

## AUDITORS' REPORT

To the members of  
UNITED VAN DER HORST LIMITED,

1. We have audited the attached Balance Sheet of **United Van Der Horst Limited** (the 'Company') as at March 31, 2011, the Profit and Loss account and also the Cash flow statement for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 (as amended) (the "Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to comments in the Annexure referred to in paragraph (3) above, we report that:
  - a. *The Company continues to prepare the accounts on a going concern basis, despite accumulated losses as at March 31, 2011 being more than 50% of the average net worth during four years immediately preceding the current financial year, relying upon the improving profitability / net worth position. In addition, the management explanations in this regard have been relied upon (Refer note 14 of Schedule 16(B)).*
  - b. *Sundry Debtors Rs.2,17,42,337/-, Sundry Creditors Rs.71,37,832/-, Advances against Expenses, Advance to Contractors, Sub-contractors & Creditors having debit balances amounting to Rs.6,85,840/- and Advance received Rs.10,63,262/- are subject to reconciliation and confirmation with respective parties. Reliance is placed on management certificate on the issuance of confirmations. (Refer note 6 of Schedule 16(B)).*
  - c. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - d. 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.
  - e. The Balance Sheet, Profit and Loss account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.

- f. In our opinion, the Balance Sheet, Profit and Loss account and the Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
- g. On the basis of the written representations received from the Directors, as on March 31, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as at March 31, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

*Subject to our comments in 4 (a) & (b) above*, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and notes thereon, give the information required by the Companies Act, 1956, 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 March 31, 2011;
- (ii) In the case of the Profit and Loss account, of the profit for the year ended on that date; and
- (iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**For CHOKSHI & CHOKSHI**  
**Chartered Accountants**  
**FRN : 101872W**

**Pooja Mehta**  
**Partner**  
**M.No.133578**

**Place: Mumbai**  
**Date:**



**ANNEXURE TO THE AUDITORS' REPORT REFERRED TO IN PARAGRAPH '3' OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF UNITED VANDER HORST LIMITED ON THE ACCOUNTS FOR THE YEAR ENDED MARCH 31, 2011.**

(i)

- (a) *The Company has not updated / maintained proper records showing full particulars, including quantitative details and situation of fixed assets.*
- (b) The management during the year has physically verified all the fixed assets. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification to the extent records available.
- (c) During the year, the Company has not disposed off any major part of its fixed assets so to affect going concern.

(ii)

- (a) As explained to us, inventories have been physically verified by the management at reasonable intervals with the records.
- (b) In our opinion and according to the information and explanations given to us, the procedures for physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining records of inventory. The discrepancies on physical verification of inventory as compared to the available book records were not material and have been dealt with in the books of account.

(iii)

- (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies / firms / other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly sub clause (b), (c) & (d) of the order are not applicable.
- (e) According to the information and explanations given to us, the Company, during earlier years, had taken unsecured loans from parties covered in the register maintained under section 301 of the Companies Act, 1956. The particulars of these loans have been entered in the aforesaid register. The maximum amount involved during the year is Rs.1,03,40,823/- and year end balance was NIL /- (Previous Year Rs.1,02,00,000/-).
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of unsecured loans, were *prima facie* not prejudicial to the interest of the Company.



- (g) According to the information and explanations given to us, the loans are repayable on demand and the loans have been repaid during the current year.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchases of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in the internal control system.
- (v) In respect of contracts or arrangements entered in the register maintained in pursuance of section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanation given to us:
- (a) The particulars of contracts or arrangements that need to be entered in the register maintained under section 301 of Companies Act 1956 have been so entered.
- (b) In our opinion and according to our information and explanations given to us, where each of such transaction is in excess of rupees five lacs in respect of any party, the transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public during the year within the meaning of provisions of Section 58A, 58AA or any relevant provisions of the Companies Act 1956 and rules framed there under. We are informed that no order has been passed by the Company Law Board, National Company Law Tribunal, Reserve Bank of India, any court or any other Tribunal.
- (vii) In our opinion, the in-house internal audit system prevalent within the Company is commensurate with the existing size and nature of business of the Company. However, the frequency and scope of audit needs to be enhanced.
- (viii) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209 (1) (d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed accounts and records have been maintained. We have, however not undertaken a detailed examination of the records with a view to determine whether they are accurate or complete.
- (ix) In our opinion and according to the information & explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and other statutory dues during the financial year, except that there were few instances of delays.



(b) There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Sales Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues, in arrears as at 31<sup>st</sup> March 2011 for a period of more than six months from the date they become payable.

(c) The details of disputed dues unpaid as at March 31, 2011 are as under:

Sr. No.	Name of the Statute	Nature of the Dues	Amount (Rs.)	Amount Paid / Adjusted (Rs.)	Net Balance (Rs.)	Asst. Year	Forum where the dispute is pending
1	Maharashtra Value Added Tax Act, 2002	Sales Tax	68,257	-	68,257	2004-05	Sales Tax officer
2	Maharashtra Value Added Tax Act, 2002	Sales Tax	1,01,755	-	1,01,755	2005-06	Sales Tax officer

- (x) *The accumulated losses as at March 31, 2011 are not less than 50% of net worth but there are cash profits since the preceding year. The accounts of the company have been prepared on going concern basis relying on the profitability and net worth trends. The management explanations thereto have been relied upon (Refer Note 14 of Schedule 16(B) of Notes to accounts)*
- (xi) In our opinion and as per the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions / banks during the year.
- (xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, provisions of clause 4 (xii) of the Order are not applicable.
- (xiii) In our opinion, the Company is not a chit fund / nidhi / mutual benefit fund / society. Hence, provisions of clause 4 (xiii) of the Order are not applicable.
- (xiv) The Company is not dealing or trading in shares, securities, debentures and other investments. Hence, provisions of clause 4 (xiv) of the Order are not applicable.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained, other than temporary deployment pending application.

- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of Balance Sheet, we are of the opinion that the funds raised on short-term basis have prima facie, not been used for long-term investments.
- (xviii) The Company has not made any preferential allotments of shares to parties and companies covered in the register maintain under section 301 of the Companies Act 1956 during the year.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books of account carried out in accordance with the generally accepted auditing standards in India and as per the information and explanations given to us, we have not come across any instance of fraud, either noticed or reported during the year, on or by the Company.

**For CHOKSHI AND CHOKSHI**  
**Chartered Accountants**  
**FRN : 101872W**

**Pooja Mehta**  
**Partner**  
**M.No.133578**

**Place: Mumbai**  
**Date:**



## **AUDITORS' CERTIFICATE**

### **CERTIFICATE OF COMPLIANCE FROM AUDITORS AS STIPULATED UNDER CLAUSE 49 OF THE LISTING AGREEMENT OF THE STOCK EXCHANGES IN INDIA.**

TO  
THE MEMBERS OF  
UNITED VAN DER HORST LIMITED

We have examined the compliance of conditions of Corporate Governance by UNITED VAN DER HORST LIMITED for the year ended on 31st March 2011, as stipulated in clause 49 of the Listing Agreement of the said company with stock exchanges in India.

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 generally complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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 CHOKSHI AND CHOKSHI  
CHARTERED ACCOUNTANTS  
FRN: 101872W**

**POOJA MEHTA  
(PARTNER)  
M.NO.133578**

**PLACE : MUMBAI  
DATE :**

## DIRECTOR'S REPORT

To,  
The Members,  
**United Van Der Horst Limited**

The Directors have pleasure in presenting the 24<sup>th</sup> Annual Report together with the Audited Accounts for the year ended 31<sup>st</sup> March, 2011

### **FINANCIAL RESULTS:**

	<b>31<sup>st</sup> March 2011</b>	<b>31<sup>st</sup> March 2010</b>
	<b>Rs.</b>	<b>Rs.</b>
<b>Profit/ (Loss) Before Taxation</b>	<b>17,209,906</b>	<b>4,355,922</b>
<b>Less /(Add): Current Tax</b>	<b>6,200,000</b>	<b>1,750,000</b>
<b>Less/(Add): Deferred Tax (Provision)</b>	<b>2,005,505</b>	<b>(392,414)</b>
<b>Add/(Less): Prior Period Tax Adjustments</b>	<b>(3,752,518)</b>	<b>(1,673,239)</b>
<b>Profit/ (Loss) After Taxation</b>	<b>5,251,883</b>	<b>1,325,097</b>
<b>Add/ (Less): Prior Period Income (Expenses)</b>	<b>8,268,805</b>	<b>97,642</b>
<b>Net Profit After Taxation</b>	<b>13,520,690</b>	<b>1,422,739</b>
<b>Profit/ (Loss) brought forward</b>	<b>(32,972,453)</b>	<b>(34,395,192)</b>
<b>Profit/ (Loss) carried to Balance sheet</b>	<b>(19,451,765)</b>	<b>(32,972,453)</b>

### **PERFORMANCE REVIEW**

The Company's turnover for the year 2010-2011 has been Rs.1064.85 lakhs as compared to last year figure of Rs.731.18 lakhs. The company has made a net profit after taxation of Rs.135.20 lakhs against Rs.14.22 lakhs last year.

### **DIVIDEND**

In view of the accumulated losses your Directors do not recommend dividend for the year under review.

### **PUBLIC DEPOSITS:**

The Company had not accepted the deposits from the public as per Section 58A of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

### **DIRECTORS:**

In accordance with the provisions of the Companies Act, 1956 and the company's Articles of Association Mr. Inderpal Singh Sabarwal and Mr. Sarbjit. S Chaudhary Directors of the Company retire by rotation and being eligible offer themselves for re-appointment.

Mr. Ushpal Singh Sabarwal Chairman of United Vander Horst Ltd. is transferring his 930409 number of Equity Shares of Rs. 10/- each to Mr.



Inderpal Singh under takeover code of regulation 3 as per the Family Settlement on July 30, 2011.

## **AUDITORS**

The Company's Auditors M/s. Chokshi & Chokshi, Chartered Accountants retire on the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment.

## **COMPANY SECRETARY COMPLIANCE CERTIFICATE**

The Company has obtained Compliance Certificate from Shri. Virendra G. Bhatt, a practicing Company Secretary, as under Section 383A (1) of the Companies Act, 1956, which is enclosed herewith forming part of the Director's Report.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Your Directors give hereunder Directors Responsibility Statement pertaining to the accounts of the company

- i) that in preparation of the Annual Accounts for the year ended 31<sup>st</sup> March, 2011, the applicable accounting standards had been followed along with proper explanation relating to material departures, if any;
- ii) that the directors had selected such accounting policies and applied consistently and made judgments and estimates that were reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31<sup>st</sup> March, 2011 and the profit of the Company for the year under review;
- iii) that proper and sufficient care has been taken 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;
- iv) that the annual accounts for the year ended 31<sup>st</sup> March, 2011 have been prepared on a 'going concern basis'.

## **CORPORATE GOVERNANCE**

Pursuant to Clause 49 of the listing agreements with Stock Exchanges, a Management Discussion & Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

The prescribed particulars under section 217(1) (e) of the Companies Act, 1956 relating to Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are furnished in Annexure to this report.

**1) Total energy consumption of energy consumption per unit of production.**

**(Rs. In Thousands)**

<b>Particulars</b>	<b>2010-2011</b>	<b>2009-2010</b>
Electricity Purchased		
i) Units	<b>809676</b>	<b>770670</b>
ii) Total amount (Rs: in 000)	<b>50.68</b>	<b>47.75</b>
iii) Rate/KWH (Rs.)	<b>4.80</b>	<b>4.60</b>

**2) Foreign Exchange Earnings and Outgo.**

**(Rs. In Thousands)**

<b>Particulars</b>	<b>2010-2011</b>	<b>2009-2010</b>
Total Foreign Exchange Earned	<b>0.25</b>	<b>3.13</b>
Total Foreign Exchange Outgo	<b>NIL</b>	<b>5.11</b>

**PARTICULARS OF EMPLOYEES**

No employees of the Company was in receipt of remuneration during the financial year 2010-2011 in excess of the sum prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

**DISCLOSURE UNDER SECTION 274(1)(g)**

None of the Directors of the Company are disqualified for being appointed as Directors as specified under section 274(1) (g) of the Companies Act, 1956, as amended by the Companies (Amendment) Act, 2000.

**ACKNOWLEDGEMENTS**

Your Directors wish to thank Shareholders, Suppliers, Customers, Banks and Employees for their co-operation and support. Your Directors also wish to place on record the support of the Financial Institutions.

**Place: Mumbai**  
**Date:**

**For Board of Directors**

**INDERPAL SINGH SABHARWAL**  
**Chairman**



**UNITED VAN DER HORST LIMITED**  
**Balance Sheet as at March 31,2011**

		As at 31/03/2011 (Rupees)		As at 31/03/2010 (Rupees)	
<b>SOURCES OF FUNDS:</b>					
<b>1. SHAREHOLDERS' FUND</b>	<b>Schedule</b>				
(a) Share Capital	1	39,948,500		39,948,500	
(b) Reserves & Surplus	2	2,210,190		2,210,190	42,158,690
			<u>42,158,690</u>		<u>42,158,690</u>
<b>2. LOAN FUNDS</b>					
(a) Secured Loans	3	22,143,486		26,389,203	
(b) Unsecured Loans	4	1,855,894	23,999,380	11,912,034	38,301,236
<b>3. DEFERRED TAX LIABILITY (NET)</b>			3,011,921		1,006,416
<b>TOTAL</b>			<u><b>69,169,991</b></u>		<u><b>81,466,342</b></u>
<b>APPLICATION OF FUNDS :</b>					
<b>4. FIXED ASSETS</b>					
(a) Gross Block	5	110,847,786		109,352,297	
(b) Less: Depreciation and Impairment		80,848,344		86,227,495	
(c) Net Block			29,999,442		23,124,802
<b>5 CURRENT ASSETS, LOANS AND ADVANCES</b>	6				
(a) Inventories		13,962,227		19,027,647	
(b) Sundry Debtors		19,793,740		21,774,401	
(c) Cash & Bank Balances		759,982		536,984	
(d) Loans and Advances		1,077,749		1,779,220	
(e) Other Current Assets		9,671,119		10,406,349	
		45,264,817		53,524,601	
Less:-					
<b>6. CURRENT LIABILITIES AND PROVISIONS</b>	7				
(a) Current Liabilities and Provisions		25,546,031		28,155,515	
		<u>25,546,031</u>		<u>28,155,515</u>	
<b>7. NET CURRENT ASSETS</b>			19,718,786		25,369,087
<b>8. DEBIT BALANCE IN PROFIT AND LOSS</b>			19,451,764		32,972,453
<b>TOTAL</b>			<u><b>69,169,992</b></u>		<u><b>81,466,342</b></u>
Significant Accounting Policies and Notes	16				

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

As per our report of even date attached

Signature to Balance sheet & Schedules 1 to 16  
For and on behalf of the Board

**For CHOKSHI & CHOKSHI**  
Chartered Accountants  
FRN : 101872W

**Inderpal Singh Sabharwal**  
Executive Chairman and M.D.

**Vijaychand D. Sambare**  
Director Independent

**Pooja Mehta**  
Partner  
M.No.133578

**Ravindra V. Ghag**  
Chief Accounts Officer

Place : Mumbai  
Date :

**UNITED VAN DER HORST LIMITED**  
**Profit and Loss Account for the year ended March 31,2011**

		For the Year 2010-11 (Rupees)	For the Year 2009-10 (Rupees)
<b>INCOME</b>	Schedule		
<b>Sales</b>			
-Manufacturing & Job Work		106,171,121	72,874,242
-Trading		314,459	244,253
Other Income	8	90,026	225,348
Increase / (Decrease) in Inventory	9	(3,725,234)	(1,323,142)
		102,850,372	72,020,701
<b>EXPENDITURE</b>			
Material & Stores Consumed	10	29,843,740	12,522,026
Power & Fuel		5,068,106	4,775,089
Labour Charges		9,510,462	9,066,851
Bad Debts /Sundry Balances Written Off	11	545,580	500,000
Employees' Cost	12	15,736,648	11,512,944
Other Expenses	13	13,988,148	14,342,640
Interest	14	4,458,127	5,610,158
Depreciation	5	2,889,655	5,603,263
Directors remuneration		3,600,000	3,731,808
		85,640,466	67,664,778
<b>Profit / (Loss) Before Taxation</b>		17,209,906	4,355,922
Less : Provision for Taxation			
(a) Current Tax		6,200,000	3,423,239
(b) Deferred Tax		2,005,505	(392,414)
<b>Profit / (Loss) After Taxation</b>		9,004,401	1,325,097
Add: Prior Period Income	15	8,268,805	97,642
Less: Short Provision of Tax		(3,752,518)	-
		13,520,689	1,422,739
Profit/(Loss) brought forward		(32,972,453)	(34,395,192)
Profit/(Loss) carried to Balance Sheet		(19,451,764)	(32,972,453)
<b>EARNINGS PER SHARE</b>			
(Equity shares of Rs. 10/- each)			
Basic Earning Per Share(in Rs.)		2.25	0.33
Number of shares used in computing earnings per share		3,995,500	3,995,500

Significant Accounting Policies and Notes 16

The Schedules referred to above form an integral part of the Profit & Loss Account

As per our report of even date attached

Signature to Balance Sheet & Schedules 1 to 16  
For and on behalf of the Board

For CHOKSHI & CHOKSHI  
Chartered Accountants  
FRN : 101872W

Inderpal Singh Sabharwal  
Executive Chairman and M.D.

Vijaychand D. Sambare  
Director Independent

Pooja Mehta  
Partner  
M.No.133578

Ravindra V. Ghag  
Chief Accounts Officer

Place : Mumbai  
Date :



## UNITED VAN DER HORST LIMITED

### SCHEDULE "16"

#### SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF BALANCE SHEET AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2011.

##### A) Significant accounting policies:

###### 1. Method of accounting:

The financial statements are prepared under the historical cost convention on accrual basis in accordance with the generally accepted accounting principles, requirements of the Companies Act 1956 and the applicable accounting standards issued by Institute of Chartered Accountants of India notified under Companies (Accounting Standards) Rules, 2006.

###### 2. Use of estimates :

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the Contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Example of such estimates include provisions for doubtful debts, employee retirement benefit plans, provision for income taxes, and the useful life of fixed assets and intangible assets.

###### 3. Fixed Assets :

Fixed assets are stated at historical cost. Cost includes related taxes, duties (net of CENVAT/ VAT credit), freight insurance, Impairment etc. attributable to bringing the assets to working condition for intended use, pre-operational expenses and technical fees paid for transfer of technology, relating to assets less accumulated depreciation. All amounts incurred for fixed assets pending completion/installation /ready for use are taken as Capital Work-in-Progress.

###### 4. Depreciation :

The cost of leasehold land is amortized over the period of the lease. The Company provides depreciation on all the fixed assets other than leasehold land, tooling and fabricated assets on Straight line basis at the rates prescribed under Schedule XIV of the Companies Act 1956. Depreciation on assets fabricated by the Company is charged for only half year on Straight line basis. Depreciation on exchange difference on Capital account is provided on straight line basis on the balance life of the assets.

###### 5. Impairment of Assets :

At each balance sheet date, the carrying amounts of fixed assets are reviewed by the management to determine whether there is any indication that those assets suffered an

impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment loss. Recoverable amount is the higher of an asset's net selling price and value in use. In assessing value in use, the estimated future cash flows expected from the continuing use of the asset and from its disposal are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of time value of money and risks specific to the asset.

## **6. Inventories :**

i) Raw material, Packing Material, Stores & Spares and work in Process are valued at cost or Net realisable value which ever is lower. However these items are considered to be realisable at the cost if the Finished Products in which they will be used are expected to be sold at or above cost.

(its valued at cost).

ii) Cost is determined on FIFO Basis. Stock is determined on FIFO Basis.

iii) Finished Goods are valued at cost or net realisable value which ever is lower.

iv) Work in progress is valued by estimation of the stage of each job as a percentage of net invoices as reduced by estimated profit margin.

## **7. Employee Benefit :**

Contributions to Provident Fund & ESIC, under a defined contribution scheme are charged to the Profit and Loss Account. A provision for gratuity is made as per the Payment of Gratuity Act, 1972. Actuarial gains and losses are recognised immediately in the statement of Profit and Loss Account as income or Expenses. As per the Accounting Standard 15 (Revised) issued by The Institute of Chartered Accountants of India, the liability in respect of earned Leave Encashment is provided on accrual basis.

## **8. Revenue recognition:**

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exist reasonable certainty of its recovery.

i) All revenues are generally recognized on accrual basis

ii) Jobs completed, inspected by clients and invoiced are included in sales, pending delivery

iii) Income is stated net of duties and taxes

## **9. Foreign Currency Transaction :**

i) Foreign Currency Transactions are accounted at the rate of exchange prevailing on the date of the Transactions.



ii) Monetary items, denominated in foreign currency are translated at the exchange rate prevailing on the last date of the accounting year.

iii) Gains / or losses arising out of translation / conversion is taken credit for or charged to Profit & Loss account.

#### **10. Taxation :**

Income Tax expenses comprise current tax, deferred tax charge or credit. Provision for current tax is made with reference to taxable income computed for the accounting year, for which the financial statements are prepared by applying the tax rates as applicable. The deferred tax charge or credit is recognised using prevailing enacted or substantively enacted tax rates. Deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Deferred tax assets / liabilities are reviewed as at each Balance Sheet date based on development during the year and available case laws to reassess realisation / liabilities.

#### **11. Earning per share :**

A basic earning per share is computed by dividing net profit/loss after tax for the period by the weighted average number of equity shares outstanding for the period. A diluted earning per share computed by dividing net profit/loss after tax for the period by the weighted average number of equity shares outstanding and dilutive potential equity shares.

#### **12. Intangible assets :**

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprises and the cost of asset can be measured reliably.

Leasehold land has been amortised over the period of lease.

Administrative and other general overhead expenses that are specifically attributed to the acquisition of intangible asset are allocated and capitalized as a part of the cost of intangible assets.

#### **13. Net Profit/Loss for the period, prior period items and change in accounting policies :**

During the year under review, there is no material changes in the accounting policies and the same are consistently followed by the Company.

Income in Profit and Loss account contains interest, commission and creditors waived off and details of the same are disclosed separately in the financial statements.

#### **14. Segment Reporting:**

The Company's operating business are organised and managed separately according to nature of products and services provided with each segment representing a strategic business

unit that offers different product and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operates.

#### **15. Provisions, Contingent Liabilities & Contingent Assets:**

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation if:

- i) The Company has a present obligations as result of past event
- ii) A probable outflow of resource is expected to settle the obligation and
- iii) The amount of the obligation can be reliably estimated

Reimbursement expected in respect in respect of expenditure required to settle a provisions is recognized only when it is virtually certain that the reimbursement will be received

#### **Contingent liability is disclosed in case of**

- i) A present obligation arising from past events, when it is not probable that an outflow of resource will be required to settle the obligation
- ii) A present obligation arising from the past events, when no reliable estimate is possible and
- iii) A possible obligation arising from the past events where the probability of outflow of resource is not remote

#### **Contingent assets are neither recognized, nor disclosed.**

**Provision, Contingent liabilities and Contingent assets are reviewed at each balance sheet date**

#### **16. The Micro ,Small & Medium Enterprises :**

The Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Enterprises Development Act 2006, have to be identified on the basis of information obtained by the Company.

#### **17. Development Expenses :**

The Company identifies expenses for development of new segment/market and the same are amortized over a period of three years.



## B) Notes to accounts

### 1. Contingent liabilities:

- a) Guarantees given by the bankers to the extent of Rs.59,45,433/- (Previous year Rs.70,63,133/-) counter Guaranteed by the Company.
- b) Disputed Sales Tax dues of Rs.68,257/- pertaining to Asst. Year 2004-05 and Rs.1,01,755/- pertaining to AY 2005-06 not paid.

### 2. Segment Reporting

Information about business segments for the financial year 2010-11 is as under:

(Figures in Rs)

A	Revenue	Manufacturing	Reconditioning	Others	Total
	Sales	4,10,35,651	6,45,92,981	8,56,948	10,64,85,580
	Other Income	-	-	90,676	90,676
	<b>Total Revenue</b>	<b>4,10,35,651</b>	<b>6,45,92,981</b>	<b>9,47,624</b>	<b>10,65,76,256</b>
<b>B</b>	<b>Results</b>				
	<b>Segment result(PBIT)</b>	<b>83,42,964</b>	<b>1,31,32,408</b>	<b>1,92,661</b>	<b>2,16,68,033</b>
1	Unallocated corporate income	-	-	-	-
2	Interest Expenses	-	-	-	44,58,127
3	Profit from ordinary activity	-	-	-	1,77,24,360
4	Exceptional items	-	-	-	5,14,454
5	Write back of provision for diminution in value of loan	-	-	-	-
	Profit before tax	-	-	-	1,72,09,906
6	Provision for current tax	-	-	-	62,00,000
7	Deferred tax	-	-	-	20,05,505
	Profit after tax	-	-	-	90,04,401

C	Other Information				
	<b>Segment assets</b>				
1	Unallocated assets	-	-	-	-
2	Total assets	-	-	-	6,91,69,992
3	Segment Liabilities	-	-	-	-
4	Unallocated Corporate Liabilities	-	-	-	-

5	Total liabilities	-	-	-	6,91,69,992
6	Debit balance in P/L A/c	-	-	-	1,94,51,765
7	Miscellaneous expenses not written off	-	-	-	-
8	Depreciation and amortization	-	-	-	28,89,655
9	Significant non cash expenses	-	-	-	-

(Since the nature of work is same in both the segments, segment-wise bifurcation of assets & liabilities is not possible)

### 3. Related Parties and their relationship

#### I. Associates

Spareage Seals Ltd.

#### II. Key Management Personnel

Mr. Inderpal Singh Sabharwal – Chairman and Managing Director

Mr. Ushapal Singh Sabharwal – Director

Mr. Ravindra V. Ghag – Chief Accounts Officer

#### Disclosure of Material Transactions with Related Parties

Particulars	Current Year Amount (Rs.)	Previous Year Amount (Rs.)
Purchase of Goods and Services from Spareage Seals Limited	21,97,758	26,93,473
Inter Company Deposit (Balance) from Spareage Seals Limited.	-	1,02,00,000
Advance Received Against Order From Spare Age Seals Ltd.	-	1,26,79,525
Interest on above	3,64,279	14,91,615
Remuneration paid to Director Inderpal Singh Sabharwal	18,00,000	19,13,748
Perquisites	2,88,000	2,88,000
Rent	11,40,000	11,40,000
Remuneration paid to Director Ushapal Singh Sabharwal	18,00,000	18,18,060
Rent	11,40,000	11,40,000
Remuneration paid to CAO Mr. Ravindra Ghag	1,91,400	1,77,500
Job Work Sales to Spareage Seals Limited	1,93,97,505	13,56,690



**Note:**

No amounts pertaining to related parties have been provided for as Doubtful Debts and no amounts have been written off or written back during the year.

**4. Earnings Per Share**

<b>Particulars</b>	<b>Year ended March 31, 2011</b>	<b>Year ended March 31, 2010</b>
Net profit considered for EPS calculation (Rs.)	90,04,401	13,25,097
Weighted average number of equity shares considered for basic EPS	39,95,500	39,95,500
Add : Dilutive impact	-	-
Weighted average number of equity shares considered for diluted EPS	39,95,500	39,95,500
Earning per share (Basic) (Rs.)	2.25	0.33
Earnings per share (Diluted) (Rs.)	2.25	0.33
Face value per Equity share (Rs.)	10	10

**5. Deferred Taxation**

Components of Deferred Tax Asset / Liability as at 31.03.2011.

<b>Particulars</b>	<b>Opening Balance As on 01/04/2010</b>	<b>(Debit)/Credit during the year</b>	<b>Closing Balance As on 31/03/2011</b>
	<b>(Rs.)</b>	<b>(Rs.)</b>	<b>(Rs.)</b>
<b>Deferred Tax liabilities</b>			
Depreciation	(10,06,416)	(20,05,505)	(30,11,921)
<b>Deferred Tax Liabilities</b>	<b>(10,06,416)</b>	<b>(20,05,505)</b>	<b>(30,11,921)</b>

6. Sundry Debtors Rs.2,17,42,337/-, Sundry Creditors Rs.71,37,832/-, Advances against Expenses, Advance to Contractors, Sub-contractors & Creditors having debit balances amounting to Rs.6,85,840/- and Advance received Rs.10,63,262/- are subject to reconciliation and confirmation with respective parties. However, in the opinion of the Board of Directors all the assets in the ordinary course of business would realise at least the value stated there against in the books.
7. On the basis of the information to the extent received from 'enterprises' regarding their status under the 'Micro, Small & Medium Enterprises Development Act, 2006' there is no Micro, Small & Medium enterprise to which the Company owes dues, which are outstanding for more than 45 days during the year ended March 31, 2011 and hence disclosure relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.
8. Managerial remuneration is paid in accordance with section 198 of the Companies' Act 1956.

The managerial remuneration is paid as per, as per Part II of Section II (B) Schedule XIII of Companies Act, 1956

The Managerial remuneration paid to the Director is as follows:-

Particulars	Year ending	Year ending
	31.03.2011	31.03.2010
	Amount (Rs)	Amount (Rs.)
Remuneration to Inderpal Singh Sabharwal	18,00,000	19,13,748
Perquisites to Inderpal Singh Sabharwal	2,88,000	2,88,000
Remuneration to Ushpal Singh Sabharwal	18,00,000	18,18,060
<b>Total</b>	<b>38,88,000</b>	<b>40,19,808</b>

9. Additional information pursuant to the provisions of paragraph 3 and 4 C and 4D of part II of Schedule VI of the Companies Act, 1956:
- A. Company produces various ancillaries for large machines apart from repairing restructuring of the same. The Company does not require any license and no installed capacity is prescribed.
- B. Particulars of stock of Work-in-Progress

Particulars	Opening Stock		Actual Production		Closing Stock	
	Qty	Amt(Rs)	Qty	Amt(Rs)	Qty	Amt(Rs)
(i) Work-in-Progress of Hydraulic / pneumatic parts	11	65,82,295		4,10,35,651	3	4,707,572
Piston Crown (STD) B & W/K74EF	1	13,015	1	13,015	1	1,40,907



Annular BOP / & spool	-	-	-	-	2	3,32,500
King Pin	-	-	-	-	5	5,34,300
Cylinder Cover	2	1,53,940	2	1,53,940	---	---
Others		59,86,896		6,52,82,974		32,95,633
<b>TOTAL</b>	<b>14</b>	<b>1,27,36,146</b>		<b>10,64,85,580</b>	<b>11</b>	<b>90,10,912</b>
(ii)Work-in-Progress of refurbishing, restandardising, repairs and services		---		---		---
<b>TOTAL</b>		<b>1,27,36,146</b>		<b>10,64,85,580</b>		<b>90,10,912</b>

Note: Management has physically verified stock with the help of technical person and found the same to be in order.

#### C. Particulars of Stock of Raw Materials and stores

Particulars	Current Year		Previous Year	
	Quantity	Amount (Rs.)	Quantity	Amount(Rs.)
(i) Raw Materials				
Chromic Acid	2330	3,39,248	100	14,560
Honing Stone	565	56,613	524	52,505
Seal Kits			0	0
Welding Rods	8359	11,20,106	9381	12,57,054
Bar Sheets			0	0
Plates			0	0
Tin/lead/Ingot			60	12,168
Acid	833	2,16,580	433	1,12,580
Electricals			0	0
Honing Stick			3	15,120
Casting			0	0
<b>Total of Raw Materials</b>	<b>12087</b>	<b>17,32,547</b>	<b>10,501</b>	<b>14,63,987</b>
(ii) Stores				
*Others		32,18,768		48,27,513
<b>Total of Raw Material and Stores</b>		<b>49,51,315</b>		<b>62,91,500</b>

\* Detailed records in respect of other items are not furnished as value of the items does not exceed 10% of the value.

#### D. Consumption of Materials:

Particulars	Current Year		Previous Year	
	Amount (Rs)	Percentage	Amount (Rs)	Percentage
Indigenous	2,66,69,577	93.57	1,25,30,751	100
Imported	18,33,976	6.43	-	-
<b>TOTAL</b>	<b>2,85,03,553</b>	<b>100</b>	<b>1,25,30,751</b>	<b>100</b>

E. Particulars of Consumption of Raw Materials & Stores

Particulars	Current Year		Previous Year	
	Quantity	Amount(Rs.)	Quantity	Amount(Rs)
Chromium Trioxide	2770	4,03,312	1400	2,03,840
Honing Stones	642	64,329	666	66,733.20
Seal Kits/Rings	254	17,70,427	293	9,15,918
Welding rods	5073	6,79,782	2030	2,71,966
Bar & Sheets	16923	10,99,995	29726	19,32,221
Plates	291.56	18,951	22346	14,52,461
Casting	---	---	144	11,247
Tin/Lead/Ingots	175.30	35,550.84	0	0
Acid	1540	4,00,400	2164	5,62,640
Honing stick	3	15,120	4	2,016
Others		44,87,866.84		70,87,278
<b>TOTAL</b>	<b>27671.86</b>	<b>2,53,55,871</b>	<b>58,773</b>	<b>1,25,24,464</b>

F. Particulars of Refurnishing, Restandardising, Repairs, Services and sales of Hydraulic/pneumatic parts.

	Particulars	Current Year (Rs.)	Previous Year (Rs)
a.	Refurnishing, Restandardising, Repairs & Services	6,53,05,129	6,23,74,113
	Less: Service Tax	61,04,390	61,10,321
	<b>Total</b>	<b>5,92,00,739</b>	<b>5,62,63,792</b>
b.	Sales of Hydraulic/pneumatic parts	4,10,35,650	1,63,59,329
c.	Export Sales	NIL	NIL
d.	Others	62,49,191	4,95,373
	<b>TOTAL</b>	<b>10,64,85,580</b>	<b>7,31,18,494</b>

10. a) Expenditure in Foreign Currency:

Particulars	Currency	Current year (Rs.)	Previous year (Rs.)
License and Audit Fees	3730 US\$	1,69,081	3,72,383
Inspection Charges	NIL	NIL	91,698
Commission	Euro	-	47,353
Directors Foreign Travelling	-	Nil	Nil
<b>TOTAL</b>		<b>2,42,796</b>	<b>5,11,434</b>



**b) Income in Foreign Currency**

Particulars	US Dollars	Japanese	Current year(Rs.)	Previous year (Rs.)
From Business	6906	-	-	3,13,814
Commission		50,050	25,736	
<b>TOTAL</b>	<b>6906</b>	<b>50,050</b>	<b>-</b>	<b>3,13,814</b>

**11. Payment to Statutory Auditors:-**

Particulars	Current Year (Rs.)	Previous year (Rs.)
Audit Fees	1,00,000	1,00,000
Tax Audit Fees	15,000	15,000
Other Services	1,19,499*	1,29,861
<b>TOTAL</b>	<b>2,34,499</b>	<b>2,44,861</b>

(\* includes Rs 69,049/- for advisory services.)

**12. Prior Period Income:**

Particulars	Current Year (Rs.)	Previous year (Rs.)
Commission income not recognized last year now recognized	-	97,642
Depreciation excess charged during earlier year reversed	82,68,805	-
<b>TOTAL</b>	<b>82,68,805</b>	<b>97,642</b>

13. Fixed Deposits of Rs.34,11,438/- (Previous Year Rs.25,85,143) are pledged with the bank as security for credit limit / loan availed from banks.

14. The Company has net worth of Rs.2,27,06,925/- as on March 31, 2011 after adjustment of all accumulated losses. This is based on profits generated in the immediately preceding periods. According to Companies Act, 1956, the Company is Sick Company if as at the year end accumulated losses exceed 50% of average net worth during four years immediately preceding the financial year. However, no reference to BIFR is necessary as the Company is generating profits and its net worth is positive. The management has relied upon technical views from Chartered Accountants in this regards. The accounts are maintained on a going concern basis based on the profitability trends, adjustment of all the accumulated losses, positive net worth and profits in the current financial year.

15. The management has identified the assets which are impaired, however the same have not been provided as the amount is not material.

## 16. Employees benefits

The following table sets out the status of the defined benefit Pension plan and Gratuity plan as required under AS-15 (Revised 2005)

Assumption	As on 31/03/2011	AS on 31/03/2010
Discount Rate	8.17%	8.00%
Salary escalation	5.00%	5.00%

Particulars	As on 31/03/2011 Amount (Rs)
<b>Change in present value of obligation</b>	
Present value of obligations as at the beginning of the year	8,60,433
Interest Cost	68,835
Current Service Cost	3,22,863
Past Service Cost-(vested benefits)	104,945
Benefits paid	-
Actuarial (gain)/loss on obligations	(1,21,779)
Present value of obligation at the end of the year	12,35,297
<b>Changes in fair value of plan Assets</b>	
Fair Value of plan assets at beginning of year	-
Expected return on plan assets	-
Contributions	-
Benefits paid	-
Actuarial (gain)/loss on plan assets	-
<b>Fair Value of plan assets</b>	-
Contributions	-
Benefits paid	-
Fair value of plan assets at the end of the year	-
Funded status	(12,35,297)
Excess of actual over estimated return on plan assets (actual rate of return = Estimated rate of return as ARD falls on 31 <sup>st</sup> March)	-
<b>Actuarial (gain)/loss due to change in Assumption</b>	24,972
Experience (Gain)/Loss on obligation	(146,751)
Actuarial (gain)/loss for the year-Obligation	1,21,779
Actuarial (gain)/loss for the year-plan assets	-
Total (gain)/loss for the year	1,21,779
Past Service Cost-(vested benefits)	104,945
Recognised Past service Cost-vested benefits	104,945
Actuarial (gain)/loss recognized in the year	-
<b>The amount to be recognized in the balance sheet and statement of profit and loss</b>	
Present value of obligations as at the end of the year	12,35,297
Fair value of plan assets as at the end of the year	-
Funded Status	(12,35,297)
Net Assets/(liabilities) recognized in balance sheet	(12,35,297)



<b>Expenses recognized in statement of profit &amp; loss</b>	
Current Service Cost	3,22,863
Interest Cost	68,835
Past Service Cost-(Vested benefits)	104,945
Expected return on plan assets	-
Net Actuarial (gain)/loss recognized in the year	(1,21,779)
Expenses recognized in statement of Profit & loss	3,74,864

The provision of leave encashment has not been created as the amount is not material.

17. Previous years figures have been regrouped and recasted wherever necessary.

**For United VanDer Horst Limited**

**Director**

**Director**

**Place: Mumbai**

**Date:**