.2009	29.09.2009	28.10.2016	29.10.2016

MOUNT SHIVALIK INDUSTRIES LIMITED

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 6

To meet the increased working capital requirements due to increase in production & sales and for Company's future expansion plans, the Company requires funds beyond its present Authorised Capital. For this purpose, it was considered necessary to increase the present Authorized Capital of the Company. Hence, it is proposed that Authorized Share Capital of the Company be increased from Rs. 6,50,00,000/- (Rupees Six Crore Fifty Lacs) divided into 65,00,000 (Sixty Five Lac) Equity Shares of Rs.10/- (Rupees Ten) each to Rs. 10,00,00,000 (Rupees Ten Crores) divided into 1,00,00,000 (One Crore) Equity Shares of Rs. 10/- (Rupees Ten) each.

In view of the fact that the Authorised Capital of the Company is being increased, the existing Clause V of the Memorandum of Association and the existing Article 3 of the Articles of Association of the Company needs to be suitably amended.

The Board, therefore, recommends the proposed resolution for the approval of members by a special resolution.

None of the Directors are concerned or interested in the above Resolution.

Dated: 30th November, 2012

By order of the Board of Directors

Registered Office:

140th Milestone,
(Delhi-Jaipur) National Highway No. 8,
Village Gunti, Tehsil Behror,
Distt. Alwar, Rajasthan.

(Sanjiv Bali)
Managing Director

MOUNT SHIVALIK INDUSTRIES LIMITED

ANNEXURE-A

INFORMATION REQUIRED TO BE FURNISHED UNDER LISTING AGREEMENT

As required under Listing Agreement the information of the Directors who are proposed to be appointed/re-appointed is given below:

- | | | | |
|----|----------------------------|---|---|
| 1) | Name | : | Mr. Rajiv Bali |
| | Age | : | 52 Years |
| | No. of Shares held | : | 71,656 |
| | Qualification & Experience | : | B.A. (Hons.)
Over two and a half decades of rich experience in liquor and beer industries. |
| | Other Directorships | : | Mount Shivalik Breweries Limited
Ranika Investments Private Limited
Mount Shivalik Packaging Private Limited
Mount Shivalik Investments Limited
Shivalik Beverages Private Limited
PHD Chamber of Commerce and Industry |
| 2) | Name | : | Mr. Raghbir Singh |
| | Age | : | 75 Years |
| | No. of Shares held | : | Nil |
| | Qualification & Experience | : | Retd. IAS Officer
Over 38 years with Central & State Governments. |
| | Other Directorships | : | Indo Farm Equipment Limited. |
| 3) | Name | : | Dr. K. S. Chugh |
| | Age | : | 79 Years |
| | No. of Shares held | : | Nil |
| | Qualification & Experience | : | MD, FRCP (London), FACP (USA), FAMS, FICA
Dr. K. S. Chugh is a world renowned Nephrologist and is known as the 'Father of Nephrology'. He has been a recipient of 37 National and International awards. These include Padma Shree Award and Honorary Fellowship of the Royal College of Physicians, London. He is also the Director of National Kidney Clinic & Research Centre. |
| | Other Directorships | : | Mount Shivalik Breweries Limited |

MOUNT SHIVALIK INDUSTRIES LIMITED

DIRECTORS' REPORT

The Members,

Your Directors are pleased to present their **Nineteenth Annual Report** along-with the audited statements of accounts of the Company for the financial year (period of 15 months) ended 30th June, 2012.

FINANCIAL RESULTS

Your Company's performance for the financial year (period of 15 months) ended 30th June, 2012 is summarized below:

(Rs. In Lacs)		
Particulars	Current Financial Year Ended 30.06.2012 (15 Months)	Previous Financial Year Ended 31.03.2011 (12 Months)
Revenue from Operations (Gross)	18,294.56	15,435.54
<u>Less:</u> Excise Duty	6,515.49	5,620.76
Revenue from Operations (Net)	11,779.07	9,814.78
Other Income	46.01	67.25
Total Income	11,825.08	9,882.04
Profit/(Loss) before Interest, Depreciation & Tax	(608.79)	(474.02)
<u>Less:</u> Interest	462.25	247.40
Depreciation	341.72	245.19
Profit/(Loss) for the period (Before Tax)	(1,412.76)	(966.61)
<u>Less:</u> Tax Expense:		
Current Tax	0.00	0.00
Deferred Tax	(468.20)	(319.29)
Net Profit/(Loss) for the period (After Tax)	(944.56)	(647.32)
<u>Add / (Less):</u> Excess / (Short) Provision of Tax in earlier years (Net)	0.00	0.00
Net Profit / (Loss) for the period	(944.56)	(647.32)

Note: The financial year 2011-12 of the Company was extended by three months to end on 30th June, 2012

OPERATIONAL REVIEW

a) Brewery Operations:

Your Directors regret to report that during the financial year under review the performance of the Company was not satisfactory as a result of unprecedented rise in price of inputs particularly empty bottles, due to shortage, and the refusal by the State Governments of Rajasthan & Bihar, which are our major markets, to allow a corresponding increase in the price of 'Beer'.

The situation was to some extent remedied by the increase in the price of 'Beer' by the concerned State Governments w.e.f. 01/04/2012 and the stabilisation of price of empty bottles at reasonable rates, the management having taken steps to reap advantage of improved market conditions. As a result the Company was able to generate profits in the last quarter of the financial year under consideration and your Directors are optimistic of better performance in the current financial year in the hope that there will be better stability in input costs.

b) Restaurant Operations:

The restaurant operations of the Company were reviewed and the management decided to close down the 'Reds' Restaurant in Jaipur during the 1st quarter of the financial year. The operations at 'Thunder Point' Restaurant at Midway-Behror were partially affected during the financial year, due to the renovation of the premises and construction of flyover right in front of the restaurant, directly impacting the customer traffic. The Company's heritage restaurants at Amber Fort, Jaipur and Hanwant Mahal, Jodhpur were able to reduce their losses, in comparison to last financial year and the Company expects to break even in the current financial year.

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FUTURE PROSPECTS

Company has taken effective steps to improve the production and sales of its main product line during the financial year under review and are hopeful of better working results in the current financial year.

DIVIDEND

The Board has not recommended dividend for the financial year ended on 30th June, 2012, in view of losses incurred by the Company.

DEPOSITS

During the financial year under review, Company continued accepting Fixed Deposits from the public under Section 58A of the Companies Act, 1956. The Fixed Deposit at the end of financial year stood at Rs. 169.88 Lakhs while unclaimed deposits at the end of the financial year were Nil.

AUDITORS

M/s K. C. Khanna & Co., Chartered Accountants, the Statutory Auditors of the Company (Firm Reg. No. 000481N) who holds office till the conclusion of the ensuing Annual General Meeting and being eligible, have offered themselves for re-appointment.

AUDITORS' REPORT

Refer para-7 of Annexure to the Auditors Report, the Company has evolved a strong Internal Control System to ensure that the Assets of the Company are safeguarded and transactions are authorized, recorded and correctly reported. The adequacy of the Internal Control System is reviewed by the Audit Committee. In view of above a formal Internal Audit System was not considered essential.

COST AUDITORS

During the financial year under review the Company is not required to appoint a Cost Auditor, but is only required to submit a Cost Compliance Report from practicing Cost Accountants to the Central Government as per Companies (Cost Accounting Records) Rules, 2011.

M/s. R. M. Bansal & Co., Cost Accountants, have been appointed as the Cost Auditors of the Company for the current financial year (2012-13) by the Board upon the recommendation of the Audit Committee.

DIRECTORS

Mr. Rajiv Bali, Mr. Raghbir Singh and Dr. K. S. Chugh, Directors of the Company, who retire by rotation at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibility Statement, your Directors hereby confirm that:

- (a) in the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the financial year;
- (c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the Directors have prepared the Annual Accounts on a going concern basis.

DISCLOSURE OF SPECIAL PARTICULARS

Information pursuant to Clause (e) of Sub Section (1) of Section 217 of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1998 for the financial year ended 30th June, 2012 is given below:

a) Conservation of Energy

The manufacturing operations of the Company are conducted in the manner whereby optimum utilization and maximum saving of energy is achieved.

MOUNT SHIVALIK INDUSTRIES LIMITED

The Company is making use of treated effluents for gardening of the factory campus by drain system. Use of UF & RO Technology to recycle treated effluent water at strategic sites. For this purpose Company has installed a new RO treatment plant in the month of July, 2012 at its factory at Behror, Rajasthan by making an investment of Rs. 1.40 Crores (approx.). This would result in minimization of wastage of water and conservation of environmental resources.

There are several other measures taken by the Company for conservation and optimum utilization of energy which are not quantitative and their impact on cost cannot be stated accurately.

b) Technology Absorption, Research and Development

It has always been endeavor of the Company to adopt latest developments in technology in order to minimize our environmental impact. Trying various new types of brewing aids to improve our quality is an ongoing and continuous process.

The Company has its own laboratory at the Brewery Plant, wherein regular research and development activities are carried out for the improvement and maintenance of the quality of its products. No specific capital expenditure on research and development was incurred during the financial year.

c) Foreign Exchange Earnings and Outgo

Information on Foreign Exchange earning and outgo is contained in Note No. 30 (8.3, 8.5 and 8.6) of the notes to accounts forming part of the Statement of Profit and Loss for the financial year ended 30th June, 2012 and Balance Sheet as on date.

Foreign exchange earning of the Company from exports during the financial year was nil. So far Company has not made any 'tie-up' for exports of its Brands.

PARTICULARS OF EMPLOYEES

There are no employees whose particulars are required to be disclosed in this report in accordance with Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchange, report on Corporate Governance and Management Discussions and Analysis Report along with a certificate of compliance from Company Secretary in whole-time practice is appended herewith.

LISTING OF SHARES

The Equity Shares of the Company are listed at **The Bombay Stock Exchange Limited (BSE)**, which has nation wide trading terminals and therefore provide full liquidity to the investors. The Listing fee for the financial year 2012-2013 has been duly paid.

DEPOSITORY SYSTEM

The trading in shares of your Company is under compulsory dematerialized mode. As on 30th June, 2012 shares representing 86.63% of share capital were in dematerialized form. As depository system offers numerous advantages, shareholders are requested to take advantages of the same and avail the facility of dematerialization of the Company's shares.

CASH FLOW STATEMENT

As required by Clause 32 of Listing Agreement with Stock Exchange Cash Flow Statement is appended herewith.

ACKNOWLEDGEMENTS

Your Directors place on record their sincere gratitude to the Shareholders, Bankers, Depositors and Clients for their continued support. The Board also wholeheartedly acknowledges with thanks the dedicated efforts & contributions of all the employees of Mount Shivalik Family.

Date : 30th November, 2012

Place: New Delhi

For and on behalf of the Board of Directors

(B. D. Bali)
Chairman & Managing Director

(Sanjiv Bali)
Managing Director

MOUNT SHIVALIK INDUSTRIES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Your Directors have pleasure in presenting the Management Discussion and Analysis Report for the financial year (period of 15 months) ended 30th June, 2012.

1) INDUSTRY STRUCTURE AND DEVELOPMENT

Mount Shivalik Industries Ltd. was incorporated in the year 1993 and is engaged in the business of manufacturing beer. It has well established brands in the Beer Industry, particularly in Strong Beer segment, where Company has strong presence, which is famous in the market and are well received by the customers. The firm would procure orders from Government Corporations; obtain permits after depositing duty on Company's behalf and collect payment from Corporations in time.

The complete details of licensed capacity, actual production and sales appear in the Annual Report by way of notes to accounts to the Balance Sheet.

Indian economy is shifting from controlled one to market driven one and in this process several developments have unfolded. Whereas in case of Beer Industry, each State Government formulates its own excise policies, which is changed almost every year. The control of production, sale price and distribution of beer also rests with the State Governments. Certain states have now liberalized the sale of beer by allowing retail distribution to private parties and these conditions has resulted in higher growth of Beer Industry particularly in northern India, which is main market for the Company.

2) OPPORTUNITY, THREATS AND OUTLOOK

There are many States where Company is yet to market its products. There lies a huge unexplored opportunity for the Company.

In our country, Beer has been categorized as an Alcoholic Beverage, mainly because it suits the State Taxation Policy. At the same time 'Alcoholic Beverage' is politically sensitive because it is a socially sensitive issue. On one hand, the State specific taxation policy keeps the price levels very high and on the other hand, States controls the distribution of the product because of the sensitivity. These factors are the biggest threat to the business of Beer. The inflationary trend in the price of inputs (particularly raw material and empty bottles) is another constraint faced by the Company.

The Company's products have been enjoying consistently good brand image and are well received by the customers in the market for several years.

3) SEGMENT WISE OR PRODUCT-WISE PERFORMANCE

Business activities/operations of the Company include manufacture of and dealing in Beer and management of heritage restaurants.

4) RISKS AND CONCERNS

Apart from the normal risks as are applicable to an industrial undertaking, the Company does not foresee any other areas of concern. Compliance of norms prescribed by the Pollution Control Board and other government agencies are strictly complied with and adhered to.

5) INTERNAL CONTROL SYSTEMS & THEIR ADEQUACY

There exists an Internal Control System in the Company to ensure that the transactions are authorized, recorded and correctly reported. Internal Control System also ensures that assets are safeguarded and protected against unauthorized use. The adequacy of the Internal Control System is constantly reviewed by the Audit Committee of the Board of Directors to ensure its effective functioning, quality and adequacy.

MOUNT SHIVALIK INDUSTRIES LIMITED

6) DISCUSSION OF FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The details of the financial performance of the Company are appearing in the Balance Sheet, Statement of Profit & Loss and other financial statements attached thereto. The performance of the Company was not satisfactory as a result of refusal to increase the price of 'Beer' by the State Governments of Rajasthan & Bihar, which are our major markets, at a time when the Beer industry continued to face difficulties due to rise in input cost like empty bottles, packing material, etc.

7) MATERIAL DEVELOPMENT IN HUMAN RESOURCES/ INDUSTRIAL RELATION FRONT INCLUDING NUMBER OF PEOPLE EMPLOYED

The Company's constant endeavor has been to attract, retain and nurture human potential by developing culture of family and human values. The Company ensures that proper encouragement both moral and financial is extended to the employees to motivate them. The Company enjoys the excellent relationship with workers and staff. As on 30th June, 2012 the Company had more than 200 employees (approx.) at its manufacturing plant and administrative / sales offices. In addition to above Company also employs casual labour through contractors.

MOUNT SHIVALIK INDUSTRIES LIMITED

REPORT ON CORPORATE GOVERNANCE

(Forming part of the Annual Report for the financial year (period of 15 months) ended 30th June, 2012)

1. PHILOSOPHY:

Mount Shivalik Industries Ltd. (MSIL) has always endeavored to practice good Corporate Governance and commitment to act as good Corporate Citizen. The spirit of Corporate Governance has always prevailed in the Company which has influenced its decisions and policies. Through highest level of transparency and accountability in all its operations, the Company has consistently been serving for many years to all its stakeholders satisfactorily. The Company has always been following the principles which govern Corporate Governance. The objectives before a Company are to create wealth for the society, maintain and preserve that wealth efficiently and to share the wealth with the stakeholders. Corporate Governance is the method by which the aforesaid objectives are achieved.

2. BOARD OF DIRECTORS:

i) Composition:

Your Company has an optimum combination of the Executive and Non Executive Independent Directors. The Board consists of ten Directors including three Executive Directors and Seven Non-Executive Directors, of whom five are independent as defined by Clause 49 of the Listing Agreement.

ii) Board Meetings:

During the financial year ended 30th June, 2012, Nine Board Meetings were held on the following dates:

- i) 12th May, 2011;
- ii) 12th August, 2011;
- iii) 3rd September, 2011;
- iv) 1st October, 2011;
- v) 14th November, 2011;
- vi) 05th January, 2012;
- vii) 14th February, 2012;
- viii) 21st March, 2012
- ix) 14th May, 2012

The gap between any two Board Meetings was not more than four months as mandated in Clause 49 of the listing agreement.

MOUNT SHIVALIK INDUSTRIES LIMITED

The Table-1 gives the Composition, Category of Board of Directors, their other directorships and attendance record:

Table-1

Name of the Director	Category	No. of Board Meetings Attended	Last AGM Attended	No of other Directorships		No. of Other Committee Memberships
				Public Ltd. Cos	Private Ltd. Cos	
Mr. B.D. Bali	Promoter/Chairman & Managing Director	8	No	2	3	---
Mr. Sanjiv Bali	Promoter/Managing Director	9	Yes	---	3	---
Mr. K.C. Garg	Director Finance	7	Yes	1	1	---
Mr. A.L. Batra	Independent/Non-Executive Director	7	No	4	12	---
Mr. J.M. Malhotra	Independent/Non-Executive Director	4	Yes	---	---	---
Mr. Rajiv Bali	Promoter/Non-Executive Director	9	No	2	4	---
Mr. Kamal Dutt	Promoter/Non-Executive Director	1	No	---	---	---
Mr. Raghbir Singh	Independent/Non-Executive Director	Nil	No	1	1	---
Mr. S.K. Chhibber	Independent/Non-Executive Director	4	No	4	---	3
Dr. K.S. Chugh	Independent/Non-Executive Director	Nil	No	1	---	---

iii) Re-appointment/ appointment of Directors:

As per the Articles of Association of the Company, one third of its rotational Directors retire, and if eligible offer themselves for re-appointment, at every Annual General Meeting. Consequently, three Directors viz. Mr. Rajiv Bali, Mr. Raghbir Singh and Dr. K. S. Chugh who retire by rotation at the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment in accordance with the provisions of the Companies Act, 1956.

MOUNT SHIVALIK INDUSTRIES LIMITED

Their brief particulars are given below:

1. Name : Mr. Rajiv Bali
 Age : 52 Years
 No. of Shares held : 71,656
 Qualification & Experience : B.A. (Hons.)
 Over two and a half decades of rich experience in liquor and beer industries.
 Other Directorships : Mount Shivalik Breweries Limited
 Ranika Investments Private Limited
 Mount Shivalik Packaging Private Limited
 Mount Shivalik Investments Limited
 Shivalik Beverages Private Limited
 PHD Chamber of Commerce and Industry
2. Name : Mr. Raghubir Singh
 Age : 75 Years
 No. of Shares held : Nil
 Qualification & Experience : Retd. IAS Officer
 Over 38 years with Central & State Governments.
 Other Directorships : Indo Farm Equipment Limited
3. Name : Dr. K. S. Chugh
 Age : 79 Years
 No. of Shares held : Nil
 Qualification & Experience : MD, FRCP (London), FACP (USA), FAMS, FICA
 Dr. K. S. Chugh is a world renowned Nephrologist and is known as the 'Father of Nephrology'. He has been a recipient of 37 National and International awards. These include Padma Shree Award and Honorary Fellowship of the Royal College of Physicians, London. He is also the Director of National Kidney Clinic & Research Centre.
 Other Directorships : Mount Shivalik Breweries Limited

3. AUDIT COMMITTEE:

i) Terms of Reference:

Apart from all the matters provided in Clause 49 of the Listing Agreement and Section 292-A of the Companies Act, 1956 the Audit Committee meets statutory auditors as and when required and discusses their findings, suggestions, observations and other related matters. It also reviews major accounting policies followed by the Company and ensures that assets are safeguarded and transactions are authorized, recorded and correctly reported.

ii) Composition:

The Audit Committee comprises of three non-executive directors, Mr. J. M. Malhotra, Mr. A. L. Batra and Mr. Rajiv Bali. Mr. J. M. Malhotra is designated as Chairman of the audit committee and Mr. Thomas P. Joshua, Company Secretary, acts as the Secretary of the Committee.

iii) Attendance:

The committee met six times during the financial year under review i.e., on 12th May, 2011, 12th August, 2011, 3rd September, 2011, 14th November, 2011, 14th February, 2012 and 14th May, 2012.

The Table - 2 shows the attendance record of the committee members as follows:

Table - 2

Name of the Members	Status	No of Meetings Attended
Mr. J M Malhotra	Chairman	4
Mr. A.L. Batra	Member	6
Mr. Rajiv Bali	Member	6

MOUNT SHIVALIK INDUSTRIES LIMITED

4. REMUNERATION COMMITTEE:

i) Terms of reference:

The Company has in place a remuneration committee consisting of three Non-Executive Directors, specifically to determine the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

ii) Composition:

The Remuneration Committee comprises of three non-executive directors, Mr. A.L. Batra, Mr. S.K. Chhibber and Mr. J.M. Malhotra. Mr. A.L. Batra is designated as Chairman of the remuneration committee.

iii) Attendance:

The committee has not met during the financial year under review.

iv) Details of Remuneration paid to Directors:

Table-3 gives the details of remuneration for the financial year ended 30th June, 2012 to the Executive and Non-Executive Directors:

Table -3

Name of Directors	Sitting Fees	Salary (Rs.)	Perquisites & Allowances (Rs.)	Retirement Benefits* (Rs.)	Total (Rs.)
Mr. B.D. Bali	-	-	-	-	-
Mr. Sanjiv Bali	-	32,40,000/-	12,98,535/-	3,88,800/-	49,27,335/-
Mr. K.C. Garg	-	29,10,000/-	15,95,773/-	3,49,200/-	48,54,973/-
Mr. Rajiv Bali	18,000/-	-	-	-	18,000/-
Mr. A.L. Batra	14,000/-	-	-	-	14,000/-
Mr. J.M. Malhotra	8,000/-	-	-	-	8,000/-
Mr. Raghbir Singh	-	-	-	-	-
Mr. S.K. Chhibber	8,000/-	-	-	-	8,000/-
Mr. Kamal Dutt	2,000/-	-	-	-	2,000/-
Dr. K.S. Chugh	-	-	-	-	-

**Excludes in respect of gratuity, superannuation benefits and accumulated leave encashment.*

Notes:

- (a) The agreement with each Executive Director is for a period of three years.
- (b) Presently, the Company does not have a scheme for grant of stock options either to the Executive Directors or employees.
- (c) The Company does not pay sitting fee for attending committee meetings.

v) Details of the Shares held by Non Executive Directors:

Table-4 gives details of the shares held by the non-executive directors as on 30th June, 2012.

Table - 4

Name of the Director	No of Shares held
Mr. Rajiv Bali	71,656
Mr. A.L. Batra	Nil
Mr. J.M. Malhotra	8,000
Mr. Raghbir Singh	Nil
Mr. S.K. Chhibber	Nil
Mr. Kamal Dutt	318,664
Dr. K.S. Chugh	Nil

MOUNT SHIVALIK INDUSTRIES LIMITED

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE:

The Company has a Shareholders / Investors Grievance Committee, which also acts as share transfer committee. The Committee looks into redressal of shareholders complaints like transfer of shares, non-receipt of annual report / balance sheet, non-receipt of declared dividend etc. It also monitors the performance of Registrar and Share transfer agent.

The committee is headed by Non-Executive Director Mr. Rajiv Bali. Other members are Mr. Sanjiv Bali and Mr. A.L. Batra. Mr. Thomas P. Joshua, Company Secretary, is the Compliance Officer.

During the financial year, nineteen meetings were held on 15th April, 2011; 30th April, 2011; 16th May, 2011; 31st May, 2011; 30th June, 2011; 15th July, 2011; 31st July, 2011; 31st August, 2011; 30th September, 2011; 31st October, 2011; 30th November, 2011; 30th December, 2011; 16th January, 2012; 31st January, 2012; 29th February, 2012; 31st March, 2012; 30th April, 2012; 15th May, 2012 and 15th June, 2012.

During the financial year under review, the Company has not received any complaints from shareholders / investors. There were no outstanding complaints or share transfers pending as on 30th June, 2012.

6. GENERAL BODY MEETINGS:

i) Details of last three Annual General Meetings are as under:

Financial Year	Date	Time	Venue
2010-11	29.09.2011	3.00 P.M.	140 th Milestone (Delhi-Jaipur) National Highway No. 8, Village-Gunti, Tehsil-Behror, Distt. Alwar(Rajasthan)
2009-10	29.09.2010	3.00 P.M.	140 th Milestone (Delhi-Jaipur) National Highway No.8, Village-Gunti, Tehsil-Behror, Distt. Alwar (Rajasthan)
2008-09	29.09.2009	3.00 P.M.	140 th Milestone (Delhi-Jaipur) National Highway No.8, Village-Gunti, Tehsil-Behror, Distt. Alwar(Rajasthan)

ii) Special Resolutions passed in the last three AGM's

The following Special Resolutions were passed by the Shareholders in the last three Annual General Meetings (AGM's) of the Company:

Date of AGM	Subject Matter of Special Resolution
29.09.2011	Nil
29.09.2010	Nil
29.09.2009	i) Re-appointment of Mr. B.D. Bali as Chairman & Managing Director. ii) Appointment of Mr. Sanjiv Bali as Managing Director. iii) Appointment of Mr. K.C. Garg as Whole -Time Director (Designated as Director - Finance)

All the resolutions set out in the notices, including Special Resolutions, were duly passed by the shareholders.

iii) Postal Ballot:

No special resolutions were required to be put through postal ballot during the last year and no special resolution is being placed before the shareholders on matters requiring postal ballot for approval at the forthcoming Annual General Meeting.

MOUNT SHIVALIK INDUSTRIES LIMITED

7. DISCLOSURES:

- i) During the year, the Company has not entered into any materially significant transaction with its promoters, its Directors or the Management, and their relatives, etc. that may have any potential conflict with the interests of the Company at large.
- ii) There have been no instance of non-compliance on the part of Company nor have any penalties, strictures been imposed by Stock Exchanges, SEBI or any Statutory Authority, on any matter related to capital markets, during last three years.
- iii) No personnel of the Company had approached the Audit Committee during the financial year under review. The Company has never denied access to any personnel to approach the audit committee. The Company has not approved or adopted any specific policy in this regard.
- iv) **Code of Conduct:**
The Board of the Company has laid down a code of conduct for all the Board Members and the senior management of the Company. All the Board Members and senior management personnel have affirmed compliance with the code of conduct. A declaration signed by the Chairman and Managing Director to this effect is enclosed at the end of this report.

8. MEANS OF COMMUNICATION:

The quarterly, half-yearly and annual un-audited / audited financial results of the Company are sent to the stock exchange immediately after being approved by the Board of Directors. The Annual Report of the Company is sent to all shareholders at their registered addresses while quarterly or half-yearly reports are not sent to the shareholders.

The quarterly and annual un-audited / audited financial results are published, in accordance with the guidelines of the Stock Exchange, in the following News Papers:

- i) 'Financial Express' – English Daily (All India Edition)
- ii) 'Adhikar' – Hindi Daily (Jaipur Edition)

As required by Clause 49 of the Listing Agreement, Management Discussion and Analysis Report is appended and forms part of the Annual Report, which is being sent to the shareholders of the Company.

9. GENERAL SHAREHOLDER INFORMATION:

i) Annual General Meeting:

Day : Wednesday
Date : 26th December, 2012
Time : 3.00 P.M.
**Venue : 140th Milestone, (Delhi-Jaipur) National Highway No.8,
Village - Gunti, Tehsil - Behror, Distt. - Alwar (Rajasthan)**

ii) Financial Calendar 2012-13 (tentative):

Financial Year : 1st July, 2012 to 30th June, 2013

Approval of Quarterly/Annual Results:

Results for the quarter ending Sept., 30 : Before 14th November, 2012
Results for the quarter ending Dec., 31 : Before 14th February, 2013
Results for the quarter ending March, 31 : Before 14th May, 2013
Results for the quarter/year ending June, 30 : Before 14th / 29th August, 2013

iii) Book Closure:

The register of Members and Share Transfer Books of the Company shall remain closed for five days from 22nd day of December, 2012 to 26th day of December, 2012 (both days inclusive).

iv) Dividend Payment Date:

No dividend has been recommended by the Board of Directors for the financial year 2011-12.

MOUNT SHIVALIK INDUSTRIES LIMITED

v) Listing in Stock Exchanges and Stock Codes:

At present, the Company's shares are listed at **The Bombay Stock Exchange Limited** and the Stock code is **507522**.

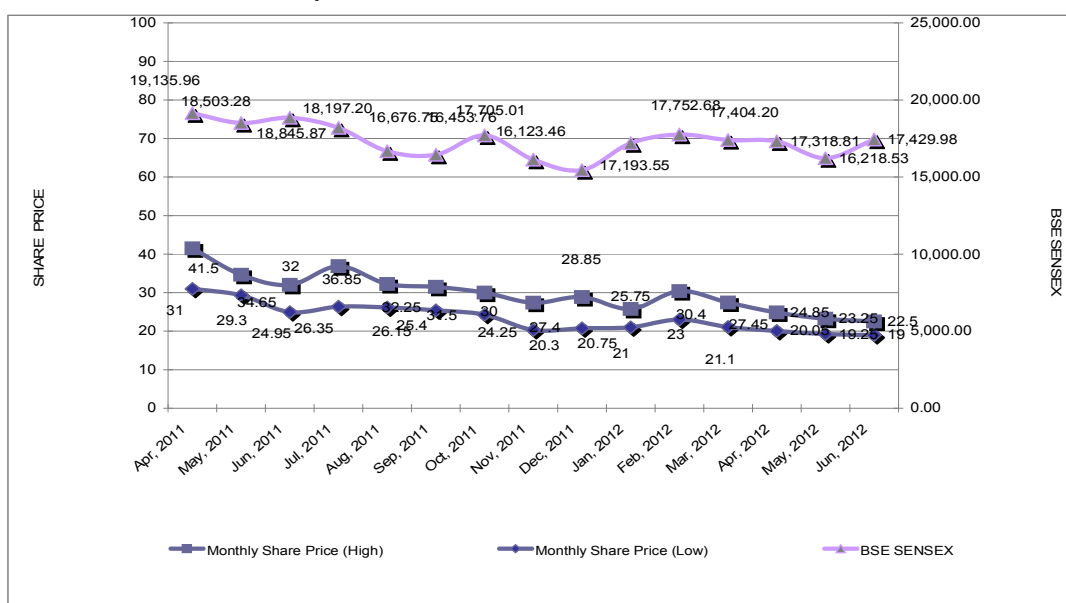
The ISIN number allotted to the Company for dematerialisation of shares by NSDL & CDSL is **INE410C01019**

vi) Market Price Data:

High / Low of Market price of Company's equity shares traded on the Bombay Stock Exchange Limited during the financial year ended 30th June, 2012 was as follows:

Month	High	Low	Close	Total Turnover
April, 2011	41.5	31	33.45	13,89,563
May, 2011	34.65	29.3	29.65	5,79,765
June, 2011	32	24.95	26.6	10,42,697
July, 2011	36.85	26.35	31.65	34,38,226
August, 2011	32.25	26.15	29.4	1,90,760
September, 2011	31.5	25.4	27.5	2,90,784
October, 2011	30	24.25	27.3	2,70,133
November, 2011	27.4	20.3	24.9	3,28,619
December, 2011	28.85	20.75	23	3,77,023
January, 2012	25.75	21	25.1	6,88,953
February, 2012	30.4	23	25.4	8,04,015
March, 2012	27.45	21.1	22.95	5,95,545
April, 2012	24.85	20.05	21.85	3,73,427
May, 2012	23.25	19.25	20.6	11,54,043
June, 2012	22.5	19	19.8	2,93,813

vii) Stock Performance in comparison to BSE SENSEX:



MOUNT SHIVALIK INDUSTRIES LIMITED

viii) Registrar and Share Transfer Agent: M/s. MAS Services Ltd.,
T-34, II Floor,
Okhla Industrial Area, Phase-II,
New Delhi – 110020

ix) Share Transfer System:

As per SEBI circular D&CC/FITTC/CIR-15/2002 dated 27th December, 2002 the Company should have a common place of share transfer for both physical & Demat. Accordingly the Company has appointed M/s. MAS Services Ltd, T-34, II Floor, Okhla Industrial Area, Phase-II, New Delhi – 110020 as its Registrar and Share Transfer Agent.

All matters relating to share transfer / transmission / demat / remat etc. are being handled by M/s. MAS Services Ltd., New Delhi, Registrar and Share Transfer Agents of the Company. The share transfer requests received are processed by them and a memorandum of transfer is sent to the Company for approval by the committee. The time taken for processing share transfer requests including dispatch of share certificate is generally 15 to 20 days. The dematerialisation requests are processed within 15 days. The Shareholders Grievance Committee of the Company monitors the functioning of the system on regular basis, so as to ensure that there are no delays or lapses.

In compliance with Clause 47 (c) of the Listing Agreement, every six months, the system is audited by a practicing Company Secretary and a Certificate to that effect is issued and filed with the Stock Exchange.

x) Distribution of Shareholding as on 30th June, 2012:

Shareholding of Nominal Value (In Rs.)	No. of Shareholders	% of Total	No. of Shares held	Amount (In Rs.)	% of Total Shares
Upto 5,000	5823	92.370	721,343	7,213,430	11.930
5,001-10,000	193	3.062	164,041	1,640,410	2.713
10,001-20,000	99	1.570	148,894	1,488,940	2.462
20,001-30,000	58	0.920	146,701	1,467,010	2.426
30,001-40,000	25	0.397	90,562	905,620	1.498
40,001-50,000	19	0.301	91,428	914,280	1.512
50,001-100,000	36	0.571	301,051	3,010,510	4.979
100,001 and Above	51	0.809	4,382,680	43,826,800	72.481
Total	6304	100	6,046,700	60,467,000	100

xi) Categories of Shareholders as on 30th June, 2012:

Category	No. of Shares held	% of Total Shareholding
A) PROMOTER'S HOLDING-		
- Indian Promoters	2,466,663	40.794
- Foreign Promoters	318,664	5.270
Sub-Total (A)	2,785,327	46.064
B) NON – PROMOTER'S HOLDING		
- Institutional Investors:		
Mutual Funds & UTI	600	0.010
Banks, FII, Insurance Companies	500	0.008
- Others:		
Private Corporate Bodies	284,002	4.697
Indian Public	2,630,276	43.499
NRIs/ OCBs	330,114	5.459
Others (Clearing Members)	15,881	0.263
Sub-Total (B)	3,261,373	53.936
Grand Total	6,046,700	100

MOUNT SHIVALIK INDUSTRIES LIMITED

xii) Dematerialization of Shares and Liquidity:

As on 30th June, 2012, 86.632% of the equity shares of the Company were held in dematerialized form and the rest in physical form.

The Reconciliation of Share Capital Audit Report from a practicing Company Secretary confirming that the total issued capital of the Company is in aggregate with the total number of equity shares in physical form and the total number of dematerialized equity shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is periodically submitted to the stock exchange where the equity shares of the Company are listed.

The Equity Shares of the Company are listed and actively traded at **The Bombay Stock Exchange Limited (BSE)**, which has nation wide trading terminals and therefore provide full liquidity to the investors.

xiii) Outstanding GDR's/ADR's/Warrants/Convertible instruments and their likely impact on equity: Nil

xiv) Plant Location: 140th Milestone, (Delhi-Jaipur) National Highway No.8 Village – Gunti, Tehsil – Behror, Distt. Alwar (Rajasthan)

xv) Address for correspondence:

- a) **Shareholders correspondence** (for share transfer/transmission, demat/remat of shares, payment of dividend and any other query relating to the securities of the Company should be addressed to the Company's Registrar and Share Transfer Agents):

MAS Services Limited
T-34, 2nd Floor, Okhla Industrial Area, Phase – II,
New Delhi – 110020
Ph. No.'s: 011-26387281-83
Fax. No.: 011-26387384

- b) **Shareholders correspondence** (for any other matter, including any query on Annual Report may be addressed to 'The Company Secretary' of the Company):

The Company Secretary
Mount Shivalik Industries Limited
C - 153/2, Okhla Industrial Area, Phase – I,
New Delhi – 110 020
Telephone: 011-26371701-05
Fax: 011-26371700

xvi) Email Address: shares@mountshivalik.com

For and on behalf of Board of Directors

(B. D. Bali)
Chairman & Managing Director

Place : New Delhi
Date : 30th November, 2012

CHIEF EXECUTIVE OFFICER'S DECLARATION ON CODE OF CONDUCT

As required by Clause 49 of the Listing Agreement, the CEO declaration for code of conduct is given below:

The Members,
Mount Shivalik Industries Limited

This is to certify that all Board members and senior management personnel of the Company have affirmed compliance with the Company's 'code of conduct for directors and senior management' during the financial year ended 30th June, 2012.

For Mount Shivalik Industries Limited

(B. D. Bali)
Chairman & Managing Director

Place : New Delhi
Date : 30th November, 2012

MOUNT SHIVALIK INDUSTRIES LIMITED

CERTIFICATE

TO THE MEMBERS OF MOUNT SHIVALIK INDUSTRIES LIMITED

We have examined the compliance of condition of Corporate Governance by Mount Shivalik Industries Limited, for the year ended 30th June, 2012 as stipulated in clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither an audit nor an expression of opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

We state that in respect of investors grievances received during the year ended 30th June, 2012, no investor grievances are pending for a period exceeding one month against the Company, as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For N KS & Company
Nitesh Kumar Sinha
Company Secretary
CP No. 7648

Place : New Delhi
Date : 30.11.2012

MOUNT SHIVALIK INDUSTRIES LIMITED

INDEPENDENT AUDITOR'S REPORT

**TO THE MEMBERS OF
MOUNT SHIVALIK INDUSTRIES LTD.
140th Milestone, Delhi-Jaipur NH No.8
Village Gunti, Tehsil Behror, Distt. Alwar (Rajasthan)**

Report on the Financial Statements

We have audited the accompanying financial statements of **MOUNT SHIVALIK INDUSTRIES LIMITED**, which comprise the Balance Sheet as at 30th June, 2012, the Statement of Profit and Loss of the Company for the period of 15 months then ended, the Cash Flow Statement of the Company for the period of 15 months then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, 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 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. 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.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order 2004, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India.
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th June 2012;
 - (ii) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date;and

MOUNT SHIVALIK INDUSTRIES LIMITED

(iii) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

Report on Other Legal and Regulatory Requirements

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, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- 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 Companies Act, 1956; and
- e) On the basis of written representations received from the Directors, as on June 30, 2012, and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on June 30, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For K.C. KHANNA & CO.,
Chartered Accountants
Firm Registration No.000481N**

**H-96, Connaught Circus,
New Delhi - 110 001
Date: November 30, 2012**

**(Onkar Nath)
Partner
Membership No. 009128**

MOUNT SHIVALIK INDUSTRIES LIMITED

MOUNT SHIVALIK INDUSTRIES LIMITED ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

1. a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
b) A major portion of the fixed assets have been physically verified by the Management during the period and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. According to the information and explanations given to us, no material discrepancies have been noticed on such physical verification as compared to the book records.
c) The disposal of some of the fixed assets during the period, in our opinion, does not affect the going concern status of the Company.
2. a) Physical verification has been carried out by the Management in respect of inventory at reasonable intervals, as per the records reviewed by us.
b) Based on information and explanations given and the records produced, in our view, the procedures of physical verification of inventory followed by the Management during the accounting period 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. As per the information furnished by the Management, no material discrepancy was observed between physical inventories and the book records, and the same has been properly dealt with in the books of account.
3. 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; and accordingly, clauses (iii)(b), (c) and (d) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the company for the current period.
b) The Company had taken an unsecured loan by way of Fixed Deposit from a Director covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount as well as the period-end balance of loan was Rs. 39.00 lacs.
c) In our opinion, the rate of interest and other terms and conditions on which loan has been taken from a Director listed in the register maintained under section 301 of the Companies Act, 1956 are not, prima facie, prejudicial to the interest of the Company.
d) The matured unsecured loan has been renewed during the period and the repayment of unsecured loans has not yet become due. The Company has been regular in the payment of interest.
4. In our opinion and according to the information and explanations given to us during the course of audit, there are internal control system, generally considered adequate, commensurate with the size of the Company and the nature of its business for the purchases of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5. a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of all contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has complied with the provisions of sections 58A and 58AA and other relevant provisions of the companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted. No order has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

MOUNT SHIVALIK INDUSTRIES LIMITED

7. **In our opinion, the Company does not have an internal audit system commensurate with the size of the Company and nature of its business.**
8. According to the information and explanation given to us, the Company has maintained cost records, pursuant to the Companies (Cost Accounting Records), Rules, 2011 prescribed by Central Government, under section 209(1)(d) of the Companies Act, 1956 in respect of Company's business, at their factory premises. The Company is in process of obtaining compliance report in this regard certified by a Cost Accountant, in the form prescribed by the Central Government.
9. a) According to the information and explanation given to us and records of the Company examined by us, in our opinion the Company is generally regular in depositing with the appropriate authorities, the undisputed statutory dues including provident fund, investments education and protection 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.
b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess were in arrears, as at 30.06.2012 for a period of more than six months from the date they became payable.
c) According to the information and explanations given to us, there are no dues of income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute.
10. The company has accumulated losses at the end of the period, as per the Statement of Profit and Loss, not less than 50% of the Net Worth as at the end of the period and also has incurred cash losses in the current period and 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 any bank/financial institutions and does not have any debenture holders.
12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities, and accordingly, the maintenance of records in this regard is not relevant for the period.
13. The Company is not a chit fund or a nidhi/mutual benefit fund/society and accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
14. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 are not applicable to the Company.
15. In accordance with the information and explanations given to us, the Company has not given any guarantees for loans taken by others from banks or financial institutions.
16. In our opinion and according to the information and explanations given to us, the term loans taken by the Company, have been applied for the purpose for which they were raised.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long-term investment.
18. During the period the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
19. The Company did not have any outstanding debentures during the period.
20. The Company has not raised any money by public issue during the period.
21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

**For K.C. KHANNA & CO.,
Chartered Accountants
Firm Registration No.000481N**

**(Onkar Nath)
Partner
Membership No. 009128**

**H-96, Connaught Circus,
New Delhi - 110 001.
Dated: November 30, 2012**

MOUNT SHIVALIK INDUSTRIES LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2012

Figures In Rs.

Particulars	Note No.	As at 30 June, 2012	As at 31 March, 2011
I EQUITY AND LIABILITIES			
(1) Shareholders' funds :			
(a) Share capital	1	60,467,000	60,467,000
(b) Reserves and surplus	2	(33,315,085)	61,141,141
		<u>27,151,915</u>	<u>121,608,141</u>
(2) Non-current liabilities :			
(a) Long-term borrowings	3	52,304,515	20,394,201
(b) Other long-term liabilities	4	76,265,000	47,069,976
(c) Long-term provisions	5	6,442,935	17,373,114
		<u>135,012,450</u>	<u>84,837,291</u>
(3) Current liabilities :			
(a) Short-term borrowings	6	121,632,374	114,514,381
(b) Trade payables	7	197,461,474	118,302,188
(c) Other current liabilities	8	256,756,640	156,624,659
(d) Short-term provisions	9	6,756,262	4,803,465
		<u>582,606,750</u>	<u>394,244,693</u>
TOTAL		<u><u>744,771,115</u></u>	<u><u>600,690,125</u></u>
II ASSETS			
(1) Non-current assets:			
(a) Fixed assets			
(i) Tangible assets	10	247,609,606	265,828,282
(ii) Capital work-in-progress		21,586,060	319,1168
		<u>269,195,666</u>	<u>269,019,450</u>
(b) Non-current investments	11	-	786,100
(c) Deferred tax assets (net)	12	48,298,597	1,478,510
(d) Long-term loans and advances	13	19,358,406	40,284,857
(e) Other non-current assets	14	100,000	1,161,066
		<u>67,757,003</u>	<u>43,710,533</u>
(2) Current assets:			
(a) Inventories	15	93,183,600	100,749,820
(b) Trade receivables	16	258,602,964	134,820,013
(c) Cash and cash equivalents	17	16,541,670	12,269,651
(d) Short-term loans and advances	18	33,167,268	37,365,944
(e) Other Current Assets	19	6,322,944	2,754,714
		<u>407,818,446</u>	<u>287,960,142</u>
TOTAL		<u><u>744,771,115</u></u>	<u><u>600,690,125</u></u>

SIGNIFICANT ACCOUNTING POLICIES 29

NOTES TO THE FINANCIAL STATEMENTS 30

The notes referred to above form an integral part of the Balance Sheet

(THOMAS P. JOSHUA) (S.K. NANDI)	(K.C. GARG)	(B.D. BALI)	(SANJIV BALI)
Company Secretary	Sr. Financial Controller	Director (Finance)	Chairman and Managing Director
			Managing Director

AS PER OUR REPORT OF EVEN DATE
For K.C. KHANNA & CO.,
Chartered Accountants
Firm Registration No.000481N

Place : New Delhi
Dated : November 30, 2012

(Onkar Nath)
Partner
Membership No. 009128

MOUNT SHIVALIK INDUSTRIES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 30TH JUNE, 2012

Figures In Rs.

Particulars	Note No.	For the Period Ended 30 June, 2012	For the year Ended 30 March, 2011
I. Revenue from operations :			
Gross Sales	20	1,829,455,836	1,543,554,011
Less : Excise Duty Paid		651,548,780	562,075,747
Net Sales		1,177,907,056	981,478,264
II. Other Income	21	4,601,437	6,725,358
III. Total Revenue (I+II)		1,182,508,493	988,203,622
IV. Expenses :			
(a) Cost of materials consumed	22	696,088,016	530,444,652
(b) Purchases of stock-in-trade	23	-	1,245,260
(c) Changes in inventories of finished goods and work-in-progress	24	(19,584,570)	6,117,218
(d) Employee benefits expense	25	65,478,846	54,546,941
(e) Finance Cost	26	46,225,238	24,740,229
(f) Depreciation & Amortization Expenses	10	34,171,768	24,518,579
(g) Other expenses	27	501,405,508	443,251,437
Total Expenses		1,323,784,806	1,084,864,316
V. Profit / (Loss) before tax (III-IV)		(141,276,313)	(96,660,694)
VI. Tax expense:			
(a) Current tax		-	-
(b) Deferred tax		(46,820,087)	(31,928,510)
Total Tax Expenses		(46,820,087)	(31,928,510)
VII. Profit / (Loss) for the period (V-VI)		(94,456,226)	(64,732,184)
Profit / (Loss) for the Discontinuing Operations		(2,639,754)	-
Profit / (Loss) for the Continuing Operations		(91,816,472)	(64,732,184)
VIII. Earnings per equity share (of Rs. 10/- each):			
Basic & Diluted	28	(15.62)	(10.71)
SIGNIFICANT ACCOUNTING POLICIES	29		
NOTES TO THE FINANCIAL STATEMENTS	30		
The notes referred to above form an integral part of the Statement of Profit & Loss			

(THOMAS P. JOSHUA) (S.K. NANDI)	(K.C. GARG)	(B.D. BALI)	(SANJIV BALI)
Company Secretary Sr. Financial Controller	Director (Finance)	Chairman and Managing Director	Managing Director

AS PER OUR REPORT OF EVEN DATE
For K.C. KHANNA & CO.,
Chartered Accountants
Firm Registration No.000481N

Place : New Delhi
Dated : November 30, 2012

(Onkar Nath)
Partner
Membership No. 009128

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Figures in Rs.

Particulars	As at 30 June, 2012	As at 31 March, 2011
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NOTE 1. SHARE CAPITAL

(a) Authorised

6,500,000 (previous year : 6,500,000)		
Equity Shares of Rs 10 each with voting rights	65,000,000	65,000,000
	65,000,000	65,000,000

(b) Issued, Subscribed and paid-up shares

6,046,700 (previous year 6,046,700) Equity Shares of Rs.10 each fully paid up with voting rights	60,467,000	60,467,000
	60,467,000	60,467,000

(c) List of shareholder holding more than 5 percent shares. (No of Shares)

Name of Share Holders :	No. of shares % holdings		No. of shares % holdings	
(I) Mount Shivalik Breweries Ltd.	617,971	10.22	50,000	8.27
(II) Mount Shivalik Packaging P. Ltd.	395,430	6.54	395,430	5.06
(III) Baldev Dutt Bali	420,369	6.95	415,359	6.80
(IV) Nita Rani Bali	339,446	5.61	339,446	5.61
(V) Kamal Dutt	318,664	5.27	318,664	5.27
(VI) Dilip Kumar Lakhi	372,816	6.17	372,816	6.17

(d) There were no addition or buy back of shares requiring reconciliation at the end of the year

NOTE 2. RESERVES AND SURPLUS

(a) Capital reserve	1,500,000	1,500,000
(b) General reserve	94,000,000	94,000,000
(c) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance of Surplus / (Deficit)	(34,358,859)	30,373,325
Add: Profit / (Loss) for the year	(94,456,226)	(64,732,184)
Closing balance of Surplus / (Deficit)	(128,815,085)	(34,358,859)
Total	(33,315,085)	61,141,141

NOTE 3. LONG - TERM BORROWINGS

Term loans

(i) From banks - Secured (refer details below)	43,930,677	13,298,036
(ii) Non banking financial institutions -Secured (refer details below)	5,059,838	172,165
Sub Total	48,990,515	13,470,201
(iii) Public Deposits (Unsecured)	3,314,000	6,924,000
Total	52,304,515	20,394,201

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Details-Term-Loans:

Banker's Name	Rate of interest	Instalments	Sanctioned Loan (Rs. Lacs)	Loan Amount as at 30.6.2012	Loan Amount as at 31.3.2011	Nature of Security
Term Loans						
(a) Banks						
(I) Plant & Machinery :						
Oriental Bank of Commerce			250.00	-	2,291,753	Secured against charge on Plant & Machinery acquired and guaranteed by three Directors
Oriental Bank of Commerce	16	Quarterly-7	222.00	3,429,192	10,171,960	
Oriental Bank of Commerce	15	Monthly-27	600.00	35,885,831	-	
Oriental Bank of Commerce	15	Quarterly-7	230.00	3,924,882	-	
Sub Total (I)			1302.00	43,239,905	12,463,713	
(II) For Vehicles :						
HDFC Bank Ltd. (Two Loans)	13/12.5	Monthly-35	10.30	6,90,772	834,323	Secured against charge on vehicles acquired and guaranteed by two Directors
Sub Total (II)			10.30	690,772	834,323	
Total (I+II)			1312.30	43,930,677	13,298,036	
(b) Non Banking Financial Institutions(NBFI's) for vehicles-Secured						
NBFI's Name						
Tata Capital Ltd.	16.65	Monthly-31	68.62	4,062,620	172,165	Secured against charge on vehicles acquired and guaranteed by two Directors
Kotak Mahindra Prime Ltd.	12.42/12.78	Monthly-23/27/56	17.88	997,218	-	
(Three Loans)	12.01					
Total			86.50	5,059,838	172,165	
(c) Maturity profile of Term Loan from banks						
2012-13 (Refer note 8 a)			30,044,409			
Sub Total (I)			30,044,409			
2013-14			32,252,760			
2014-15			10,677,917			
Sub Total (II)			43,930,677			
Total (I+II)			73,975,086			
(d) Maturity profile of Term Loan Non banking financial institutions						
2012-13 (Refer Note 8 a)			25,21,317			
Sub Total (I)			25,21,317			
2013-14			29,52,439			
2014-15			18,28,893			
2015-16			1,60,411			
2016-17			1,18,095			
Sub Total (II)			50,59,838			
Total (I+II)			75,81,155			

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Figures in Rs.

Particulars	As at 30 June, 2012	As at 31 March, 2011
NOTE 4. OTHER LONG -TERM LIABILITIES		
(a) Others:		
(i) Security deposits received	76,265,000	47,069,976
Total	76,265,000	47,069,976
NOTE 5. LONG-TERM PROVISIONS		
(a) Provision for employee benefits:		
(i) Provision for Leave Encashment	3,502,935	3,475,564
(b) Provision - Others:		
(i) Provision Income Tax	2,940,000	11,140,000
(ii) Provision Fringe Benefit Tax	-	2,757,550
Total	6,442,935	17,373,114
NOTE 6. SHORT-TERM BORROWINGS		
(a) Loans repayable on demand:		
(i) From banks (refer note below)		
Secured	111,632,374	104,514,381
(ii) From Non Banking Financial Institutions		
Unsecured	10,000,000	10,000,000
Total	121,632,374	114,514,381
Note: Details of security for the secured short-term borrowings from banks:		
Oriental Bank Of Commerce	111,632,374	104,514,381
Secured against hypothecation of : Stock of raw material, work-in-progress, finished goods, stores & spares, consumables, packing materials and entire receivables and collaterally secured by the company's fixed assets including equitable mortgage of factory land and building and guaranteed by three Directors.		

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Figures in Rs.

Particulars	As at 30 June, 2012	As at 31 March, 2011
NOTE 7. TRADE PAYABLES		
Trade payables	197,461,474	118,302,188
Total	197,461,474	118,302,188
NOTE 8. OTHER CURRENT LIABILITIES		
(a) Current maturities of Term-Loan:		
From banks - secured (refer note 3-c)	30,044,409	10,703,000
From non banking financial institutions-secured (refer note 3-d)	2,521,317	1,227,000
From public deposits	9,773,950	11,451,000
Sub total	42,339,676	23,381,000
(b) Interest accrued but not due on borrowings	1,028,385	1,756,600
(c) Unclaimed Dividend	974,096	990,396
(d) Deposits from Directors	3,900,000	6,040,000
(e) Other payables:		
(i) Statutory dues (Contributions to PF and ESIC, TDS, VAT, Service Tax, etc.)	82,747,341	19,306,594
(ii) Payables on purchase of fixed assets	1,812,885	2,796,644
(iii) Contractually reimbursable expenses	5,132,922	14,468,100
(iv) Advances from customers	9,731,553	6,476,098
(v) Due to Directors	474,654	853,734
(vi) Due to Employees	2,036,066	2,788,040
(vii) Expenses Payable	29,838,304	22,201,225
(viii) Letter of Credit Payable	24,101,587	-
(ix) Other Current Liabilities	52,639,171	55,566,228
Total	256,756,640	156,624,659
NOTE 9. SHORT TERM PROVISIONS		
(a) Provision for employee benefits:		
(i) Provision for bonus	4,002,639	3,222,781
(ii) Provision for gratuity	1,555,189	687,084
(iii) Provision for super annuation	949,500	679,500
(b) Provision - Others:		
(i) Provision for Wealth tax	248,934	214,100
Total	6,756,262	4,803,465

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 10 – FIXED ASSETS:

TANGIBLE ASSETS	GROSS BLOCK				DEPRECIATION		NET BLOCK	
	As at 1.4.2011	Additions	Deletions	As at 30.6.2012	As at 1.4.2011	For the Deduction during the period	As at 30.6.2012	As at 31.3.2011
Land-Freehold	7,280,739	-	-	7,280,739	-	-	7,280,739	7,280,739
Buildings	55,094,119	61,350	-	55,155,469	18,501,159	2,136,868	34,517,442	36,592,960
Building (Renovation)*	27,139,841	1,450,272	-	28,590,113	6,784,878	4,934,968	16,870,267	20,354,963
Plant and Equipment	235,437,883	8,345,776	4,396,994	239,386,665	103,831,497	15,545,270	120,220,468	131,606,385
Furniture and Fixtures	35,364,029	5,459,804	1,111,660	39,712,173	9,615,935	3,824,654	26,271,584	25,748,095
Vehicles	40,983,838	3,612,312	661,810	43,934,340	18,214,307	4,638,238	21,532,273	22,769,531
Office Equipment	17,333,047	2,708,014	1,121,107	18,919,954	4,707,637	1,058,437	13,153,880	12,625,410
Computers	6,254,313	668,015	348,850	6,573,478	4,409,688	725,692	1,438,098	1,844,625
Electric Installations	11,643,962	626,922	-	12,270,884	4,638,388	1,307,641	6,324,855	7,005,574
INTANGIBLE ASSETS								
Trade Marks	1,224,600	-	-	1,224,600	-	-	-	-
TOTAL	437,756,371	22,932,465	7,640,421	453,048,415	171,928,089	661,048	247,609,606	265,828,282
Previous year	414,501,633	23,254,738	-	437,756,371	147,409,510	24,518,579	21,586,060	3,191,168
Capital work – in – progress							269,195,666	269,019,450

* This comprises expenditure on renovation to premises not owned by the Company for conduct of business of beer bar and restaurant.

NOTE 11. NON-CURRENT INVESTMENTS

- (a) Trade Investment
In Equity Shares - unquoted fully paid up
1,66,000 (As at 31 March, 2011) shares of Rs.10 each
fully paid up in Anne Pinketron (India) Pvt.Ltd.

Total

786,100
786,100

As at 30 June, 2012 **As at 31 March, 2011**

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Figures in Rs.

Particulars	As at 30 June, 2012	As at 31 March, 2011
NOTE 12. DEFERRED TAX (LIABILITY) / ASSET		
<u>Deferred tax (liability) / asset</u>		
Tax effect of items constituting deferred tax liability:		
On difference between book balance and tax balance of fixed assets	28,061,509	29,776,466
Tax effect of items constituting deferred tax liability	28,061,509	29,776,466
Tax effect of items constituting deferred tax assets:		
Provision for doubtful advances	315,569	289,332
Provision for doubtful debts	1,741,757	577,707
Brought forward business losses	74,302,780	30,387,937
Tax effect of items constituting deferred tax assets	76,360,106	31,254,976
<u>Net deferred tax (liability) / asset</u>	<u>48,298,597</u>	<u>1,478,510</u>
NOTE 13. LONG-TERM LOANS AND ADVANCES		
Unsecured, considered good :		
(a) Security deposits	11,772,116	11,981,194
(b) Advance income tax	7,580,000	28,186,110
(c) Interest accrued on deposit account	6,290	117,553
Total	<u>19,358,406</u>	<u>40,284,857</u>
NOTE 14. OTHER NON-CURRENT ASSETS		
(I) Bank Balance in deposit a/c (maturity after twelve months)	1,00,000	1,161,066
Total	<u>1,00,000</u>	<u>1,161,066</u>
NOTE 15. INVENTORIES		
(At lower of cost and net realisable value)		
(a) Raw materials	4,327,329	4,845,151
(b) Work-in-progress	11,102,527	10,794,925
(c) Finished goods	46,426,239	27,149,271
(e) Stores and spares	31,327,505	57,960,473
(As taken, valued and certified by the management)		
Total	<u>93,183,600</u>	<u>100,749,820</u>
NOTE 16. TRADE RECEIVABLES		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good (refer note below)	16,783,926	15,879,390
Doubtful	5,368,338	1,780,574
	22,152,264	17,659,964
Less: Provision for doubtful trade receivables	5,368,338	1,780,574
	16,783,926	15,879,390
Other Trade receivables		
Unsecured, considered good	241,819,038	118,940,623
Total	<u>258,602,964</u>	<u>134,820,013</u>
Note : Amount due from company under same management		
Companies in which any director is a director or member (Mount Shivalik Breweries Ltd.)	1,207,273	4,360,580

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Figures in Rs.

Particulars	As at 30 June, 2012	As at 31 March, 2011
NOTE 17. CASH AND CASH EQUIVALENTS		
(a) Cash In hand	9,337,669	2,101,373
(b) Balances with banks:		
(i) In current accounts	2,214,309	6,122,989
(ii) In deposit accounts (Refer Note below)		
FD's maturing with in three months	4,015,596	3,054,893
(iii) In earmarked accounts		
- Unpaid dividend accounts	974,096	990,396
Total	16,541,670	12,269,651
Notes:		
(i) Balances with banks in deposit accounts include (i) Rs.2,300,757 (As at 31 March, 2011 Rs.2,126,221) which have an original maturity of equivalent or more than 12 months, (ii) Rs.401,875 (As at 31 March, 2011 Rs.397,807) kept with statutory authorities and Rs 6,754,556 (As at 31 March, 2011 Rs. 2,001,761) kept as margin money.		
(ii) Balances with banks - Include Rs 974,096 (As at 31 March, 2011 Rs 990,396) in escrow account towards payment of dividend for the year 2006-07 / 2007-08 / 2008-09.		
NOTE 18. SHORT-TERM LOANS AND ADVANCES		
Unsecured, considered good:		
(a) Loans and advances to employees	531,784	530,034
(b) Prepaid expenses	4,854,006	65,91,122
(c) Balances with government authorities:		
(i) Bottling Fee Recoverable	4,468,231	1,975,123
(ii) Entry Tax Recoverable	-	95,140
(iii) Input Vat	36,629	-
(iv) Excise Duty Deposit	10,446,854	5,321,548
(v) Import Fee Deposit	1,840,091	1,229,441
Sub Total (I)	22,177,595	15,742,408
(d) Others :		
- Gratuity Recoverable	62,273	97,775
- Interest accrued on deposit account	540,490	192,277
- Advances to suppliers		
Unsecured-considered good	10,386,910	21,333,484
- Doubtful	972,626	891,762
	11,962,299	22,515,298
Less : Provision for doubtful advances	972,626	891,762
Sub Total (II)	10,989,673	21,623,536
Total (I+II)	33,167,268	37,365,944
NOTE 19. OTHER CURRENT ASSETS		
(a) Others :		
(i) Insurance claims	1,528,132	2,754,714
(ii) Bank Balance in deposit a/c		
(Maturing with in twelve months)	4,794,812	-
Total	6,322,944	2,754,714

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Figures in Rs.

Particulars	For the Period Ended 30 June, 2012	For the year Ended 31 March, 2011
NOTE 20. REVENUE FROM OPERATIONS		
Sale of products		
Manufactured goods :		
Sale of Beer	1,777,955,596	1,508,493,065
Traded goods and Hospitality Division :		
Sale of Ready to eat items	380,051	1,378,243
Sale of Food items (Restaurant)	28,113,858	23,555,479
Sale of Services :		
Bar Tendering at Hospitality Division	968,359	1,823,900
Other operating income :		
Sale of scrap	22,037,972	8,303,324
	1,829,455,836	1,543,554,011
Less : Excise Duty	651,548,780	562,075,747
Total	1,177,907,056	981,478,264
NOTE 21. OTHER INCOME		
(a) Interest income:		
(i) Interest from banks on deposits	410,908	333,322
(ii) Interest on income tax refund	1,074,139	-
(iii) Interest on sales tax refund	46,505	-
Sub Total (I)	1,531,552	333,322
(b) Other non-operating income (net of expenses directly attributable to such income) directly attributable to such income):		
(i) Profit on sale of fixed assets	29,229	-
(ii) Unclaimed Balances Written back	1,470,652	4,311,618
(iii) Excess provision of expenses written back	-	136,802
(iv) Miscellaneous income	1,570,004	1,943,616
Sub Total (II)	3,069,885	6,392,036
Total (I+II)	4,601,437	6,725,358
NOTE 22. COST OF MATERIALS CONSUMED		
Raw materials consumed :		
Opening stock	3,871,857	6,591,495
Add: Purchases	197,532,010	152,000,020
	201,403,867	158,591,515
Less: Closing stock	3,954,677	3,871,857
Cost of raw materials consumed -Sub Total (I)	197,449,190	154,719,658
Other materials consumed:		
Opening stock	47,549,356	20,541,103
Add: Purchases	470,808,171	402,733,247
	518,357,527	423,274,350
Less: Closing stock	19,718,701	47,549,356
Cost of other materials consumed - Sub Total (II)	498,638,826	375,724,994
Total (I-II)	696,088,016	530,444,652

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Figures in Rs.

Particulars	For the Period Ended 30 June, 2012	For the year Ended 31 March, 2011
NOTE 23. PURCHASE OF STOCK-IN-TRADE		
Purchases of traded goods	-	1,245,260
Total	-	1,245,260
NOTE 24. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS		
Inventories at the end of the period:		
Finished goods	46,426,239	2,71,49,271
Work-in-progress	11,102,527	1,07,94,925
Sub Total (I)	57,528,766	3,79,44,196
Inventories at the beginning of the period :		
Finished goods	27,149,271	3,23,43,961
Work-in-progress	10,794,925	1,17,17,453
Sub Total (II)	37,944,196	4,40,61,414
Net (increase) / decrease (II-I)	(19,584,570)	6,117,218
NOTE 25. EMPLOYEE BENEFIT EXPENSES		
(a) Salaries and wages	53,952,371	44,047,939
(b) Contributions to		
- Provident and other funds:	6,177,013	5,468,189
- Gratuity	1,619,923	1,785,104
(c) Staff welfare expenses	3,729,539	3,245,709
Total	65,478,846	54,546,941
NOTE 26. FINANCE COST		
(a) Interest expense on:		
(i) Interest Expense-Loans	45,098,215	24,385,230
(ii) Other Borrowing Cost	1,127,023	354,999
	46,225,238	24,740,229

Note: Interest amounting to Rs. 671,493 paid to Oriental Bank of Commerce for construction of Fixed Assets have been accounted for under Capital Work-in-Progress and shall be capitalised when the Asset is put to use.

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Figures in Rs.

Particulars	For the Period Ended 30 June, 2012	For the year Ended 31 March, 2011
NOTE 27. OTHER EXPENSES		
Power and fuel	40,602,445	39,999,173
Rates and taxes	138,408,775	88,550,652
Freight and forwarding charges	139,283,262	109,888,788
Royalty Charges	1,471,857	1,225,791
Labour & Processing Charges	23,388,895	15,864,818
Electricity expenses	3,517,310	2,910,617
Legal and professional charges	3,103,611	2,015,526
Vehicle running & maintenance charges	4,415,414	3,420,534
Director fee	55,000	44,000
Rent	13,538,775	11,035,789
Repairs and maintenance-Buildings	1,153,957	725,023
Repairs and maintenance-Machinery	5,886,945	5,324,828
Repairs and maintenance-Others	2,593,013	2,603,686
Insurance Charges	2,510,024	2,144,155
Postage and Communications	3,135,505	3,302,906
Travelling and conveyance	19,193,314	18,498,289
Printing and stationery	968,383	967,552
Commission paid on sales	10,129,547	7,773,549
Rebate & Discounts	42,884,720	73,408,917
Sales promotion expenses	13,125,045	20,921,046
Breakage & Samples	4,521,122	6,232,646
Payment to auditors (Refer Note below)	578,815	467,345
Bad debts written off	609,885	140,534
Provision for doubtful debts	3,587,764	1,408,894
Provision for doubtful advances	80,864	-
Provision for Diminution in investments	786,100	600,000
Miscellaneous expenses	21,875,161	23,776,379
Total	501,405,508	443,251,437
NOTE : Payment to the auditors comprises		
For Statutory Audit	310,175	248,175
For Taxation Audit	55,150	55,150
For Certification	59,956	53,720
For Quarterly / Half Yearly Review	136,815	110,300
Reimbursement of expenses	16,719	-
Total	578,815	467,345
NOTE 28. EARNING PER SHARE		
Earnings per share		
Basic and Diluted		
Continuing operations		
Net profit / (loss) for the year from continuing & discontinued operations	(94,456,226)	(64,732,184)
Weighted average number of equity shares	6,046,700	6,046,700
Par value per share	10.00	10.00
Earnings per share from continuing and discontinued operations-		
Basic and Diluted	(15.62)	(10.71)

MOUNT SHIVALIK INDUSTRIES LIMITED

FINANCIAL NOTES FORMING PART OF THE ACCOUNTS FOR THE PERIOD ENDED JUNE 30, 2012

NOTE -29 SIGNIFICANT ACCOUNTING POLICIES:

1 Basis of preparation:

The financial statements have been prepared under the historical cost convention on accrual basis and to comply with the mandatory Accounting Standards issued by the Institute of Chartered Accountants of India and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied, unless otherwise stated.

In the preparation of the Company's financial statements in conformity with the accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognized in the period in which the same is determined.

2 a) Fixed Assets:

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the period end, are disclosed as capital work in progress.

b) Intangibles:

Intangible assets are stated at cost less accumulated amortisation. The cost incurred for acquiring trademarks are capitalised and amortised on a straight line basis.

3 Depreciation/Amortisation:

3.1 Depreciation on fixed assets (except on trade marks) is charged on straight line method, on pro-rata basis, at the rates specified in Schedule - XIV to the Companies Act, 1956.

3.2 Expenditure on account of cost of trade marks acquired, is amortised on pro-rata basis, over the useful life thereof, as estimated by the management.

3.3 Renovation expenditure is amortised over the useful life of renovations covered by the relevant agreements.

3.4 Assets costing Rs.5,000 or less each acquired during the period are fully depreciated.

4 Investments:

4.1 Investments that are readily realizable and intended to be held for not more than one year are classified as current investments. Such investments are carried at lower of cost and fair value determined on an individual investment basis.

4.2 Other investments are classified as long - term investments and are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of such investments.

4.3 Profit/loss on sale of investments is computed on FIFO basis.

5 Inventory Valuation:

5.1 Inventories are valued at lower of cost and net realisable value.

5.2 Cost of purchases consists of the purchase price, including applicable duties and taxes, freight inwards and other expenditure attributable to the acquisition, less trade discounts and rebates, and include other costs incurred in bringing the inventories to their present location and condition.

5.3 Costs are based on the First -in-First-out method. Costs in relation to inventories comprising finished goods and work-in-progress include cost of conversion specifically attributable and production overheads.

5.4 Stores and spares are valued at cost/estimated cost.

MOUNT SHIVALIK INDUSTRIES LIMITED

6 **Revenue Recognition:**

Revenue is recognized to the extent that it can be reliably measured and it is probable that the economic benefits will flow to the Company.

6.1 Revenue in respect of sales is recognised at the point of despatch to customers, when significant risks and rewards of ownership get transferred to them.

6.2 Gross sales are inclusive of excise duty and are net of sales return and trade discounts.

6.3 Interest income is accounted on accrual basis except interest on income-tax refunds which is accounted on realisation.

7 **Expenditure:**

Expenses are accounted on an accrual basis and provisions are made for all known losses and liabilities.

8 **Foreign Currency Transactions:**

8.1 Transactions in foreign currency are accounted at the exchange rate prevailing at the time of transactions.

8.2 Current assets and current liabilities outstanding in foreign currency are converted at the year end exchange rate, and the resultant gain/loss is taken to revenue.

9 **Retirement Benefits:**

9.1 Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

9.2 Provident fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the Government funds are due.

9.3 Gratuity liability is defined benefit obligation and is provided in the statement of profit and loss and funded into a continuing policy on the basis of annual actuarial valuation using Projected Unit Credit Method.

9.4 Pension scheme for eligible employees is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year and are funded into a continuing policy via Trust established for this purpose.

9.5 Long term compensated absences are provided for based on actuarial valuation of annual accretion to the obligation in respect of the employees at the year end.

9.6 Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

10 **Borrowing Costs:**

Borrowing costs directly attributable to the acquisition and/or construction of qualifying assets are capitalised as part of the cost of the respective assets upto the date when such asset is ready for its intended use in accordance with the Accounting Standard (AS-16) on 'Borrowing Cost' issued by 'The Institute of Chartered Accountants of India'. All other borrowing costs are charged to revenue.

11 **Taxes on Income:**

11.1 Provision for tax comprises current tax and deferred tax.

11.2 The provision for current income tax is based on the estimated taxable profit for the period.

The tax filings are subject to review by the tax authorities in the jurisdictions where the Company conducts business. These reviews may result in assessments of additional taxes that are resolved with the authorities or potentially through the courts. Resolution of these matters involves some degree of uncertainty; accordingly, the Company provides income taxes for the liabilities it believes will ultimately result from the proceedings.

11.3 Deferred income tax reflects the impact of current period timing differences between taxable income/ losses and the accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognized only to the extent there is virtual certainty that sufficient future taxable income will be available against which such losses can be set off.

11.4 Provision for wealth tax is made based on tax liability computed after considering tax allowances and exemptions available in accordance with the provisions of the Wealth Tax Act, 1957.

MOUNT SHIVALIK INDUSTRIES LIMITED

12 **Provisions and Contingent Liabilities:**

A provision is recognised when there is a present obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. A disclosure as a contingent is made when there is a possible obligation or a present obligations that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

13 **Earnings per share:**

Basic:

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

14 **Impairment of assets:**

Based on tests for impairment on an annual basis in the carrying amount of assets, the Company accounts for:

- i) provision for impairment loss; if any, or
- ii) the reversal, if any, of such loss recognized in previous periods.

1 **Contingent Liabilities:**

Outstanding bank guarantees, Letters of Credit and bills discounting - Rs.25,100,000 (Previous year Rs.17,990,000).

2 **Excise Duty:**

Liability towards excise duty on the company's products (beer) is the primary responsibility of the purchaser in whose favour the goods are released and is applicable to the state in which the goods are intended for sale/consumption. Provision has, therefore, not been made in respect of excise duty liability and uncleared/undespached finished goods lying as at the year-end in factory/in bond. Such duty is also not determinable as it varies according to the states to which goods are despatched for sale. Even otherwise, the non-provision of such liability has no effect on the net profits for the year or on the Net Current Assets as at the year-end.

- 3 As per Accounting Standard 15 'Employee Benefits', the disclosures of Employee benefits as defined in the Accounting Standard are given below:

Disclosure Pursuant to Accounting Standard 15 (Revised) Employee Benefits:

The Company has adopted Accounting Standard 15 (Revised) 'Employee Benefits', issued by 'The Institute of Chartered Accountants of India'.

As per Accounting Standard 15 (Revised) 'Employee Benefits', the disclosure of Employee Benefits as defined in the Accounting Standard are given below:

a) **Defined Contribution Plan:**

The Company makes Provident Fund contribution to Regional Provident Fund Commissioner for eligible employees and Superannuation Fund contributions to scheme managed by Life Insurance Corporation of India for qualifying employees. Under the Provident Fund Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.3,215,523 (Previous Year Rs.2,591,389) and Rs.949,500 (Previous Year Rs. 679,500) for Provident Fund and Superannuation Fund contributions respectively in the Statement of Profit and Loss. The contribution payable to Superannuation Fund plan by the Company are at rates specified in the rules of the scheme.

b) **Defined Benefit Plan:**

The Company offers Gratuity as employee benefit scheme to its employees.

The Following table sets out the funded status with Life Insurance Corporation of India Gratuity Fund Scheme of the Gratuity defined benefit scheme and the amount recognised in the financial statements.

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTE 30 - FINANCIAL NOTES ON ACCOUNTS:

<u>Particulars</u>	<u>2011-12</u> <u>Gratuity (Funded) (Rs.)</u>	<u>2010-11</u> <u>Gratuity (Funded) (Rs.)</u>
1 Components of employer expense		
Current service cost	562,830	625,901
Interest cost	355,075	291,267
Expected return on plan assets	(426,146)	(339,513)
Actuarial losses / (gains) on obligations	286,953	120,848
Total expense recognised in the Statement of Profit and Loss	778,712	698,503
2 Actual contribution and benefit payments for year		
Actual benefit payments	(231,981)	(240,420)
Actual contributions	635,961	1,023,667
3 Net asset / (liability) recognised in the Balance Sheet		
Present value of defined benefit obligation	5,411,312	4,438,435
Fair value of plan assets	5,193,779	4,363,653
Funded status [Surplus / (Deficit)]	(217,533)	(74,782)
Net asset/ (liability) recognised in the Balance Sheet	217,533	74,782
4 Change in defined benefit obligations (DBO) during the year		
Present value of DBO at beginning of the year	4,438,435	3,640,839
Current service cost	562,830	625,901
Interest cost	355,075	291,267
Actuarial (gains) / losses on obligations	286,953	120,848
Benefits paid	(231,981)	(240,420)
Present value of DBO at the end of the year	5,411,312	4,438,435
5 Change in fair value of assets during the year		
Plan assets at beginning of the year	4,363,653	3,240,893
Actual return on plan assets	426,146	339,513
Actual company contributions	635,961	1,023,667
Benefits paid	(231,981)	(242,420)
Plan assets at the end of the year	5,193,779	4,363,653
Actuarial assumptions		
Discount rate	8%	8%
Salary escalation	6%	6%

4 Fixed Assets :

4.1 Following fixed assets of the restaurant 'Reds' at Jaipur has been transferred to restaurants at Amber Palace (Jaipur) and Hanuwant Mahal (Jodhpur) : and Brewery at Behror on its closure on 30.04.2011.

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTE 30 - FINANCIAL NOTES ON ACCOUNTS:

	Amber		Hanuwant Mahal		Brewery		Total	
	Gross Block	WDV	Gross Block	WDV	Gross Block	WDV	Gross Block	WDV
Plant & Machinery	1,321,594	1,049,762	715,400	563,820	575,000	453,167	2,611,994	2,066,749
Furniture & Fixture	-	-	1,111,660	740,600	-	-	1,111,660	740,600
Office Equipment	366,748	293,682	754,358	618,574	-	-	1,121,106	912,256
Computer	348,850	141,465	-	-	-	-	348,850	141,465
Total	2,037,192	1,484,909	2,581,418	1,922,994	575,000	453,167	5,193,610	3,861,070

4.2 Buildings (renovation) and Electric Installation valued as Rs.2,144,304 and Rs.653,366 respectively of Reds restaurant Jaipur has been amortised on its closure on 30.04.2011.

Current Assets:

5. Includes Rs.340,000 (Face value) towards Terms Deposits with Oriental Bank of Commerce shown under the head 'Cash & Cash Equivalent' which have matured in 2002, 2006, 2007 and 2010 and not renewed till date. Terms deposits receipts are deposited with Excise Department as Security against duty payable against excisable goods.
6. Actuarial valuation of gratuity has been carried out by LIC for twelve months based on employees data for the financial year 2011-12. Gratuity has been provided for 15 months extended amount of liability calculated by LIC for 12 months.

7. Taxation:

- 7.1 Provision for Wealth -tax has been made in accordance with the provisions of the Wealth Tax Act , 1957.
- 7.2 The Net Deferred Tax adjustments for the period amounting to Rs.46,820,087 has been recognised in the Statement of Profit and Loss in accordance with the Accounting Standard (AS-22) 'Accounting for Taxes on Income' issued by 'The Institute of Chartered Accountants of India'.
8. Additional information pursuant to requirements of Part-II of the Schedule-VI to the Companies Act, 1956 (As certified by the management.)

8.1 Licensed/ Installed Capacity etc.

Licensed Capacity	300,000 HL
	(400,000) HL
Installed Capacity *	300,000 HL
	(400,000) HL

* (as certified by the management and accepted by the auditors, this being a technical matter.)

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTE 30 - FINANCIAL NOTES ON ACCOUNTS(Contd.):

8.2 Raw Materials Consumed:

Class of Goods	Current Period		Previous Year	
	Qty. (Kg.)	Value (Rs.)	Qty. (Kg.)	Value (Rs.)
Barley Malt	5,433,599	133,419,106	4,951,750	100,391,501
Rice, Maize/Rice Flakes	2,243,400	26,543,275	1,813,700	19,247,638
Sugar	744,136	22,635,687	763,000	22,537,081
Hops (Pellets/Extracts)	11,154	7,051,679	10,848	6,475,371
Others		7,799,443		6,068,068
Total		197,449,190		154,719,659

	Value (Rs.)	(%)	Value (Rs.)	(%)
8.3 <u>Composition of Raw Materials consumed:</u>				
Imported	5,642,838	2.86	5,588,423	3.61
Indigeneous	191,806,352	97.14	149,131,236	96.39
Total	197,449,190	100.00	154,719,659	100.00
8.4 <u>Composition of Stores and Spares consumed:</u>				
Indigeneous	498,638,826	100.00	375,724,994	100.00
8.5 <u>Value of Imports calculated on CIF Basis:</u>				
Raw Materials	4,524,456		4,839,860	
8.6 <u>Expenditure in Foreign Currency:</u>				
Travelling (Foreign-Exchange purchased)	1,503,079		2,701,427	
Purchase of Raw Material	4,524,456		4,839,860	
Total	6,027,535		7,541,287	
8.7 <u>Remuneration to Directors:</u>				
Salary and Bonus	6,150,000		4,592,487	
Contribution to P.F.	738,000		543,600	
Other Perquisites*	2,894,308		2,607,513	
Total	9,782,308		7,743,600	

(* Excludes in respect of Gratuity, Superannuation and accumulated leave encashment.)

- 9 There are no amounts payable to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 based on information available with the Company. Further, the Company has not paid any interest to any Micro, Small and Medium Enterprises during the current year. This information has been determined to the extent such parties have been identified on the basis of information available with the Company and relied upon by the Auditors.

10 Segment Reporting:

10.1 Business Segments

Based on the guiding principles given in Accounting Standard (AS)-17 'Segment Reporting' notified by the 'Companies (Accounting Standard) Rules, 2006' the company's business segment include: manufacture of and dealing in Beer and Hospitality (running and maintenance of restaurants).

10.2 Geographical Segment

Since the Company's activities / operations are primarily within the country and considering the nature of products / services it deals in, the risk and return are same and as such there is only one geographical segment.

10.3 Segment Accounting Policies

- i) The generally accepted accounting principles used in the preparation of the financial statements are applied to record revenue and expenditure in individual segments.

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTE 30 - FINANCIAL NOTES ON ACCOUNTS(Contd.):

- ii) Expenses that are directly identifiable to segments are considered for determining the segment results. Expenses which relates to the company as a whole are not allocated to segments and are included under unallocated corporate expenses.
- iii) Segment assets and liabilities include those directly identifiable with the respective segments. Most of the assets / liabilities can be directly attributable to individual segments. Unallocated corporate assets and liabilities represents the assets and liabilities that relate to the company as a whole and not allocable to any segment. Segment assets and liabilities do not include deferred income taxes.

Segment Revenue	Brewery Rs.	Hospitality Rs.	Others Rs.	Total Rs.
Gross Sales	1,148,297,777 (1,516,673,220)	29,229,228 (23,555,479)	380,051 (1,378,243)	1,177,907,056 (1,541,606,942)
Other income (excluding interest income)	3,868,409 (6,186,076)	732,932 (2,153,029)	96 -	4,601,437 (8,339,105)
TOTAL REVENUE	1,152,166,186 (1,522,859,296)	29,962,160 (25,708,508)	380,147 (1,378,243)	1,182,508,493 (1,549,946,047)
Segment Results	(87,868,150) (-81,093,581)	(8,994,220) (-9,886,261)	(847,280) (-1,557,050)	(97,709,650) (-92,536,892)
Interest Income				1,531,552 (333,322)
(Loss)/Profit before interest and tax				(96,178,098) (-92,203,570)
Interest expense				45,098,215 (4,243,024)
(Loss) / Profit before tax				(141,276,313) (-96,446,594)
Provision for current taxes				(46,820,087) (-31,714,410)
(Loss) / Profit after tax				(94,456,226) (-64,732,184)
Provision for taxation relating to earlier years/(written back) (net)				- -
NET PROFIT / (LOSS)				(94,456,226) (-64,732,184)
<u>Other Information</u>				
Segment Assets	587,537,757 (501,183,504)	87,207,780 (92,154,466)	140,921 (1,896,378)	674,886,458 (595,234,348)
Segment Liabilities	711,484,610 (303,717,064)	6,017,554 (10,352,093)	117,036 (683,246)	717,619,200 (314,752,403)
Capital Expenditure (including capital work in progress and Capital advances)	15,741,389 (10,825,746)	5,844,671 (15,620,160)	- -	21,586,060 (26,445,906)
Depreciation	23,539,897 (18,634,909)	10,631,871 (5,883,670)	-	34,171,768 (24,518,579)

Note : Previous year figures are indicated in italics and brackets.

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTE 30 - FINANCIAL NOTES ON ACCOUNTS(Contd.):

- 11 In terms of Accounting Policy No.4, a diminution in the value, other than temporary, in the long term investment has been recognised in the Accounts to the extent of Rs.786,100 (previous year Rs.600,000) as estimated by the management.
- 12 Disclosure of Related Parties/Related Party transactions:
- I) Related Parties where Control Exists:
 - i) Entities Controlled through Directors:
 - a) Mount Shivalik Breweries Ltd.
 - b) Mount Shivalik Investments Ltd.
 - c) Mount Shivalik Hotels & Resorts Pvt. Ltd.
 - d) Ranika Investments Pvt. Ltd.
 - e) Mount Shivalik Packaging Pvt. Ltd.
 - ii) Key Management Personnel and their relatives:
 - a) Shri B.D.Bali Chairman & Managing Director
Mrs. Nita Rani Bali (Wife)
Shri Monish Bali (Son)
 - b) Shri Sanjiv Bali Managing Director
Mrs. Kavita Bali (Wife)
 - c) Shri Rajiv Bali Director
 - d) Shri K. C. Garg Director Finance
Mrs. Shashi Garg (Wife)

MOUNT SHIVALIK INDUSTRIES LIMITED

NOTE 30 - FINANCIAL NOTES ON ACCOUNTS(Contd.):

II) The Company's related party transactions during the period and outstanding balances as at 30 June, 2012

(Rs.in million)

Nature of Transaction	Entities Controlled through Directors	Key Management Personnel	Relatives of Key Management Personnel	Total
Purchase of goods/services	0.040 (0.284)			0.040 (0.284)
Sale of Goods	3.103 (34.073)			3.103 (34.073)
Remuneration		9.782 (7.744)	- (0.184)	9.782 (7.928)
Payment towards Rent			2.496 (1.878)	2.496 (1.878)
Licence agreements				
- Royalty paid	1.472 (1.103)			1.472 (1.103)
- Royalty received	-			-
Dividend Paid	-	-	-	-
Interest on Deposits			0.344 (0.252)	0.344 (0.252)
Directors' fee		0.011 (0.044)		0.011 (0.044)
Deposits Received			2.500 (2.00)	2.500 (2.000)
Outstanding as at the year end				
- Sundry Creditors	0.390 (0.343)			0.390 (0.343)
- Sundry Debtors	1.207 (4.361)			1.207 (4.361)
<u>- Loans and Advances</u>				
- Amounts Recoverable			- (0.001)	- (0.001)
- Amounts Payable		0.464 (0.459)		0.464 (0.459)

Note : Previous year figures are indicated in brackets.

- 13 The Financial Statements have been drawn for the period of 15 months ended June 30, 2012 and the figures of the previous year of 12 months are not strictly comparable.
14. The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financial statements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figure have been regrouped/reclassified wherever necessary to correspond with the current year's classification/disclosure.
- 15 Notes 1 to 30 are annexed to and form an integral part of the Balance Sheet as at June 30, 2012 and the Statement of Profit and Loss for the period ended on that date.

(THOMAS P. JOSHUA) (S.K. NANDI) (K.C. GARG) (B.D. BALI) (SANJIV BALI)
Company Secretary Sr. Financial Controller Director (Finance) Chairman and Managing Director Managing Director

AS PER OUR REPORT OF EVEN DATE
For K.C. KHANNA & CO.,
Chartered Accountants
Firm Registration No.000481N

Place : New Delhi
Dated : November 30, 2012

(Onkar Nath)
Partner
Membership No. 009128

MOUNT SHIVALIK INDUSTRIES LIMITED

CASH FLOW STATEMENT FOR THE PERIOD OF FIFTEEN MONTHS ENDED 30TH JUNE, 2012

	For the Period Ended 30 June, 2012		For the year Ended 31 March, 2011	
	Rs.	Rs.	Rs.	Rs.
(A) Cash Flow from Operating Activities				
Loss Before Tax		(141,276,313)		(96,660,694)
Adjustments for:				
Depreciation	34,171,768		24,518,579	
Provision of Leave Encashment	27,371		622,388	
Provision for Diminution in investment	786,100		600,000	
Provision of Doubtful Debt	3,587,763		1,408,894	
Wealth Tax Provision	196,934		214,100	
Loss on Sale of Fixed Asset	38,198		-	
Interest Expense	46,225,238		25,791,075	
Interest Income	(1,531,552)	83,501,820	(333,322)	52,821,714
Operating Profit before Working Capital Changes		(57,774,493)		(43,838,980)
Adjustment for:				
Trade & Receivables	(125,358,859)		52,502,126	
Inventories	7,566,220		(18,316,117)	
Trade payables	193,585,576	75,792,937	28,810,794	62,996,803
Cash generated from Operations		18,018,444		19,157,823
Direct Tax Paid		9,648,560		(1,094,277)
Net Cash Flow from Operating Activities (A)		27,667,004		18,063,546
(B) Cash Flow from/(used in) Investing Activities				
Interest Received	1,531,552		333,322	
Purchase of fixed assets and capital W.I.P	(17,738,854)		(26,445,905)	
Addition to capital work in progress	(18,394,892)			
Sale of fixed assets	1,747,564		-	
Net Cash used in Investments Activities (B)		(32,854,630)		(26,112,583)
(C) Cash Flow from Financing Activities				
Interest Paid	(46,225,238)		(25,791,075)	
Proceeds from Borrowings	72,641,132		13,500,000	
Repayments of Borrowings	(23,912,142)		(15,269,661)	
Increase/(Decrease) in Bank Borrowings	7,117,993		32,961,288	
Wealth Tax Paid	(162,100)		(133,000)	
Net Cash Flow from Financing Activities (C)		9,459,645		5,267,552
(D) Net Increase in Cash and Cash Equivalents (A+B+C)		4,272,019		(2,781,485)
Cash and Cash Equivalents as:				
-at the beginning of the period		12,269,651		15,051,136
-at the end of the period		16,541,670		12,269,651

(THOMAS P. JOSHUA) **(S.K. NANDI)** **(K.C. GARG)** **(B.D. BALI)** **(SANJIV BALI)**
 Company Secretary Sr. Financial Controller Director (Finance) Chairman and Managing Director Managing Director

Place : New Delhi
 Dated : November 30, 2012

MOUNT SHIVALIK INDUSTRIES LIMITED

MOUNT SHIVALIK INDUSTRIES LIMITED

Regd. Office: 140th Milestone, (Delhi-Jaipur) National Highway No. 8, Village Gunti,
Tehsil Bahror, Distt. Alwar (Rajasthan)

PROXY FORM

L. F. No.: _____

No. of Shares: _____

DP Id. No.*: _____

Client Id. No.*: _____

S.No.	Name(s) (In full)	Father/Husband's Name	Address
1.			
2.			
3.			

I / We being a member / members of the above named Company hereby appoint _____ of _____ as my / our Proxy to vote on my/our behalf at the 19th Annual General Meeting of the Company to be held on Wednesday, the 26th December, 2012 at 3.00 P.M., at the registered office of the Company at 140th Milestone, (Delhi-Jaipur) National Highway No.8, Village Gunti, Tehsil Behror, Distt. Alwar (Rajasthan) and at any adjournment thereof.

Signature of Shareholder (s):

1) _____

2) _____

3) _____

Affix
Revenue
Stamp

Date: ____/____/2012

** Applicable for investors holding shares in electronic form.*

Note: The Proxy form duly filled in and stamped must be returned so as to reach the registered office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.

MOUNT SHIVALIK INDUSTRIES LIMITED

MOUNT SHIVALIK INDUSTRIES LIMITED

Regd. Office: 140th Milestone, (Delhi-Jaipur) National Highway No. 8, Village Gunti,
Tehsil Bahrar, Distt. Alwar (Rajasthan)

ATTENDANCE SLIP

L. F. No.: _____

No. of Shares: _____

DP Id. No.*: _____

Client Id. No.*: _____

S.No.	Name(s) (In full)	Father/Husband's Name	Address
1.			
2.			
3.			

I / We hereby record my / our presence at the 19th Annual General Meeting of Mount Shivalik Industries Ltd. being held on Wednesday, the 26th December, 2012 at 3.00 P.M., at the registered office of the Company, at 140th Milestone, (Delhi-Jaipur) National Highway No. 8, Village Gunti, Tehsil Bahrar, Distt. Alwar (Rajasthan).

Signature of Shareholder (s) / Proxy**:

1) _____ 2) _____ 3) _____

Date: ____/____/2012

* Applicable for investors holding shares in electronic form.

** Strike out whichever is not applicable.

NOTES:

- Members or their Proxies are requested to complete this slip and hand it over at the entrance, duly signed in accordance with their specimen signature registered with the Company. The admission will, however, be subject to verification of signatures and such other checks, as may be necessary. Under any circumstances no duplicate slip will be issued at the entrance to the meeting hall.
- No Gifts/Coupons will be distributed at the meeting.**