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**RAJ GUPTA & CO.**  
CHARTERED ACCOUNTANTS  
549/10, Sulej Tower, Opposite Petrol Pump,  
Near Fountain Chowk, Civil Lines,  
LUDHIANA 141001  
PHONE : 0161 - 430089,

**Independent Auditor's Report**

**To the Members of SVARNIM TRADE UDYOG LTD**

**Report on the Financial Statements**

We have audited the accompanying financial statements of SVARNIM TRADE UDYOG LTD, which comprise the Balance Sheet as at 31<sup>st</sup> March, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the 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 evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

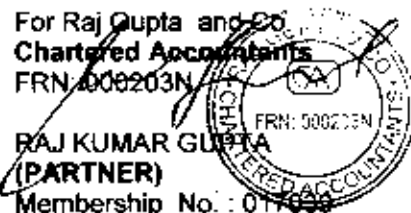
In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and the 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 the written representations received from the directors as on 31<sup>st</sup> March, 2013 taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For Raj Gupta and Co  
Chartered Accountants  
FRN: 000203N  
RAJ KUMAR GUPTA  
(PARTNER)  
Membership No. : 011038



Place: LUDHIANA

Dated : 20.06.2013

**The Annexure referred to in paragraph 1 of the Our Report of even date to the members of SVARNIM TRADE UDYOG LTD on the accounts of the company for the year ended 31<sup>st</sup> March, 2013.**

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

- i) The Company does not have any fixed assets. As such, provisions of clause (i)-(a), (b) and (c) are not applicable.
- ii) The Company does not have any inventory. Hence clause (ii)-(a), (b) and (c) are not applicable.
- (iii) According to the information and explanations given to us, the company has neither granted nor taken any loans to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Hence clause (iii)-(a), (b), (c), (d), (e), (f) and (g) are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business. The company has not made any purchase of inventory or fixed assets and sale of goods or services during the year. We have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) According to the information and explanations given to us, we are of the opinion that all the particulars of contracts or arrangements required to be made in the Register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (vi) The company has not accepted any deposits from public.
- (vii) In our opinion and according to the information and explanations given to us the company has an Internal Audit system commensurate with the size and nature of its business.
- (viii) The maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Companies Act in the case of the company.
- (ix) There are no undisputed amounts payable in respect of Income, Wealth Tax, Sales Tax, wealth tax, customs duty, excise duty, and Service Tax outstanding for a period of more than six months as at 31<sup>st</sup> March, 2013 from the date they became payable.
- (x) There are no accumulated losses at the end of the financial year. The company has suffered losses of Rs. 4152 during the financial year covered by our audit.
- (xi) In our opinion and according to the information and explanations given to us, the company has not availed any loans from financial institution or banks.
- (xii) As explained to us, company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a Chit Fund or a nidhi, mutual benefit fund and Society. Therefore, the provisions of clause (xiii) are not applicable to the company.
- (xiv) In our opinion, the company has not engaged in dealing or trading in shares, securities, debentures and other investments during the year. Accordingly, the provisions of clause (xiv) are not applicable to the company.

- (xv) According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, no term loans have been availed by the company.
- (xvii) The Company has not raised any funds on short-term basis during the year.
- (xviii) The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act.
- (xix) The company has not issued debentures during the year.
- (xx) The company has not raised any money by public issue during the year.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For Raj gupta and Co.  
Chartered Accountants  
FRN:000203N.

  
RAJ KUMAR GUPTA  
(PARTNER)  
Membership No. : 017039



Place: LUDHIANA  
Date : 20.06.2013

## **STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

### **1) Basis of Preparation of Financial Statements.**

- i) Financial Statements have been prepared on the historical cost convention, on an accrual basis and in accordance with the Accounting Standard notified by Companies ( Accounting Standard) Rules 2006 and the relevant provisions of the Companies Act, 1956.
- ii) The preparation of the financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities and income and expenses during the reported period. The management believes that the estimates used in the preparation of the financial statement are prudent and reasonable. The difference between the actual results and the estimates are recognized in the periods in which the results are materialized.

### **2) Revenue Recognition**

#### **Income:**

The Company recognizes income on accrual basis, However where the ultimate collection of the same lacks reasonable certainty, revenue recognition is postponed to the extent of uncertainty.

i) Income from dividend is recognized as and when such dividend has been declared and the Company's right to receive payment is established.

ii) Profit/ loss on sale of investments if any, is recognized on the contract date.

### **3. INVESTMENTS**

Long Term Investments are stated at cost.

- 4) Deferred Tax Assets have not been recognized, as there is no reasonable certainty for setting off the same.
- 5) Contingent liability as at the close of the year- NIL
- 6) Auditor's remuneration as audit fee for the year Rs.1685/- (Previous year Rs.1685)
- 7) Estimated amount of contracts remaining to be executed – NIL
- 8) The information required to be given pursuant to the provisions of the paragraph 3, 4, 4-A, 4-C and 4-D of Part II of Schedule VI to the Companies Act, 1956 is not applicable to the company.
- 9) Previous year's figure has been regrouped wherever necessary.

**SVARNIM TRADE UDYOG LTD**  
**Balance Sheet as at 31st March, 2013**

Particulars	Note	AMT (Rs)	
		As at 31-Mar-13	As at 31-Mar-12
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	1	2490000	2490000
Reserves and Surplus	2	1140848	1145000
<b>Current Liabilities</b>			
Other current liabilities	3	212265	212265
<b>Total</b>		<b>3843113</b>	<b>3847265</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Non-current investments	4	2458525	2458525
<b>Current Assets</b>			
Cash and cash equivalents	5	16494	20846
Short-term loans and advances	6	1368094	1368094
<b>Total</b>		<b>1384588</b>	<b>1388740</b>
<b>Total</b>		<b>3843113</b>	<b>3847265</b>

FOR RAJ GUPTA & Co  
 Chartered Accountants  
 FRN: 000203N

(R.K. Gupta)  
 Partner  
 Membership No. 017039  
 Place : LUDHIANA  
 Date : 20.06.2013



For and on behalf of the board,  
 For SVARNIM UDYOG LTD

*[Signature]*

Director

*[Signature]*

Director

**SVARNIM TRADE UDYOG LTD  
STATEMENT OF PROFIT AND LOSS**


AMT (Rs)

Particulars	Note	For the year ended	For the year ended
		31-Mar-13	31-Mar-12
I. Revenue from operations		-	-
II. Other Income		-	-
<b>III. Total Revenue</b>		-	-
<b>IV. Expenses:</b>			
Employee benefit expense		-	-
Financial costs		-	-
Depreciation and amortization expense		-	-
Other expenses	7	4152	2717
<b>IV. Total Expenses</b>		<b>4152</b>	<b>2717</b>
<b>V. Profit before exceptional and extraordinary items and tax</b>	(III - IV)	<b>-4152</b>	<b>-2717</b>
VI. Exceptional Items		0	0
VII. Profit before extraordinary items a:	(V - VI)	<b>-4152</b>	<b>-2717</b>
VIII. Extraordinary Items		0	0
<b>IX. Profit before tax (VII - VIII)</b>		<b>-4152</b>	<b>-2717</b>
X. Tax expense:			
(1) Current tax		0	0
(2) Deferred tax		-	-
<b>XI. Profit/(Loss) for the period</b>	(VII-VIII)	<b>-4152</b>	<b>-2717</b>
XII. Earning per equity share:			
(1) Basic		0	0
(2) Diluted		0	0

FOR RAJ GUPTA & Co.  
Chartered Accountants  
FRN: 000203P

(R.K.Gupta)  
Partner  
Membership No. 017039  
Place : LUDHIANA  
Date : 20.06.2013

For and on behalf of the board  
For SVARNIM UDYOG LTD

  
Director

  
Director

**SVARNIM TRADE UDYOG LTD**

**Notes on Financial Statements**

	As at 31-Mar-13	As at 31-Mar-12
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**Note : 1 Share Capital**

<b>AUTHORIZED SHARE CAPITAL:</b>		
2,49,000 Equity Shares of Rs. 10/- each	2490000	2490000
(Previous Year 2,49,000 Equity Shares of Rs. 10/- each)		
<b>ISSUED, SUBSCRIBED &amp; PAID UP CAPITAL:</b>		
2,49,000 Equity Shares of Rs. 10/- each		
fully paid up (Previous Year 2,49,000 Equity Shares of Rs. 10/- each)	2490000	2490000
Add: Shares forfeited	-	-
	<u>2490000</u>	<u>2490000</u>

**1.1 The detail of shareholders holding more than 5% shares**

Name of the Shareholder	As at 31.03.2013		As at 31.03.2012	
	No of shares	% of Holding	No of shares	% of Holding
CROUSE INVST LTD	24910	10	24910	10
FAYETTE TDG & INVST CO LTD	26575	11	26575	11
EXCELLENT PRINTERS P LTD	24700	10	24700	10
DAMAN INVST & FINANCE PVT LTD	25070	10	25070	10
OSWEGO TDG & INVST CO LTD	24550	10	24550	10
JAGDAMBA CHEMICALS PVT LTD	23500	9	23500	9
MAANZHI INVST & TDG CO PVT LTD	24875	10	24875	10
NORTH INDIA CARPET CO PVT LTD	24000	10	24000	10
OSWAL FIBRES P LTD	24500	10	24500	10
OSWAL INTERMEDIATES PVT LTD	24900	10	24900	10

10.10  
10.67  
0.92  
10.07  
0.56  
0.43  
9.99  
9.06  
9.84  
10.10  
99.52

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

Particulars	As at 31.03.2013	As at 31.03.2012
	No of shares	No of shares
Shares outstanding at the beginning of the year	249000	249000
Shares Issued during the year	0	0
Shares bought back during the year	0	0
year	249000	249000

As at 31.03.2013      As at 31.03.2012

**Note : 2 Reserves & Surplus**

<b>General Reserve:</b>		
As at Commencement of the Year	129000	129000
Add: Transfer from Statement of Profit and Loss	0	0
	(A)	129000
<b>Profit and Loss Account</b>		
As at Commencement of the Year	908460	911177
Add: Profit for the year	-4152	-2717
	<u>904308</u>	908460
<b>Less: Appropriations</b>		
Transferred to General Reserve	0	0
	(B)	904308



**Reserve Fund:**

As at Commencement of the Year, & at the end of the year	(C)	107540	107540
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Total (A+B+C)		<u>1140848</u>	<u>1145000</u>
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**Note : 3 Other Current Liabilities**

Other payable		212265	212265
		<u>212265</u>	<u>212265</u>

**Note : 4 Non-Current Investments**Quoted (Other than Trade, At cost)

27400 Equity shares of Mahwa Cotton Spinning Mills Limited of Rs. 10/- each fully paid up	689160	689160
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Unquoted (Trade, At cost)

100 Equity shares of Oswago Trading & Inv. Co. Limited of Rs. 100/- each fully paid up	10050	10050
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100 Equity shares of Crouse Investments Limited of Rs. 100/- each fully paid up	10050	10050
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383175 (Previous Year 383175) Equity Shares of Mukerian Papers Ltd. of Rs. 10/- each fully paid up	1747255	1747255
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20 Equity shares of Fayette Trading & Inv. Co. Limited of Rs 100/- each fully paid up	2010	2010
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	<u>2458525</u>	<u>2458525</u>
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Aggregate value of quoted investments	689,160	689,160
Aggregate value of unquoted investments	1,769,365	1,769,365
Aggregate Market value of quoted investme	27,23,56	557,590

**Note:5 Cash & Cash equivalantes**

Cash in hand	1756	1756
Balance with Banks:		
Current Accounts	14738 ✓	18890
	<u>16494</u>	<u>20646</u>

**Note : 6 Short-term Loans & Advances  
(Unsecured & Considered Good)**

Other Receivables	1368094	1368094
	<u>1368094</u>	<u>1368094</u>

**Notes on Financial Statements**

	<u>Year ending 31-Mar-13</u>	<u>Year ending 31-Mar-12</u>
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**Note : 7 Other Expenses**

Rent, Rates, Fees and Taxes	2400	900
Payment to Auditors:		
Audit fee	1685	1685
Bank charges A/C	67	132
Total	<u>4152</u>	<u>2717</u>

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013**

	31/Mar/13 Rs.	31/Mar/12 Rs.
<b>A. <u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
NET PROFIT BEFORE TAX AND EXTRAORDINARY	(4,152)	(2,717)
ADJUSTMENT FOR		
PROVISION FOR TAX	0	0
DIVIDEND	0	0
OPERATING PROFIT BEFORE WORKING CAPITAL	(4,152)	(2,717)
ADJUSTMENT FOR		
TRADE AND OTHER RECEIVABLE	0	12,000
TRADE PAYABLE	0	30
CASH GENERATED FROM OPERATIONS	(4,152)	9,313
TAX PAID	0	0
NET CASH FROM OPERATING ACTIVITIES	(4,152)	9,313
<b>B. <u>CASH FLOW FROM INVESTING ACTIVITIES</u></b>		
CHANGE IN LOAN AND ADVANCES	0	0
SALE/(PURCHASE) OF INVESTMENTS	0	0
DIVIDEND RECEIVED	0	0
NET CASH FROM INVESTING ACTIVITIES	0	0
<b>C. <u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
ISSUE OF SHARE CAPITAL	0	0
UNSECURED LOANS	0	0
LONG TERM BORROWINGS	0	0
DIVIDEND PAID	0	0
NET CASH FROM FINANCING ACTIVITIES	0	0
NET CHANGE IN CASH AND CASH EQUIVALENTS	(4,152)	9,313
CASH AND CASH EQUIVALENTS AS ON 01.04.	20,646	11,333
CASH AND CASH EQUIVALENTS AS ON 31.03.	16,494	20,646

PLACE : LUDHIANA  
Dated : 20.08.2013

FOR AND ON BEHALF OF THE BOARD

  
DIRECTOR

  
DIRECTOR