

COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. O P Bhansali	Chairman & Managing Director
Mr. Vimal Bhansali	Whole Time Director
Mr. Gaurav Bhansali	Whole Time Director
Mr. Mahendra Rakecha	Independent & Non-Executive Director
Mr. Yogesh Maheshwari	Independent & Non-Executive Director
Mr. Ramesh Narayan Rathi	Independent & Non-Executive Director

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Amit Baxi

AUDITORS

M/s. P. Singhvi & Associates
Chartered Accountants,
Jodhpur

BANKERS

Punjab National Bank
Ratanada Colony Branch,
Near Bhati Chowrah,
Ratanada, Jodhpur

REGISTERED OFFICE

4 F-15, "Oliver House",
New Power House Road, Jodhpur-342001

WORKS

- H-2, 463-466, Sangaria Industrial Area, Jodhpur.
- K.No-58, 58/5, 58/6, Village Tanawara, Tehsil Luni, District Jodhpur.

REGISTRAR AND TRANSFER AGENT

Universal Capital Securities Pvt Ltd.
(Formerly: Mondkar Computers Pvt. Limited)
21, Shakil Niwas, Opp. Satya Sai Baba Temple,
Mahakali Caves Road, Andheri (East), Mumbai - 400 093
Tel: (+91 22) 28257641, 28366620 Fax: (+91 22) 28262920
Web: www.unisec.in

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NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the members of the Company will be held on SATURDAY, 29th September, 2012 at 10:30 A.M at its registered office at 4F-15, "Oliver House", New Power House Road, Jodhpur-342001 transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the company as at 31st March, 2012, Profit & Loss Account for the year ended on that date and the Reports of the Director's and Auditor's thereon.
2. To appoint a director in place of Mr. Ramesh Narayan Rathi, who retires by rotation and being eligible, offers him self for reappointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting up to the conclusion of next Annual General Meeting and to fix their remuneration.

SPECIAL BUSINESS:

To consider and, if thought fit, to pass with or without modification(s), the following resolution as special resolution:

4. "RESOLVED THAT pursuant to the provisions of sections 198,269,309,311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any amendments to, or re-enactment thereof, and subject to such approvals, if any, as may be necessary including that of the Central Government, the Company hereby approves the re-appointment of Mr. Om Prakash Bhansali as a Managing Director of the Company, not liable to retire by rotation, for a period of five years effective from 1st April, 2012 on a monthly remuneration of Rs. 50,000/- along with PF contribution by the company, bonus, gratuity, reimbursement of petrol expenses and telephone expenses incurred at his residence for official work.

RESOLVED FURTHER THAT any of the directors of the company be and is hereby authorized to do all such acts, deeds and other things and execute all such forms, documents, instruments and writings as may be required to give effect to the aforesaid resolution."

To consider and, if thought fit, to pass with or without modification(s), the following resolution as special resolution:

5. "RESOLVED THAT pursuant to the provisions of sections 198,269,309,311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, including any amendments to, or re-enactment thereof, and subject to such approvals, if any, as may be necessary including that of the Central Government, the Company hereby approves the re-appointment of Mr Vimal Bhansali as a Whole Time Director of the Company, not liable to retire by rotation, for a period of five years effective from 1st April, 2012 on a monthly remuneration of Rs. 35,000/- along with PF contribution by the company, bonus, gratuity, reimbursement of petrol expenses and telephone expenses incurred at his residence for official work.

RESOLVED FURTHER THAT any of the directors of the company be and is hereby authorized to do all such acts, deeds and other things and execute all such forms, documents, instruments and writings as may be required to give effect to the aforesaid resolution."

To consider and, if thought fit, to pass with or without modification(s), the following resolution as special resolution:

6. "RESOLVED THAT pursuant to the provisions of sections 198,269,309,311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act,1956, including any amendments to, or re-enactment thereof, and subject to such approvals, if any, as may be necessary including that of the Central Government, the Company hereby approves the re-appointment of Mr. Gaurav Bhansali as a Whole Time Director of the Company, not liable to retire by rotation, for a period of five years effective from 1st April, 2012 on a monthly remuneration of Rs. 35,000/- along with PF contribution by the company, bonus, gratuity, reimbursement of petrol expenses and telephone expenses incurred at his residence for official work.

RESOLVED FURTHER THAT any of the directors of the company be and is hereby authorized to do all such acts, deeds and other things and execute all such forms, documents, instruments and writings as may be required to give effect to the aforesaid resolution.

BY ORDER OF THE BOARD
For **SOMI CONVEYOR BELTINGS LIMITED**

Place: Jodhpur
Date: 29st August, 2012

(AMIT BAXI)
Company Secretary

Registered Office
4F-15, "Oliver House"
New Power House Road
Jodhpur-342 001

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE, SHOULD BE COMPLETED, STAMPED AND SIGNED AND MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING. A PROXY FORM IS ENCLOSED.
2. A shareholder or his proxy will be required to produce at the entrance of the Meeting Hall, the Attendance Slip sent herewith duly completed and signed. Neither photocopies nor torn/mutilated Attendance Slips will be accepted. The Validity of the Attendance Slip will, however, be subject to the Shareholder continuing to hold shares on the date of meeting.
3. A Member or his Proxy is requested to bring his copy of the Annual Report to the Meeting as extra copies will not be provided.
4. Members are informed that in case of joint holders attending the meeting, only such joint holder who is higher in the order of name will be entitled to vote.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from 22nd September, 2012 to 29th September, 2012 (both days inclusive).



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- Documents referred to in the Notice are open for Inspection at the Registered Office of the Company on all working days between 11:00 AM to 1:00 PM up to the date of Annual General Meeting and will also be available for inspection at the meeting.
- Universal Capital Securities Pvt Ltd. (Formerly known as Mondkar Computers Private Limited) is our Registrar and Share Transfer Agent. All the investor related communication may be addressed to them at their following address:

UNIVERSAL CAPITAL SECURITIES PRIVATE LIMITED

21, Shakil Niwas, Opp. Satya Sai Baba Temple,
Mahakali Caves Road, Andheri (East),
Mumbai - 400 093.
Tel: +91-22-28257641, 28366620 Fax: +91-22-28262920

- The relevant Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956 in respect of the items of Special Business is annexed hereto.
- As required under the provisions of Clause 49(IV) (G) (i) of the Listing Agreement, particulars relating to Mr. Ramesh Narayan Rathi, Mr Om Prakash Bhansali, Mr. Vimal Bhansali and Mr. Gaurav Bhansali are enclosed in the Appendix to this Notice.
- The Ministry of Corporate Affairs, vide its Circular No. 18/2011 dated 29th April, 2011, has clarified that as a measure of "Green initiative in Corporate Governance" it will be in compliance, if the Annual Report (i.e., documents listed in section 219(1) of the Companies Act, 1956) is sent through e-mail. To support this green initiative, members holding share in demat form are requested to provide their e-mail ID to the depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's RTA, M/s Universal Capital Securities Private Limited and also update the e-mail address as and when there is any change.

BY ORDER OF THE BOARD
For **SOMI CONVEYOR BELTINGS LIMITED**

Place: Jodhpur
Date: 29th August, 2012

(**AMIT BAXI**)
Company Secretary

Registered Office
4F-15, "Oliver House"
New Power House Road
Jodhpur-342 001

APPENDIX TO ANNUAL GENERAL MEETING NOTICE

Information on the Directors Seeking Re-Appointment at the Forthcoming Annual General Meeting
(Pursuant to Clause 49(IV) (G) (i) of the Listing Agreement)

Name Of Director	Age	Date of Original Appointment	Expertise in Specific Functional Areas	Qualifications	Directorships in Other Public Limited Companies	Membership of Board Committees in Other Public Limited Companies	Other Information	Remarks
Mr. Ramesh Narayan Rathi	66 Years	10/01/2007	30 years of Experience in Cement and Rubber Industry	Diploma in Mechanical Engineering	Nil	Nil	Independent & Non-Executive Director	Retires by rotation at the forthcoming Annual General Meeting
Mr. Om Prakash Bhansali	58 Years	16/06/2000	36 years experience in rubber and conveyor belt manufacturing industry	Bachelor of Science	Nil	Nil	Chairman & Managing Director	Seeks Re appointment as Managing Director
Mr. Vimal Bhansali	33 Years	16/06/2000	12 years experience in Manufacturing & marketing of Conveyor Belts	Bachelor of Business Management with specialization in marketing	Nil	Nil	Whole Time Director	Seeks Re appointment as Whole Time Director
Mr. Gaurav Bhansali	32 Years	16/06/2000	11 years experience in Manufacturing & marketing of Conveyor Belts & rubber prod.	Post Graduate in Commerce	Nil	Nil	Whole Time Director	Seeks Re appointment as Whole Time Director

Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

As required by section 173 of the Companies Act, 1956, the following explanatory statement sets out all material facts relating to the business mentioned under Item nos. 4, 5 and 6 of the accompanying notice dated 29th August, 2012.

ITEM NO. 4

Mr. Om Prakash Bhansali was appointed a Managing Director of the company for a period of five years. Effective 1st April, 2012, Mr. Om Prakash Bhansali has been re-appointed as Managing Director of the company for further period of five years on a remuneration and other terms indicated in resolution no.4 of the accompanying Notice. These have the approval of the Board including its Remuneration Committee.

The Board is of the opinion that considering his back ground, qualifications and the wealth of expertise that Mr. Om Prakash Bhansali brings to the company, the remuneration offered to him is reasonable and he be re appointed as Managing Director of the company.

Mr. Om Prakash Bhansali is interested in this resolution by way of his shareholding. Mr. Vimal Bhansali and Mr. Gaurav Bhansali are related to Mr. Om Prakash Bhansali as both are son of Mr. Om Prakash Bhansali.

This Notice should also be treated as the requisite disclosure under section 302 of the Companies Act, 1956.

ITEM NO. 5

Mr. Vimal Bhansali was appointed a Whole Time Director of the company for a period of five years. Effective 1st April, 2012, Mr. Vimal Bhansali has been re-appointed as Whole Time Director of the company for further period of five years on a remuneration and other terms indicated in resolution no.5 of the accompanying Notice. These have the approval of the Board including its Remuneration Committee.

The Board is of the opinion that considering his back ground, qualifications and the wealth of expertise that Mr. Vimal Bhansali brings to the company, the remuneration offered to him is reasonable and he be re appointed as Whole Time Director of the company.

Mr. Vimal Bhansali is interested in this resolution by way of his shareholding. Mr. Om Prakash Bhansali and Mr. Gaurav Bhansali are related to Mr. Vimal Bhansali as Mr. Om Prakash Bhansali is his father and Mr. Gaurav Bhansali is his brother.

This Notice should also be treated as the requisite disclosure under section 302 of the Companies Act, 1956.

ITEM NO. 6

Mr. Gaurav Bhansali was appointed a Whole Time Director of the company for a period of five years. Effective 1st April, 2012, Mr. Gaurav Bhansali has been re-appointed as Whole Time Director of the company for further period of five years on a remuneration and other terms indicated in resolution no.6 of the accompanying Notice. These have the approval of the Board including its Remuneration Committee.



Explanatory Statement Pursuant to Section 173 of the Companies Act, 1956

The Board is of the opinion that considering his back ground, qualifications and the wealth of expertise that Mr. Gaurav Bhansali brings to the company, the remuneration offered to him is reasonable and he be re appointed as Whole Time Director of the company.

Mr. Gaurav Bhansali is interested in this resolution by way of his shareholding. Mr. Om Prakash Bhansali and Mr. Vimal Bhansali are related to Mr. Gaurav Bhansali as Mr. Om Prakash Bhansali is his father and Mr. Vimal Bhansali is his brother.

This Notice should also be treated as the requisite disclosure under section 302 of the Companies Act, 1956.

**BY ORDER OF THE BOARD
For SOMI CONVEYOR BELTINGS LIMITED**

Place: Jodhpur
Date: 29th August, 2012

(AMIT BAXI)
Company Secretary

Registered Office
4F-15, "Oliver House"
New Power House Road
Jodhpur-342 001



SOMI CONVEYOR BELTINGS LIMITED

Registered Office: 4 F-15 "Oliver House", New Power House Road, Jodhpur - 342001

PROXY FORM

12TH ANNUAL GENERAL MEETING, 29TH SEPTEMBER, 2012

Reg. Folio No. DP ID No#. Client ID No#.

Applicable for Member holding Shares in electronic form

I/We of in the District of being a member/members of the above named company, hereby appoint of or failing him of as my/ our proxy to vote for me/us on my/our behalf at the 12th ANNUAL GENERAL MEETING of the company, to be held on Saturday, September, 29th, 2012 at 10:30AM at 4F-15, "Oliver House" New Power House Road, Jodhpur-342001 and at any adjournment thereof.

Affix 15
Paisa
revenue
Stamp

Signed this day of 2012

Signature.....

Note: This form in order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company, not less than 48 hours before the meeting.

(Tear Across Line)



SOMI CONVEYOR BELTINGS LIMITED

Registered Office: 4 F-15 "Oliver House", New Power House Road, Jodhpur - 342001

ATTENDANCE SLIP

12TH ANNUAL GENERAL MEETING, 29TH SEPTEMBER, 2012

Reg. Folio No. DP ID No. #. Client ID No. #.

Applicable for Member holding Shares in electronic form

I certify that I am a registered Member/Proxy for registered member of the Company.

I hereby record my presence at the 12th ANNUAL GENERAL MEETING of the company on Saturday, September, 29th, 2012 at 10:30 AM at 4F-15, "Oliver House", New Power House Road, Jodhpur-342001.

Members/Proxy's name in BLOCK Letters

Members/Proxy's Signature

Note: Please fill in this attendance slip and hand it over at the entrance of the hall.



CHAIRMAN'S MESSAGE

Dear Fellow Stakeholder,

Namaskar!

It gives me a great pleasure in welcoming you all to the 12th Annual General Meeting of your company. Much has changed over last year. The world economy continues to be sluggish. At home, rising inflation, depreciating currency, rising cost of inputs coupled with clients resisting the price increases, all factors have tried to slowdown the pace of economy and growth.

Despite all odds your company has been successful in insulating the conveyor belt manufacturing businesses by following a prudent operating discipline and by adding new clientele to its existing customers.

Your company's financial results for year 2011-12 tell an impressive story. **During the Year your company's Gross income registered an impressive growth of 47.37%. Profit before tax increased by 56.26% while Net Profits grew by 59.85%.**

There remains no doubt in my mind that your company is well positioned to grow and increase its market share in one of the most important and rewarding industries in the world while delivering sustainable growth for our shareholders. My team and I see many opportunities for fundamental improvement, which will be executed with conviction in 2012-13 and the year after. The best years of your company are waiting to unfold. Be with us, and witness the change.

Since few many years, you, our shareholders, our clients, the government, our partners, our employees, all have supported our strategies and decisions and have stood by us through all the tough and good times. At the end of this eventful year and at the beginning of another challenging year, I express my gratitude to all of you for your unstinted support and commitment.

OP BHANSALI

Chairman & Managing Director

DIRECTOR'S REPORT

To,
The Members,

The Directors of your company have pleasure in presenting the 12th Annual Report together with the audited statement of accounts for the year ended on 31st March, 2012

(Rs. in Lacs)

SUMMARISED FINANCIAL RESULTS	2011-12	2010-11
Total Sales	3617.07	2492.23
Profit Before Interest, Depreciation and Taxation	1010.59	551.34
Interest	256.22	118.15
Depreciation	455.73	242.08
Profit Before Tax	298.64	191.11
Provision for Tax	(103.26)	49.94
Add/(Less) Deferred Tax	1.89	(17.76)
Profit After Tax	197.27	123.41
Add: Balance Brought Forward	679.79	556.39
Balance Carried Forward	877.06	679.79

OPERATIONS

Your company has achieved sales of **Rs. 3617.07 Lacs** in year 2011-12 and recorded a net profit of **Rs.197.27 Lacs** during the year. The Board is confident of higher growth in the current year.

DIVIDEND

Despite modest profits posted by the company, your directors are of the opinion that, to make strong economic base for the company and in order to conserve the valued resources; your directors do not recommend any dividend for the financial year under review.

PUBLIC DEPOSITS

Your company has not accepted any deposit, within the meaning of section 58-A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 made there under.

DIRECTORS

As per the provisions of Section 256 of the Companies Act, 1956 and provisions of the Articles of Association of the company Mr. Ramesh Narayan Rathi, Independent and non –executive Director of the company retires by rotation and being eligible, offers himself for re-appointment at the forthcoming Annual General Meeting.

Necessary resolution relating to re appointment is included in the notice convening the Annual General Meeting. The Board recommends the appointment of Mr. Ramesh Narayan Rathi.

Mr. Om Prakash Bhansali offers himself for re appointment as Managing Director of the company. Necessary resolution relating to his re appointment is included in the notice convening the Annual General Meeting. The

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Board recommends the appointment of Mr. Om Prakash Bhansali.

Mr. Vimal Bhansali offers himself for re appointment as Whole Time Director of the company. Necessary resolution relating to his re appointment is included in the notice convening the Annual General Meeting. The Board recommends the appointment of Mr. Vimal Bhansali.

Mr. Gaurav Bhansali offers himself for re appointment as Whole Time Director of the company. Necessary resolution relating to his re appointment is included in the notice convening the Annual General Meeting. The Board recommends the appointment of Mr. Gaurav Bhansali.

In compliance with Clause 49 IV (G) of the listing Agreement, brief resume, expertise and other details of the Directors proposed to be reappointed is attached along with the Notice to the ensuing Annual General Meeting.

DIRECTOR'S RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 217(2AA) of the Companies Act, 1956, your directors confirm:

- a. that in the preparation of the annual accounts, the applicable accounting standards have been followed and that no material departures have been made from the same;
- b. that they 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 affairs of the Company as at 31st March, 2012 and of the profit of the Company for the year ended on that date;
- c. that they 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. that they have prepared the annual accounts on a going concern basis.

AUDITORS

Your company's Auditors M/s P. Singhvi & Associates, Chartered Accountants, Jodhpur retire at the end of forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment. The Company has received a requisite certificate pursuant to Section 224 (1B) of the Companies Act, 1956, from the Auditors. The Board of Directors commends their appointment.

AUDITOR'S REPORT

The Explanations/information in respect of the observations of the Auditors in their report on the Standalone accounts for the accounting year ended 31st March, 2012 are given in detail in Notes . These Notes read with the relevant audit observations are self explanatory and need no comments or explanations under Section 217(3) of the Companies Act, 1956.

COST AUDIT

As per directives of the Central Government under Section 233B of the Companies Act, 1956, the company has appointed qualified Cost Auditors to conduct compliance reporting and cost audit on such of its products in which audit has been ordered by the Central Government.

CORPORATE SOCIAL RESPONSIBILITY

The company is committed towards fulfillment of its responsibility towards the society in general and towards



villagers/persons living in the vicinity of its manufacturing plants. Some of the welfare programmes which were undertaken during the year are:

- The company is regularly conducting medical camps on monthly basis providing for health check up for the villagers living nearby its plant.
- The company is providing free education facility/scholarship to girl candidates of villages situated around its manufacturing plants.

CORPORATE GOVERNANCE

In compliance with one of the Corporate Governance requirements as per Clause 49 of the Listing Agreement, your Company has formulated and implemented a Code of Conduct for all Board members and senior management personnel of the Company, who have affirmed the compliance thereto.

A separate report on Corporate Governance Compliance as stipulated by the Clause 49 of the Listing Agreement is included and forms part of the Annual Report along with the requisite Certificate regarding compliance of the conditions of Corporate Governance as stipulated by revised Clause 49 of the Listing Agreement.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In compliance with the requirements of the Listing agreement, a report on the Management's Discussion and Analysis (MDA) which forms part of this Annual Report deals with Company's Operational performance – industry trends and other material changes with respect to company and also current and future outlook of the Company..

SHARE REGISTRY ACTIVITIES

All work related to share registry is handled by Universal Capital Securities Pvt Ltd. (Formerly known as Mondkar Computers Private Limited), a Registrar and Share Transfer Agent registered with SEBI.

LISTING WITH STOCK EXCHANGE

The equity shares of your company continue to remain listed with Bombay Stock Exchange Limited. There are no arrears in payment of listing fees and the stipulated listing fee for financial year 2012-13 has been paid.

DEMATERIALIZED OF SHARES

The shares of your company are traded in dematerialized form and are available for trading either with the National Securities Depository Limited (NSDL) or the Central Depository Services (India) Limited (CDSL).

INSURANCE

Assets of your Company remain adequately insured against various perils.

HEALTH, SAFETY AND ENVIRONMENT

The Company has maintained Health & Safety policy, which has been implemented across all its locations. Health, Safety and Environment policies involve identifying the risks involved in daily activities of the company so that it cause no harm to employees, environment and the public. The Company has taken all possible steps to promote the well-being of its employees.

In pursuance to this Policy Your Company's management has devoted their all efforts to protect and maintain

safety environment in the Company. The Company has taken all possible measures to segregate Hazardous and non-hazardous substance. Health, Safety and Environment involves proactive approach to create safe working environment, continuous safety education and training, periodic review of programs and evaluation of incidents.

EMPLOYEES

During the year under review, there was no employee who came in the purview of Section 217 (2A) of the Companies Act, 1956.

RESEARCH AND DEVELOPMENT

Research and developments are on going activities which have a significant role in providing inputs for developing new products, devising energy saving measures, upgrading methods of production and quality of products. These activities have helped the company in attaining leadership in its conveyor beltings products and substantial qualitative change in other operational areas. Raw material cost is continuously rising and is critical to the sustainability of manufacturers. Therefore, our R&D department seeks to maximize utilization of raw material

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

Information in accordance with the Provisions of section 217 (1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 regarding Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are as follows:

ENERGY CONSERVATION

Continuous and substantial efforts were made to ensure optimum consumption of fuel and electricity at all the plants of the company. These efforts resulted in general improvement in energy consumption in the business.

(Rs. In Lacs)

Energy Conservation	2011 - 12	2010 - 11
Power and fuel Consumption	103.46	88.64
Foreign Exchange Earnings	373.62	107.77
Foreign Exchange Outgo	754.18	863.96

ACKNOWLEDGEMENT

The Directors heartily and deeply acknowledges the co-operation, assistance and unstinted support extended by the Bankers, Financial Institutions, Government authorities, Customers, Shareholders and all others who have been associated with the Company for their immense support.

The Directors also appreciate all the employees of the company for their hard work and commitment. Their dedication and competence has ensured that the company continues be a significant and leading player in its sector.

FOR AND ON BEHALF OF THE BOARD

Place: Jodhpur
Date: 29th August, 2012

OP BHANSALI
(Managing Director)

GAURAV BHANSALI
(Whole time Director)

REPORT ON CORPORATE GOVERNANCE

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

Corporate Governance refers to the sets of rules, regulations and processes which regulates and control business operations. It governs the relationship between Company's management, its Board and its stakeholders. Business should govern themselves with transparency, ethics and accountability. Good Corporate Governance is the adoption of best business practices which ensure that the company operates within the regulatory framework. The adoption of such corporate practices ensures accountability of the persons in charge of the company on one hand and brings benefits to the investors, customers, creditors, employees and the society at large on the other. The company believes in practicing good Corporate Governance and endeavors to improve on the aspects on an ongoing basis. The company emphasizes the need for full transparency and fairness in all its transactions for maintaining the interest of its stakeholders. Our philosophy on Corporate Governance begins with our Board of Directors.

- (i) Half of the Board of Directors comprises of Independent Directors.
- (ii) The Audit Committee is comprised of Independent Directors.
- (iii) The Board has established terms of reference for its operation and the operation of Audit Committee in line with Clause 49 of the Listing agreement and section 292A of the Companies Act, 1956.

In compliance with the Disclosure requirements of Clause 49 of the Listing Agreement, the Details are set out as under:

2. BOARD OF DIRECTORS:

The business of the company is conducted by the management under the directions of the Board. The Board formulates the strategy, regularly reviews the performance of the company and ensures that the previously agreed objectives are met on a consistent basis.

a) Composition of Board

Presently the company has a broad based board consisting of six members. The Board comprises of three executive directors and three non- executive directors. All the non-executive directors are Independent Directors. The present composition of the Board is as under:

Name	Category**	Attendance at Board & Audit Committee Meeting		Whether Attended AGM Held on 30.09.2011	No. of Directorship in other Public Limited Companies	No. of Committee Position Held in other Public Limited Companies	
		Board (Total 6 board meetings held)	Audit (Total 6 meetings held)			Chairman	Member
Mr. Om Prakash Bhansali	PE CMD	6	NA*	YES	NIL	NIL	NIL
Mr. Vimal Bhansali	PE WTD	6	NA*	YES	NIL	NIL	NIL
Mr. Gaurav Bhansali	PE WTD	6	6	YES	NIL	NIL	NIL
Mr. Mahendra Rakecha	INE	4	4	YES	NIL	NIL	NIL
Mr. Yogesh Maheshwari	INE	4	NA*	YES	NIL	NIL	NIL
Mr. Ramesh Narayan Rath	INE	3	3	NO	NIL	NIL	NIL

**PE = Promoter Executive, CMD = Chairman cum Managing Director

INE = Independent Non Executive, WTD = Whole Time Director, NA = Not Applicable.

*Not applicable as the director is not the member of the Audit Committee.

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b) Board Procedure

The information as required under Annexure-IA to Clause 49 of the Listing Agreement is made available to the Board. The Agenda and the papers for consideration at the Board Meeting are circulated to the Directors in advance. Adequate information is circulated as part of the Board papers and is also made available at the Board Meeting to enable the Board to take informed decisions.

c) Code of Conduct

The Company has its Code of conduct for all the Board Members and Senior Management of the company. All Board Members and senior Management personnel have affirmed compliance of the Code of Conduct. A Declaration signed by the Managing Director to this effect is enclosed at the end of this report

d) Disclosures Regarding Appointment/Re-Appointment of Directors

Mr. Ramesh Narayan Rathi, director, who retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

Mr. Om Prakash Bhansali offers himself for re appointment as Managing Director of the company. Necessary resolution relating to his re appointment is included in the notice convening the Annual General Meeting.

Mr. Vimal Bhansali offers himself for re appointment as Whole Time Director of the company. Necessary resolution relating to his re appointment is included in the notice convening the Annual General Meeting.

Mr. Gaurav Bhansali offers himself for re appointment as Whole Time Director of the company. Necessary resolution relating to his re appointment is included in the notice convening the Annual General Meeting.

The Brief resume and other information required to be disclosed under this section is provided for in the Notice of the Annual General Meeting.

3. COMMITTEES OF THE BOARD

The Board has constituted various Committees as required under clause 49 of the Listing Agreement.

a) Audit Committee

The Audit Committee comprises of three Directors, of whom two are Non-Executive and one is Whole Time Director appointed in line with the provisions of Clause 49 of the Listing Agreement of the Stock Exchange read with section 292A of the Companies Act, 1956.

The Audit committee consists of:

1. Mr. Mahendra Rakecha, Chairman of Audit Committee, Non-Executive & Independent Director.
2. Mr. Ramesh Narayan Rathi, Non-Executive & Independent Director.
3. Mr. Gaurav Bhansali, Whole Time Director.

Mr. Amit Baxi, the Company Secretary of the Company acts as Secretary to the Audit Committee and also the Compliance officer.

During the year under scrutiny, Six Audit Committee meetings were held on 30th April, 2011, 30th June, 2011, 31st August, 2011 and 29th October, 2011, 30th January, 2012, 31st March, 2012.

Broad Terms of Reference

1. Oversight of our company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board the appointment, re-appointment and, if required, the replacement or removal of the statutory auditors and the fixation of the audit fees.
3. Approval of payment to the statutory auditors for any other services rendered by the Statutory Auditors.
4. Reviewing, with the management, the annual financial statements before submission to the Board for approval,

with particular reference to:

- a. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by the management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
 6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems for the purpose of financial reporting.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audits.
 8. Discussion with internal auditors of any significant findings and follow-up thereon.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is a suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
 10. Discussion with statutory auditors before the audit commences, about the nature and Scope of the audit as well as post audit discussion to ascertain any area of concern.
 11. To look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 12. To review the functioning of the "whistle blower" mechanism, if and when introduced.
 13. Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and /or other Committee(s) of Directors of our company.

b) Share Transfer-Cum-Investors Grievance Committee

The Share Transfer-Cum-Investors Grievance Committee has been constituted in the Company. It comprises of two Non-Executive and one Whole Time Director. The committee specifically looks into matters pertaining to redressal of the shareholder and investor complaints like transfer of shares, non-receipt of the declared dividends etc.

The Share Transfer -cum-Investors Grievance Committee consists of:

1. Mr. Vimal Bhansali Chairman of the Committee, Whole Time Director
2. Mr. Mahendra Rakecha, Non-Executive & Independent Director
3. Mr. Ramesh Narayan Rathi, Non-Executive & Independent Director

Mr. Amit Baxi, the Company Secretary of company acts as Secretary to the committee and also the Compliance officer.

One meeting of the Share Transfer cum Investor Grievance Committee was held on 30th March, 2012 and was attended by all the members of the Committee. The Shareholder's complaints received during the year were resolved satisfactorily and at the end of the year no complaints were pending for redressal.

Brief Terms of Reference

This Committee performs inter alia the role / various functions as are set out in Clause 49 of the Listing Agreement with Stock Exchange and including but not limited to:

1. Issues relating to Shares i.e transfer & transmission of shares.
2. Issue of duplicate certificates;
3. To oversee and review all matters connected with the transfer and all other processes relating to the securities of our company;
4. To oversee the redressal of shareholder complaints; and
5. To oversee the performance of Registrar & Transfer Agents

c) Remuneration Committee

A Remuneration Committee comprising three Non-Executive Directors is functional, for review and decisions on the remuneration package of the Managing Director.

The Remuneration Committee consists of:

1. Mr. Yogesh Maheshwari, Chairman of the Committee, Non-Executive & Independent Director
2. Mr. Mahendra Rakecha, Non-Executive & Independent Director
3. Mr. Ramesh Narayan Rathi, Non-Executive & Independent Director

Mr. Amit Baxi, the Company Secretary of company acts as Secretary to the committee.

One meeting of the Remuneration Committee was held on 30th March, 2012 and was attended by all the members of the Committee

Details of Remuneration to all the directors:

The Company has one Managing Director Mr. Om Prakash Bhansali and Two Whole time Directors Mr. Vimal Bhansali and Mr. Gaurav Bhansali. The remuneration payable to them has been fixed by the Board of Directors as per Section 198, 269, 309 read with Schedule XIII of the Companies Act 1956 after receiving sanction from the Shareholders in the duly convened General Meeting.

Non-Executive Directors are not paid any type of remuneration or sitting fees or share in profits or otherwise. The remuneration of any proposed appointee to the Board shall be in conformity with the provisions of the Companies Act, 1956.

Name of Directors	Remuneration	Commission	Value of Perquisites/ Reimbursement of Expenses	Annual Amount in Rs.	
				Sitting Fees	Total Remuneration
Mr. Om Prakash Bhansali, Chairman and Managing Director	Rs. 4,32,000/-	NIL	NIL	NIL	Rs. 4,32,000/-
Mr. Vimal Bhansali, Whole time Director	Rs. 2,28,000/-	NIL	NIL	NIL	Rs. 2,28,000/-
Mr. Gaurav Bhansali, Whole time Director	Rs. 2,28,000/-	NIL	NIL	NIL	Rs. 2,28,000/-
TOTAL	Rs.8,88,000/-	NIL	NIL	NIL	Rs.8,88,000/-

The company does not have any Employee's Stock Option Scheme and there is no separate provision for payment of Severance fee.

4. SUBSIDIARY COMPANIES

The company does not have any Subsidiary company.

5. GENERAL BODY MEETINGS

Date, Time and Location where last Three AGMs were held:

Financial Year	Date	Time	Location
2008-09	30.09.2009	10.00 a.m	4F-15, "Oliver House", New Power House Road, Jodhpur-342 001
2009-10	30.09.2010	11.30 a.m	4F-15, "Oliver House", New Power House Road, Jodhpur-342 001
2010-11	30.09.2011	10.30 a.m	4F-15, "Oliver House", New Power House Road, Jodhpur-342 001

WHETHER ANY SPECIAL RESOLUTIONS PASSED IN THE PREVIOUS THREE AGMs:

- **30th September 2009:** No Special Resolution was passed in this AGM
- **30th September 2010:** No Special Resolution was passed in this AGM
- **30th September 2011:** No Special Resolution was passed in this AGM

WHETHER ANY EXTRA ORDINARY GENERAL MEETING HELD DURING THE YEAR:

- No Extra Ordinary General Meeting was held during the year under review.

WHETHER SPECIAL RESOLUTION WERE PUT THROUGH POSTAL BALLOT EXERCISE:

- No

DETAILS OF VOTING PATTERN:

- NotApplicable.

PERSON WHO CONDUCTED THE POSTAL BALLOT EXERCISE:

- NotApplicable.

WHETHER ANY RESOLUTIONS ARE PROPOSED TO BE CONDUCTED THROUGH POSTAL BALLOT:

- None of the resolutions are required to be put through postal ballot.

PROCEDURE FOR POSTAL BALLOT:

- NotApplicable.

6. DISCLOSURES

- a) There were no materially significant related party transactions and pecuniary transactions that may have potential conflict with the interest of the Company at large. The details of Related Party Transactions are disclosed in financial Section of this Annual Report.
- b) In the preparation of the financial statements, the Company has followed the Accounting policies and practices as prescribed in the Accounting Standards and there is no change in the accounting treatment during the year under review.
- c) The company has laid down Risk Management Policy to inform Board members about the risk assessment and minimization procedures.
- d) Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this Report.
- e) There has been no instance of non-compliance by the Company on any matter related to capital

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- markets during the last three years and no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any statutory authority.
- f) The Chief Executive Officer & Chief Financial Officer has furnished a Certificate to the Board for the year ended on 31st March, 2012 in compliance with Clause 49 of Listing Agreement.
- g) The company publishes Quarterly/Half yearly/Annual results as required under the Listing Agreement. The results are normally published in one English and one Hindi daily. During the last year the results were published in the Business Standard/Financial Express and Nafa Nuksaan. The results are also forwarded to the Stock Exchanges as soon as these are taken on record/ approved. In addition disclosures with regard to Shareholding Pattern, Quarterly Secretarial Capital Audit Report, Corporate Governance Compliance Report, etc. are sent to the Stock Exchange as required under various regulations.
During the year no presentations were made to any institutional investors or analysts.
- h) All non- executive directors of the company do not hold any shares in the company as on 31/03/2012.

7. GENERAL SHARE HOLDERS INFORMATION

a) Date, time and venue of the 12th Annual General Meeting:

Annual General Meeting is proposed to be held on Saturday, 29th September, 2012 at 10:30 A.M at its Registered Office at 4F-15, "Oliver House", New Power House Road, Jodhpur-342001

b) Financial Calendar:

Financial year is 1st April to 31st March and financial results will be declared as per the following schedule.

Particulars	Tentative Schedule
Quarterly Results	
Quarter ending on 30th June, 2012	End of July, 2012
Quarter ending on 30th September, 2012	End of October, 2012
Quarter ending on 31st December, 2012	End of January, 2013
Annual Results of 2012-13	Within 2 months of the close of financial year
Annual General Meeting for the year ending March 31,2013	September, 2013

c) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 22nd September, 2012 to Saturday, 29th September, 2012 (both days inclusive) for the purpose of 12th Annual General Meeting.

d) Listing on Stock Exchanges:

The Company's shares are listed on the Bombay Stock Exchange Limited with effect from 24th July, 2008. There are no arrears in payment of listing fees.

BSE CODE: 533001

SCRIP ID : SOMICONV

e) Market Price Data (in Rs.) (BSE Index):

Month & Year	High Price	Low Price	Volume (No. of Shares)
Apr 11	19.75	15.00	52,277
May 11	17.90	13.50	23,194
Jun 11	17.70	13.00	8,70,247
Jul 11	16.50	13.55	55,131
Aug 11	15.70	13.00	42,757
Sep 11	15.30	11.50	23,153
Oct 11	15.00	12.00	31,127
Nov 11	15.25	12.00	1,18,684
Dec 11	13.75	10.02	42,437
Jan 12	13.31	9.87	22,697
Feb 12	15.00	11.91	1,14,468
Mar 12	14.50	11.56	59,118

BSE SENSEX		
Month & Year	High Price	Low Price
Apr 11	19,811.14	18,976.19
May 11	19,253.87	17,786.13
Jun 11	18,873.39	17,314.38
Jul 11	19,131.70	18,131.86
Aug 11	18,440.07	15,765.53
Sep 11	17,211.80	15,801.01
Oct 11	17,908.13	15,745.43
Nov 11	17,702.26	15,478.69
Dec 11	17,003.71	15,135.86
Jan 12	17,258.97	15,358.02
Feb 12	18,523.78	17,061.55
Mar 12	18,040.69	16,920.61

f) Registrars and Share Transfer Agents:

Universal Capital Securities Private Limited
 (Formerly: Mondkar Computers Pvt. Limited)
 21, Shakil Niwas, Opp. Satya Sai Baba Temple,
 Mahakali Caves Road, Andheri (East),
 Mumbai - 400 093
 Tel: (+91 22) 28257641, 28366620
 Fax: (+91 22) 28262920
 Web: www.unisec.in

g) Shareholding (as on 31st March, 2012):

DISTRIBUTION OF SHAREHOLDING AS AT 31 st March 2012				
No. of Equity Shares Held	No. of Shares	% to Capital	No. of Holders	% to Total
1-500	440721	3.741	2037	68.794
501-1000	316936	2.691	432	14.590
1001-2000	432484	3.671	300	10.132
2001-3000	148255	1.259	57	1.925
3001-4000	47059	0.399	13	0.439
4001-5000	128925	1.094	27	0.912
5001-10000	316086	2.683	43	1.452
10001 & above	9949190	84.461	52	1.756
TOTAL	11779656	100.000	2961	100

h) Dematerialization of Shares and Liquidity:

The Company's shares are compulsorily traded in dematerialized form. The Company's shares are regularly traded on the 'Bombay Stock Exchange Limited'. The shares in physical form are processed by the Registrar and transfer Agent and approved by the Share Transfer Committee. The applications for transfer of shares held in physical form are received at the office of the RTA of the company. All valid transfers are processed



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within 30 days from the lodgement.

Under the Depository System, the International Securities Identification Number (ISIN) allotted to the Company's shares is INE323J01019.

i) Outstanding GDRs/ADRs/Warrants or any convertible instrument, conversion and likely impact on equity:

NIL

j) Site location:

* H-2, 463-466, Sangaria Industrial Area, Jodhpur.

* K.No-58, 58/5, 58/6, Village Tanawara, Tehsil Luni, District Jodhpur.

k) Address of Correspondence:

Mr. Amit Baxi

COMPANY SECRETARY & COMPLIANCE OFFICER

4 F-15, "Oliver House", New Power House Road, Jodhpur-342001

Tel.: +91-0291-2610472, 2637565, 2637564 Fax: +91-0291-2432307

E-mail: info@ombhansali.com



MANAGEMENT DISCUSSION AND ANALYSIS

As per the requirement of the Listing Agreement as part of the Directors Report or in addition thereto a Management Discussion & Analysis Report forming part of the 12th Annual Report to the Members is given below discussing the key issues:

FINANCIAL OVERVIEW

- ⊕ Net sales for this year was Rs. 361707953.00, which was a 45.14 percent increase from previous year.
- ⊕ Earning before taxes were Rs. 29864132.00, which were 56.26 percent high from previous year earnings.
- ⊕ Earning After Taxes were Rs. 19727132.00 which were 59.85 percent high from previous year earning.

INDUSTRY SCENARIO

The Conveyor beltings form an integral part of material handling system. It serves as a chain right from the stage of conveying raw material from far off and scattered locations till final rolling out of finished goods. Hence, it could be safely said, **"CONVEYOR BELTS ARE THE NERVE OF ANY PRODUCTION ACTIVITY IN AN INDUSTRY."**

Apart from providing easy and uninterrupted logistics support for material handling system it reduce the cost and other head expense thereby enabling the user to stay in the market at most competitive rates. Hence, the industries have woken to the reality that it is next to impossible to sustain production activity and ensure cost effectiveness without the help of the conveyor belts.

The markets are expanding. Globalization has brought the world very close and time is ripe now to enhance country's share in the International Trade in the Sphere of conveyor belts exports. The company has already entered in export market with a big response.

The main thrust areas of our specialization are the conveyor Belts for heavy Industries, Tea Estate, fertilizer and Food Grade Belts for sugar Mills. We Visualize substantial opportunities waiting for us in coming times.

COMPANY'S PERFORMANCE

Your Company has performed better in comparison to previous year. Your Company has achieved the sale of Rs. 3617.07 Lacs as compared to the previous year's sale Rs. 2492.23 Lacs which shows growth of 45.14 % over the last Year's sale. The Net Profit of Your Company is above previous Year Earnings by 59.85 %. Your Company is continuously striving towards excellence.

STRENGTHS

Your Company's Key Strength comprises in its Management, highly qualified promoters, skilled and competent Employees and Technical Team who contribute their best for the success and growth of the Company. This enables Company in enhancing the production and securing large orders.

RISKS & CHALLENGES

There are certain factors which may cause our actual results to differ materially from our expectations. Among them are:

- i) Variations in prices of commodities and raw material;
- ii) Recruitments and retention of employees with requisite expertise and skills;
- iii) our ability to successfully implement our strategy, our growth and expansion plans; and
- iv) the changes in various economic parameters including growth, inflation and interest rate;

INTERNAL CONTROL SYSTEM AND THE ADEQUACY:

Commensurate with the size and nature of its business, your company has proper systems of internal controls which ensure acceptable utilization of resources and reliable financial reporting.

Effective and adequate internal control systems are in place to ensure that all assets are safe guarded and protected against unauthorized use and the transactions are recorded and reported correctly. Such controls are subject to periodical review to ensure efficiency of operations, accuracy and promptness of financial reporting and compliance with all applicable statutory requirements. Compliance with various applicable laws are monitored through a procedure whereby the units send monthly reports of compliance to the Board regularly. A comprehensive report is placed before the board on risk assessment and minimization procedures adopted by the units.

The company's internal control systems and procedures are subject to comprehensive internal audit by outside experts whose reports are submitted to the audit committee. The Audit Committee comprising of independent Directors oversees the function of internal audit reviews the reports and monitors implementation of suggestions. The audit Committee interacts with the internal auditors about the adequacy of internal control systems.

HUMAN RESOURCE

Your company recognizes its employees as primary source for its competitiveness and success. The H R vision of your company has been designed to attract and retain its pool of technical and management resources by inspiring and developing the potential of people and providing them opportunities for growth and creating and maintaining such a working environment that keeps employees engaged and motivated. Training and learning initiatives aim at upgrading the competencies and fostering a climate that rewards learning, innovation and development. It continues focus on people development by fostering team work, nurturing talent, enhancing leadership and fulfill their aspirations Your Company promotes a fair wage system without any discrimination. Your company maintains healthy and cordial relationship with its personnel.

CAUTIONARY STATEMENT

Statements in this report describing the company's objectives, expectations, predictions and assumptions may be 'forward looking' within the meaning of applicable Securities Laws and Regulations. Actual results may differ materially from those expressed or implied. Important factors that could influence the company's operations include global and domestic economic conditions affecting demand, supply, price conditions, natural calamities, changes in Government's regulation, tax regimes, other statues and other factors such as litigation and industrial relations.

CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
Somi Conveyor Beltings Limited

I have examined the compliance of Corporate Governance by Somi Conveyor Beltings Limited ("the Company") for the financial year ended on 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to review of procedures and implementations thereof adopted by the Company for ensuing compliance of conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of our information and according to the explanations given to me, i certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Clause 49 of the above mentioned Listing Agreement.

I 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.

S. SINGHVI & CO.
Company Secretaries

Place: Jodhpur
Date: 29th August, 2012

CS. Shweta Singhvi,
Proprietor
C.P.No. 7660

DECLARATION

I, O. P. Bhansali, Chairman and Managing Director of Somi Conveyor Beltings Limited hereby declare that as of 31st March, 2012, all the Board Members and Senior Management Personnel have affirmed Compliance with the Code of Conduct and Ethics for Directors and Senior Management Personnel laid down by the Company for the Financial Year 2011-12.

For Somi Conveyor Beltings Limited

Place: Jodhpur
Date: 29th August, 2012

O. P. Bhansali
Chairman & Managing Director

CEO/CFO CERTIFICATION

I, O. P. Bhansali, Chairman, Managing Director & CEO/CFO of the company certify that:

I have reviewed the financial statements and the cash flow statements for the year 2011-12 and that to the best of our knowledge and belief:

1. These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. I accept responsibility for establishing and maintaining internal control system and that i have evaluated the effectiveness of the internal control system of the Company and i have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal control system, if any, of which I am aware and the steps i have taken or propose to take to rectify these deficiencies.
5. I further certify that I have indicated to the auditors and the Audit Committee:
 - a) There have been no significant changes in internal control system during the year.
 - b) There have been no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c) There have been no instances of significant fraud, of which we have become aware, involving management or an employee having a significant role in the Company's internal control system.

Date: 29th August, 2012
Place: Jodhpur

O. P. Bhansali
CHAIRMAN, MD & CEO/CFO

INDEPENDENT AUDITOR'S REPORT

TO
MEMBERS
SOMI CONVEYOR BELTINGS LTD.
JODHPUR (RAJASTHAN)

We have audited the accompanying financial statements of SOMI CONVEYOR BELTINGS LIMITED, which comprises of the Balance sheet as on March 31, 2012 and the Statement of Profit and Loss and Cash Flow Statement for the year ended, and a summary of significant accounting policies and other explanatory.

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 (3D) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2012;
- (b) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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Report on Other Legal and Regulatory Requirements

1. as required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that :

- (a) We have obtained all the information and explanations which, to the best of our knowledge and belief were necessary for the purpose of our audit.
- (b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.
- (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act.
- (e) On the basis of written representations received from the directors as on March 31, 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

FOR P. SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
FR NO. 113602W

PLACE : JODHPUR
DATED : 29TH AUGUST, 2012

(KEWAL CHAND DAKALIYA)
PARTNER
M. No. 71013

ANNEXURE REFERRED TO IN PARAGRAPH 3 OF INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2012 OF SOMI CONVEYOR BELTINGS LTD.

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

- i) (a) The company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
 - (b) The fixed assets are physically verified by the management during the year and no material discrepancies between the book records and the physical records have been noticed.
 - (c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed off by the company during the period.
- ii) (a) The inventory has been physically verified by the management during the period. In our opinion, the frequency of verification is reasonable.
 - (b) In our opinion, the procedure of physical verification of inventory followed by the management is reasonable and adequate in relation to the size of the company and the nature of its business.
 - (c) On the basis of our examination of the inventory records, in our opinion, the company is maintaining proper records of inventory. The discrepancies noticed during the physical verification of inventory as compared to book records, were not material.
- iii) (a) The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
 - (b) The Company has not taken unsecured loans from directors on the Balance Sheet date.
 - (c) The Company has taken unsecured loans from one party covered in the register maintained under section 301 of the Act. Loans of Rs. 30.00 Lacs were taken during the year and at the year end balance of such loans is Rs. 167.44 Lacs.
- IV) In our opinion and according to the information and explanations given to us, certain items purchased are of special nature for which suitable alternative sources do not exist for obtaining comparative quotations, there is an adequate internal control system that commensurate with the size of the company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v) (a) In our opinion and according to the information and explanations given to us, during the year under audit, the contracts and arrangements which need to be entered in the register, have been duly entered under section 301 of the Companies Act, 1956.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the rupees five lacs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
 - vi) In our opinion and according to the information and explanations given to us, the company has not taken any deposit under Sections 58A and 58AA or any other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
 - vii) In our opinion the internal audit functions carried out during the year by a firm of chartered Accountants appointed by the management commensurates with the size of the company and the nature of its business.
 - viii) We have broadly reviewed the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules, 2011 prescribed by the central government under

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- Section 209(1) (d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- ix) (a) In our opinion and according to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing the undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax and cess as at March 31, 2012 on account of any dispute, Only Entry Tax demand pertaining to Central Sales Tax of Rs. 266131.00 relating to A.Y.2005-06 & 2006-07 is pending with Appellate Authority up to Commissioner's Level.
- x) The Company has no accumulated losses as at March 31, 2012 and it has not incurred any cash losses in the year ended on that date or in the immediately preceding financial year.
- xi) According to the records of the Company examined by us and the information and explanations Sheet date.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii) The provisions of any special statute applicable to chit fund/nidhi/mutual benefit company/ societies are not applicable to the company.
- xiv) In our opinion, the Company is not a dealer or trader in shares, securities, debentures and other investments.
- xv) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks or financial institutions during the year, are not prejudicial to the interest of the company.
- xvi) In our opinion and according to the information and explanations given to us, the company has taken term loan of Rs. 1386 Lacs in 2009-10 from Punjab National Bank for expansion work of Unit - II - at village Tanawara, Jodhpur which has been applied for the said purpose.
- xvii) On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a shortterm basis, which have been used for long-term investment.
- xviii) The Company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956 during the year.
- xix) The Company has not issued any debentures during the year.
- xx) The Company has not raised any money by way of public issue during the year. Therefore, the provisions of clause 4(xx) of the Order are not applicable to the company.
- xxi) During the course of examination of the books and records of the Company, carried out in accordance with the generally accepted audit practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the company, noticed or reported during the year, nor we have been informed of such case by the management.

FOR P. SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
FR. NO. 113602W

PLACE: JODHPUR
DATED: 29th AUGUST, 2012

(KEWAL CHAND DAKALIYA)
PARTNER
M.NO.71013



BALANCE SHEET AS AT 31ST MARCH, 2012

PARTICULARS	NOTE	As at the 31.03.2012 AMOUNT (Rs.)	As at the 31.03.2011 AMOUNT (Rs.)
EQUITY AND LIABILITIES			
Shareholder'Fund			
Share Capital	1	117796560	117796560
Reserves & Surplus	2	323979119	304251987
Share Application Money Pending Allotment			
Non Current Liabilities			
Long Term Borrowings	3	87355073	110643809
Deferred Tax Liability	4	7261851	7451241
Other Long Term Liabilities	5	17628270	16122179
Long Term Provisions	6	1393009	705390
Current Liabilities			
Short Term Borrowings	7	98417688	89669531
Trade Paybles	8	23235033	21584977
Other Current Liabilities	9	123303050	41915712
Short Term Provisions	10	185039	-
		Total	710141386
ASSETS			
Non Current Assets			
Tangible Assets	11	373160956	269229039
Intangible Assets	11	-	-
Capital work-in-Progress	11	26981926	160674505
Non Current Investments	12	3000	3000
Long Term Loans and Advances	13	4854309	5461006
Other Non Current Assets	14	13793252	12902534
Current Assets			
Investories	15	198397510	174225877
Trade Receivables	16	59190875	32355702
Cash and Bank Balances	17	37870289	28067096
Short Term Loans and Advances	18	18370451	17045341
Other Current Assets	19	67932124	10177286
		Total	710141386
Significant Accounting Policies & Notes to the accounts	1 to 33		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR P. SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R. NO. 113602W

(KEWAL CHAND DAKALIYA)
PARTNER
M.NO. 71013

PLACE : JODHPUR
DATED : 29TH AUGUST, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

O.P. BHANSALI
(MANAGING DIRECTOR)

GAURAV BHANSALI
(WHOLE TIME DIRECTOR)

AMIT BAXI
(COMPANY SECRETARY)

**STATEMENT OF PROFIT & LOSS ACCOUNT STATING EBITDA
FOR THE YEAR ENDED ON 31ST MARCH, 2012**

PARTICULARS	NOTE	As at the 31.03.2012 AMOUNT (Rs.)	As at the 31.03.2011 AMOUNT (Rs.)
INCOME			
Revenue from Operations	20	363033975	250022017
Other Income	21	10572721	3477903
Total Revenue		373606696	253499920
EXPENDITURE			
Cost of Material Consumed	22	240536551	180394763
Purchases of stock-in-Trade		-	-
Changes in Inventories of finished goods, work-in-progress and Stock-in-trade	23	(27989940)	(20257590)
Employee benefit expenses	24	10405363	7417252
Financial Costs	25	29528156	14457599
Depreciation	26	45573241	24208100
Other Expenses	27	45689193	28168785
Total Expenses		343742564	234388909
APPROPRIATION OF PROFIT			
Net Income/(Loss) of the year		29864132	19111011
Provision for Current Tax		(10326390)	(4994179)
Deferred Tax (Liability)/Asset		189390	(1776494)
Profit After Tax		19727132	12340338
Balance brought forward from Previous Year		67979166	55638828
Balance Carried Forward to Balance Sheet		87706298	67979166
Earning Per Share (Basic & Diluted)	28	1.67	1.05
Significant Accounting Policies and Notes to the Accounts	1 to 33		

AS PER OUR REPORT OF EVEN DATE ATTACHED

FOR P. SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R. NO. 113602W

(KEWAL CHAND DAKALIYA)
PARTNER
M.NO. 71013

PLACE : JODHPUR
DATED : 29TH AUGUST, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

O.P. BHANSALI
(MANAGING DIRECTOR)

(GAURAV BHANSALI)
WHOLE TIME DIRECTOR

(AMIT BAXI)
COMPANY SECRETARY



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

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

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

Name of Shareholders	Current Year		Previous Year	
	No. of Shares	% held	No. of Shares	% held
Om Kumari Bhansali	989394	8.40	958056	8.13
Om Prakash Bhansali	4162658	35.34	4162658	35.34

1.1 The reconciliation of the number of shares outstanding is set out below

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

2. RESERVES AND SURPLUS

General Reserve				
Security Premium		181816800		181816800
Re-Valuation Reserve		54456021		54456021
Net Profit				
As per Last Balance Sheet	67979166		55638828	
Add Appropriated during the year	19727132	87706298	12340338	67979166
		323979119		304251987

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
3. LONG TERM BORROWINGS		
Secured Loans		
Term Loans from Bank	10691330	41835391
Foreign Currency Loans-Buyer's Credit	59919657	51585369
Unsecured Loan		
Loan from Related Party	16744086	17223049
	87355073	110643809

3.1 Term loans from bank are secured by way of Hypothecation of Land, Building, Plant & Machinery.

3.2 Buyers Credit is secured by way of Hypothecation of Plant & Machinery. Buyer's Credit will be paid by converting Buyer's credit into Term Loan and will be paid in Instalments.

3.3. Maturity Profile of Term Loan from Bank are set out below.

Rate of Interest	2013-14
14.25	10691330

Maturity Profile Buyer's Credit are set out below:

Rate of Interest	2013-14	2014-15
1.75%	24888000	35031657

Maturity Profile of Unsecured Loan from related party are set put below:

Rate of Interest	2015-16	2016-17	2017-18
5%	5581362	5581362	5581362

4. DEFERRED TAX LIABILITY (NET)

Depreciation	7559456	7706042
Provision for Gratuity	(430440)	(217966)
Liability allowed on payment basis	(67165)	(36835)
	7261851	7451241



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
5. OTHER LONG TERM LIABILITIES		
Trade Payables	4104956	4069676
Payables on purchase of Fixed Assets	13490014	12019203
Others	33300	33300
	<u>17628270</u>	<u>16122179</u>
5.1 Others long term liabilities comprises of creditor for expense.		
6. LONG TERM PROVISIONS		
Provision for Gratuity	1393009	705390
	<u>1393009</u>	<u>705390</u>
7. SHORT TERM BORROWINGS		
Secured		
Working Capital Loan	54967688	73289531
Packing Credit	43450000	
Unsecured		
Loans & Advances		16380000
	<u>98417688</u>	<u>89669531</u>
7.1 Working Capital Loan is secured by way of Hypothecation of Current Assets present and future including entire stocks, raw materials, consumable stores and spares, finished goods and book debts.		
7.2 Other Loans & Advances comprises of loan from directors and other firms which is repayable on demand.		
8. TRADE PAYABLES		
Micro, Small and Medium Enterprises		
Others	23235033	21584977
	<u>23235033</u>	<u>21584977</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
9. OTHER CURRENT LIABILITIES		
Creditors for Capital Expenditure	491062	1408888
Term Loan Instalment due within one year	37332000	29400000
Forward Contract Payable	61442490	-
Advance from Customers	7514409	861610
Other Payables	16523089	10245214
	<u>123303050</u>	<u>41915712</u>

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

10. SHORT TERM PROVISIONS

Provision for Leave Encashment

185039

185039

11. FIXED ASSETS CONSOLIDATED

Fixed Assets Consolidated

PARTICULARS	GROSS BLOCK AS ON 01-04- 2011	ADDITIONS DURING THE YEAR	DEDCTIONS/ ADJUSTMENT	TOTAL	RATE	DEPRECIATION				W.D.V.	
						AS AT 01.04.2011	CURRENT YEAR	DEDCTIONS/ ADJUSTMENT	TOTAL	AS ON 31.03.2011	AS ON 31.03.2012
Land	59379925	0	0	59379925	NIL	NIL	NIL	0	0	59379925	59379925
Building	81756249	21962719	0	103718968	10.00%	22565462	7859804	0	30425266	59190787	73293702
Computer	1268440	589234	0	1857674	40.00%	917667	319390	0	1237057	350773	620617
Plant & Machinery	197718087	124677728	1503800	320892015	13.91%	48860472	36513585	461043	84913014	148857615	235979001
Furniture & Fixtures	788750	3232632	0	4021382	18.10%	385888	518956	0	904844	402862	3116538
Vehicles	2912152	0	0	2912152	25.89%	1982234	240756	0	2222990	929918	689162
Vehicles (C)	270978	0	0	270978	30.00%	153819	35148	0	188967	117159	82011
Total	344094581	150462313	1503800	493053094		74865542	45487639	461043	119892138	269229039	373160956
Capital WIP	160674505	486000	134178579	26981926		0	0	0	0	160674505	26981926
Total	504769086	150948313	135682379	520035020		74865542	45487639	461043	119892138	429903544	400142882

The Gross blok of fixed Assets includes Rs. 54456021.00 on account of Re-Valuation of land as at 15.02.2006 (Rs. 32000000.00), 16.02.2006 (Rs.6693991.00), 26.03.2010 (Rs. 15762030.00).

12. NON CURRENT INVESTMENT

In Govt. Securities - Unquoted

National Saving Certificate

3000

3000

3000

3000

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
13. LONG TERM LOANS AND ADVANCES		
(Unsecured and Considered Good)		
Security Deposits	4854309	5461006
	<u>4854309</u>	<u>5461006</u>
14. OTHER NON CURRENT ASSETS		
Long Term Trade Receivables		
Share issue expenses	10833353	6982736
(To the extent not written off)	2959899	5919798
	<u>13793252</u>	<u>12902534</u>
15. INVENTORIES		
Stock of Raw Materials	85797350	89615657
Work-In-Progress	17200000	7700000
Finished Goods	95400160	76910220
	<u>198397510</u>	<u>174225877</u>
16. TRADE RECEIVABLES		
(Unsecured and Considered Good)		
More Than Six Months	1992849	820486
Less Than Six Months	57198026	31535216
	<u>59190875</u>	<u>32355702</u>
17. CASH AND BANK BALANCES		
Cash in Hand	7879462	1377438
With Scheduled Bank In Current A/c	13968736	6582931
FDR (For BG/LC Margin)	16022091	20106727
	<u>37870289</u>	<u>28067096</u>
18. SHORT TERM LOANS AND ADVANCES		
Loans and Advances to Staff	914136	704662
(Unsecured and considered good)		
Prepaid Insurance	1012911	1052403
Balance with Revenue Authorities	9716404	8561276
Others	6727000	6727000
	<u>18370451</u>	<u>17045341</u>

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
18.1 Others comprises share application money which is not yet allotted.		
19. OTHER CURRENT ASSTES		
Unbilled Revenue	1244650	773116
Unamortised Premium on Forward Contract	2689748	
Share Issue Expenses (To the extent not written off)	2959899	2959898
Forward Contract Receivable	59060181	
Duty Drawback Receivable	487091	
Others	1490555	6444272
	67932124	10177286
19.1 Unbilled Revenue comprises of Advance to raw material suppliers and Advance against factory expenses		
19.2 Share issue expenses not written off are to be written off within 12 months.		
20. REVENUE FROM OPERATIONS		
Sale of Products	396058681	273940429
Other Operating Revenue	1326022	798688
Less: Central Excise Duty	(34350728)	(24717100)
	363033975	250022017
20.1 Sale of Products Comprises		
Manufactured goods		
Conveyor Belt	372436956	262277646
Rubber Sheet	23621725	11662783
	396058681	273940429
20.2 Other Operating Income comprises of income from DEPB License (export incentive).		
21. OTHER INCOME		
Interest	1272345	715957
Income from Exchange Fluctuation		1970216
Profit on sale of Fixed Assets	1022845	-
Income on cancellation of forward contract	6222505	-
Other Incomes	2055026	791730
	10572721	3477903



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
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21.1 Interest income comprises interest receivable on FDR of Rs. 1193823 (Previous Year Rs. 359819) received on deposit to JVVN of Rs. 78522 (Previous Year Rs. 56138).

21.2 Other income includes discount received and insurance claim received of Rs. 466816 during the year.

22. COST OF MATERIAL CONSUMED

General Reserve	% of Consumed	Amount	% of Consumed	Amount
Imported	22.56	54253136	19.00	34281038
Indegenous	77.44	186283415	81.00	146113725
	100	240536551	100	180394763

22.1 PARTICULARS OF MATERIAL CONSUMED

Carbon	15477166	12194251
Chemical	24167043	16652474
Fabric	32218896	44611325
Process Oil	7514666	268285
Rubber	160132558	106668428
Others	1026222	-
	240536551	180394763

23. CHANGES IN INVESTORIES OF FINISHED GOODS & WIP

Inventories (at closing)				
Finished Goods	95400160		76910220	
WIP	<u>17200000</u>	112600160	<u>7700000</u>	84610220
Inventories (at beginning)				
Finished Goods	76910220		50980018	
WIP	<u>7700000</u>	84610220	<u>13372612</u>	64352630
		(27989940)		(20257590)

24. EMPLOYEE BENEFITS EXPENSES

Salaries & Wages	9028918	6585025
Contribution to Provident Fund & Other Fund	527596	316842
Gratuity (Unfunded)	687619	404819
Staff Welfare Expenses	161230	110566
	10405363	7417252

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
24.1 Leave Encashment given by company is not retirement benefit but it is encashed in every year.		
24.2 As per Accounting Standard 15 "Employee Benefits" the disclosures as defined in the Accounting Standard are given below:		
Defined Contribution Plans		
Contribution to Defined Contribution Plans, recognised as expense for the year is as under :		
Employer's contribution to Provident Fund	270316	170439
Defined Benefit Plans		
The employee's gratuity scheme managed by LIC is a defined benefit plan. The present value of obligation on actuarial valuation using the Projected Unit Credit Method, which recognises each period of services as giving rise to additional unit of employees benefit entitlement and measures each unit separately to build up the final obligation.		
25. FINANCE COSTS		
Interest	25622299	11815177
Other Borrowing Cost	3905857	2642422
	<u>29528156</u>	<u>14457599</u>
26. DEPRECIATION		
Depreciation on sale of Fixed Asset	85602	
Depreciation	45487639	24208100
	<u>45573241</u>	<u>24208100</u>
27. OTHER EXPENSES		
Manufacturing Expenses		
Power & Fuel	10346039	8863479
Consumable Stores	3090002	750127
Repairs & Maintenance	1223506	1338536
Testing Charges	50921	115718
Factory Expenses	261429	290765
Freight Expenses	2683655	2065107
Packing Expenses	1384337	1039643
Water Expenses	133400	97340
	<u>19173289</u>	<u>14560715</u>
Selling and Distribution Expenses		
Selling and Distribution Expenses	9444780	7307747
	<u>9444780</u>	<u>7307747</u>
Other Expenses		
Administrative Expenses	3539563	1830350



NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)		PREVIOUS YEAR AMOUNT (Rs.)	
Auditor's Remuneration	320000		140000	
Insurance	1218585		481094	
Charity and Donation	1000			
Loss on foreign currency transactions and translation	8061780		-	
Office Rent	110000		110000	
Other Expenses	860298		778981	
Amortisation of share issue expenses	<u>2959898</u>	17071124	<u>2959898</u>	6300323
		<u>45689193</u>		<u>28168785</u>

27.1 VALUE OF COMSUMABLE STORES AND RAW MATERIAL CONSUMED :

	% of Consumed	Amount	% of Consumed	Amount
Imported	-	-	-	-
Indegenous	100	3090002	100	750127
	100	3090002	100	750127

27.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

Internal Audit Fees	80000	40000
Statutory Audit Fees	120000	50000
Cost Audit Fees	20000	-
Tax Audit Fees	50000	25000
Professional Fees	<u>50000</u>	<u>25000</u>
	<u>320000</u>	<u>140000</u>

27.3 PAYMENT TO AUDITORS AS

Raw Materials and Stock-in-Trade	75257799	31891614
Capital Goods	<u>159893</u>	<u>106560351</u>
	<u>75417692</u>	<u>138451965</u>

28. EARNINGS PER SHARE

i) Net profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders (Rs.)	19727132	12340338
ii) No. of Weighted Average Equity Shares	11779656	11779656

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
iii) Basic and Diluted Earnings per share (Rs.)	1.67	1.05
iv) Face Value per equity share (Rs.)	10	10
29. EARNINGS IN FOREIGN EXCHANGE		
FOB Value of Exports	37307743	11182999
	<u>37307743</u>	<u>11182999</u>

30. RELATED PARTY DISCLOSURES :

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

(ii) Transactions during the year with related parties:

Nature of Transactions	Key Managerial Prosonnel	Relative of Key Managerial Personnel	Entities in which KMP/RKMP have significant influence
Interest Paid	-	-	801152
Sale of Goods	-	-	7132653
Managerial Remuneration	888000	-	-



Somi Conveyor Belting Ltd.

Purchases & Other Expenses	-	-	464246
Loan Received	-	-	3000000
Loan Repaid	1055000	2945000	15380000

Balance as at 31st March, 2012

Trade Receivable			
Loans	-		16744086

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	CURRENT YEAR AMOUNT (Rs.)	PREVIOUS YEAR AMOUNT (Rs.)
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31 FINANCIAL AND DERIVATIVE INSTRUMENTS

Derivative contracts entered into by the company and outstanding as on 31st March, 2012

For Hedging Currency Related Risks :

Forward Contract Payable	61442490	-
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32. CONTINGENT LIABILITIES AND COMMITMENTS

Rs. (In Lakhs)

(i) Claims against company disputed liabilities

Entry Tax Demand	2.66	2.66
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(ii) Guarantees

Performance Guarantees	182.04	742.64
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Financial Guarantee	54.88	-
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Guarantee against Buyer's	531.07	-
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(iii) Letter of credit	127.73	155.96
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33. The Company is in the process of identifying Micro, Small and Medium Enterprises as defined under the Micro, Small Medium development Act, 2006. Hence, disclosure relating to amounts unpaid as at the year together with interest payable thereon has not been given.

SIGNIFICANT ACCOUNTING POLICIES

1. ACCOUNTING CONVENTION

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

2. FIXED ASSETS AND DEPRECIATION

a) Fixed assets are stated at cost (net of Cenvat/value added tax) including freight, duties, customs, adjustments arising from exchange rate variation and other incidental expenses relating to acquisition and installation and includes amount added on revaluation, less accumulated depreciation and impairment loss, if any.

b) Depreciation has been provided on written down value method (WDV) at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956.

c) Capital work-in-progress- Projects under which assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

3. INVESTMENTS

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

4. INVENTORIES

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

5. REVENUE RECOGNITION

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

6. TAXATION

a) INCOME TAX PROVISION

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

b) DEFERRED TAX

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

7. FOREIGN CURRENCY TRANSACTIONS

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

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

Non monetary foreign currency items are carried at cost.

Accounting for Forward Contract

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

8. INTANGIBLE ASSETS

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

9. RETIREMENT BENEFITS

(i) Defined Contribution Plans

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

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

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

(ii) Defined Benefit Plan

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

10. BORROWING COST

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

11. IMPAIRMENT OF FIXED ASSETS

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

12. OPERATING LEASE

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

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

13. INSURANCE CLAIMS

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

14. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

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

15. USE OF ESTIMATES

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

16. EARNING PER SHARE

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

17. CASH AND CASH EQUIVALENTS

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

18. CASH FLOW STATEMENT

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

19. SHARE ISSUE EXPENSES

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



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2012

PARTICULARS	For the year ended 31.03.2012	For the year ended 31.03.2011
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax	29,864,132	19,111,011
Add : Depreciation Charged	45,573,241	24,208,100
Preliminary Expenses written off	2,959,898	2,959,898
Interest Charged	25,622,299	11,815,177
	104,019,570	58,094,186
Less : Interest Received	1,272,345	715,957
Profit on Sale of Machinery	1022,845	
Operating Profit Before Working Capital Changes	101,724,380	57,378,229
Trade and Other Receivables	(30,685,790)	24,595,554
Inventories	(24,171,633)	(22,701,755)
Trade Payables & Provisions	71,265,384	(8,458,655)
Loans & Advances and Other Current Assets	(55,039,947)	7,187,491
Advance Tax Paid	(4,040,000)	(815,000)
Cash Generated From Operating Activities	59,052,394	57,185,864
Direct Taxes Paid	41,07,631	(2,077,952)
Net Cash Flow From Operating Activities (a)	54,944,763	55,107,912
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase/Acquisition of Fixed Assets	(16,769,734)	(104,111,915)
Sale of Fixed Assets	1,980,000	-
Security Deposit	606,697	(395,141)
Purchase of Investment	-	-
Sale of Investment	-	2,610,000
Interest Received	1,272,345	715,957
Net Cash used in Investing Activities (b)	(12,910,692)	(101,181,099)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Secured Loans	10,250,384	49,249,888
Unsecured Loans	(16,858,963)	31,403,049
Interest Paid	(25,622,299)	(11,815,177)
Net Cash from Financing Activities (c)	(32,230,878)	68,837,760
Net Increase/(Decrease) in Cash & Cash Equivalents (a+b+c)	9,803,193	22,764,573
Cash & Cash Equivalent At The Beginning of The Year	28,067,096	5,302,523
Cash & Cash Equivalent At The End of The Year	37,870,289	28,067,096

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

FOR P. SINGHVI & ASSOCIATES
CHARTERED ACCOUNTANTS
F.R. NO. 113602W

(KEWAL CHAND DAKALIYA)
PARTNER
M.NO. 71013

PLACE : JODHPUR
DATED : 29th AUGUST, 2012

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS.

O.P. BHANSALI
(MANAGING DIRECTOR)

(GAURAV BHANSALI)
WHOLE TIME DIRECTOR

(AMIT BAXI)
COMPANY SECRETARY