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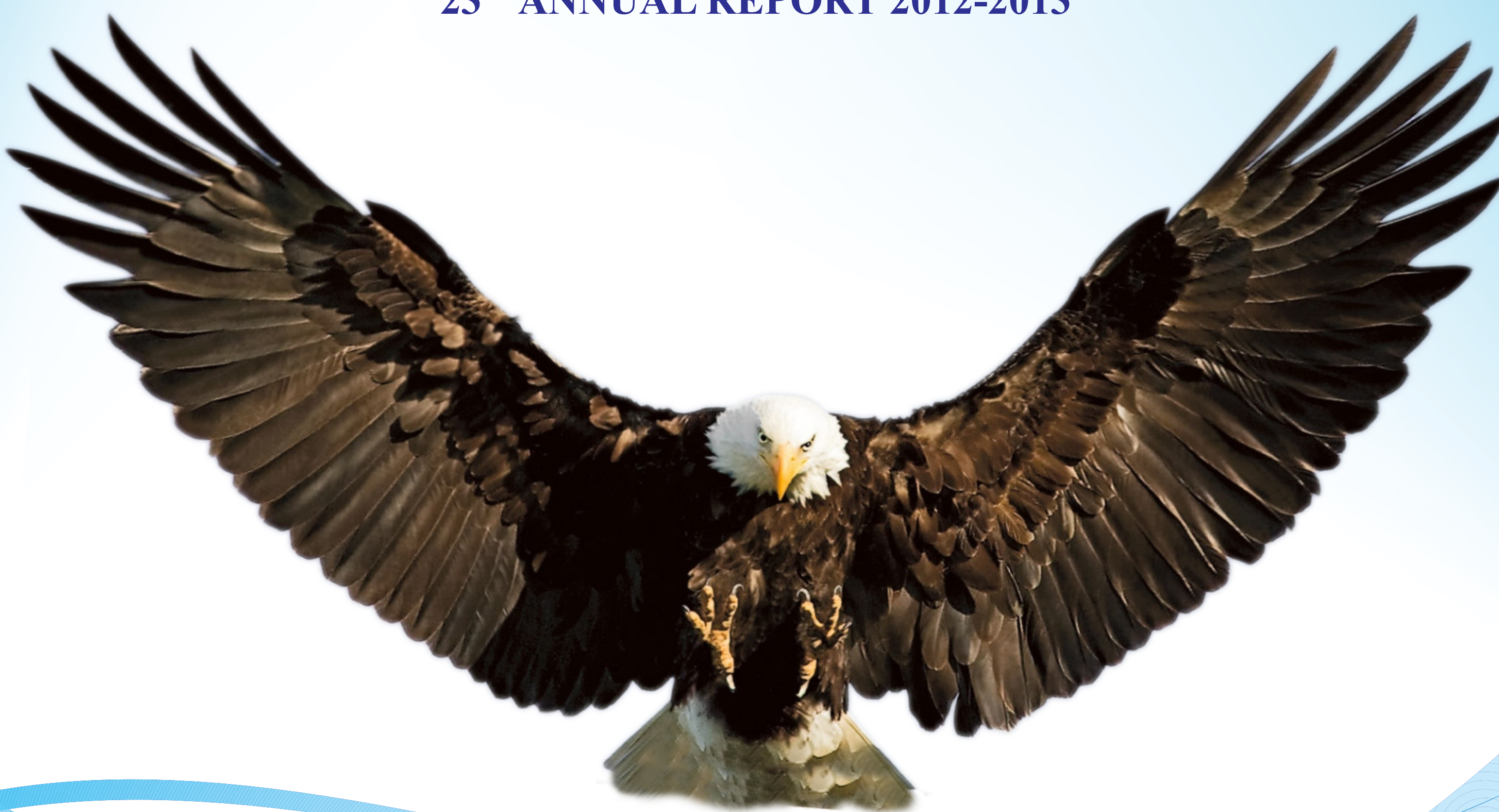
23RD ANNUAL REPORT 2012-2013



SEYA INDUSTRIES LTD

SEYA INDUSTRIES LTD

Annual Report F.Y. 2012-2013

CONTENT

As you, all are aware that global warming is increasing day by day and we are facing lot of troubles because of it.

Being a global citizen lets join our hands together and share this responsibility of saving our beautiful planet.

Let's take minor one-step towards saving our environment. Register your e-mail Id with the Company to receive documents and notices in electronic form. To register the same please write to the Companies RTA at info@unisec.in or you can also write to the Company Secretary at corporate@seya.in

Wish you a Greener life…..

COMPANY INFORMATION

Board of Directors

Mr. Ashok G Rajani	Chairman & Managing Director
Mr. Asit Kumar Bhowmik	Executive Director
Mr. Virendra Singh Khurana	Non-Executive Independent Director
Mr. Ramnath Arora	Non-Executive Independent Director

Company Secretary & Compliance Officer

Ms. Manisha Solanki	✉ Corporate@seya.in

Stautory Auditors

M/s. Jagiwala and Associates	Shanta Bhuvan, 28C, Vallabhbhai Road, Vile Parle (West), Mumbai - 400056 ☎ 022-26143204 ✉: yogesh_jagiwala@yahoo.com

Bankers

HDFC Bank Limited

Registered office and Works

T-14, MIDC, Tarapur, Boisar, Dist. Thane - 401 506

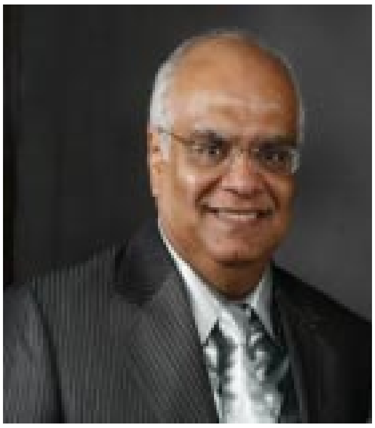
Corporate office

B-12, Ghanshyam Chamber, Link Road, Andheri (West), Mumbai - 400053

Registrar and Transfer Agent

M/s. Universal Capital Securities Pvt. Ltd.	21, Shakti Niwas, Opp. Satya Saibaba Temple, Mahakali Caves Road, Andheri (East), Mumbai - 400093 ☎ 022-28207203 - 05, Fax: 022-28207207 ✉: info@unisec.in

FROM CHAIRMAN'S OFFICE



"The best way to predict the future is to create it".

Dear Valued Shareholders,

The global economic scenario for the fiscal 2012-13 remained a matter of worry. Global GDP fell to 3.2% compared to 4% in 2012. The fiscal fragility, hidden and unknown risks of financial derivative instruments and the problems of the weaker Euro zone economies caused a continued concern.

However, there are certain positives also. The unwinding of financial leverage, several rounds of liquidity injections, the US not falling off the fiscal cliff but remaining a bright spot with sign of recovery and Japan joining in augur for the global economy. Furthermore, the private corporate sector seems on the path to stepping up investment outlays indicating, thankfully, the worst case outcomes have been averted. The global economy has clearly shown a lot of resilience.

India's GDP growth slowed markedly in 2012-13, to 5%, down from 6.2% in the previous year. Slow growth, investor diffidence, the rupee falling to an all time low, power outages and a poor monsoon added to the country's woes. High commodity prices and supply constraints of critical raw material, such as coal and natural gas, further compounded the problem. The manufacturing sector recorded a growth of only 1.9% in 2012-13, down from 2.7% in 2011-12. Export growth in 2012-13 was 5.1%, compared to 15.3% in the previous year.

There are good signs, as we move into the fiscal 2013-14.There have been some positive policy developments in recent months. These include a decline in interest rates and a move towards market-based pricing for diesel and petrol. The expectation of a normal monsoon is positive, going forward. In the FY 2013-14, the GDP growth is projected to rise modestly to around 6.0% with much of the improvement likely only in the second half of the year. Industrial activity will continue to be adversely affected by regulatory bottlenecks. The recent decline in commodity prices, particularly of crude oil, and continuing buoyancy of FIIs inflows will pave the way for greater exchange rate stability, and a moderation of inflation. The RBI projects a 5.5% increase in the wholesale price index in the FY 2013-14, down from 7.3% in the previous year.

Your Company's progress

Unless commitment is made, there are only promises and hopes... but no plans. Success results from implementing these plans born from commitment. This year despite the enormous hardships, and challenges, and in the face of all these odds, for the Financial Year 2012-13, your Company's revenues stood at ` 54.22 crores up by 90.96%, vis-à-vis ` 28.39 crores in the previous year. It attained a net profit of ` 1.82 crores up by 106.82%. Net profit for the earlier year was ` 0.88 crore.

This has undoubtedly been the result of the hard work put in by all the employees and all the persons associated with the success of the company who have worked diligently and with an unfailing commitment. I extend my heartfelt gratitude to all our fellow employees and workers.

Our bankers, our investors, and business associates and above all our shareholders have continued to repose their faith in the company and we are encouraged by their unstinting support. The success of the last year belongs to each of them as well.

Looking ahead ….

Chemicals are used to make consumer goods and are also used in the agriculture, manufacturing, construction and service industries. In fact, the chemical industry itself consumes 26% of its own output. Major industrial consumers include automobiles, rubber and plastic, textiles, apparel, petroleum refining, pulp and paper and primary metals.

The Chemical industry is cyclical by nature and heavily linked to the overall condition of the U.S. and world economy. The Chemical industry also touches 96% of manufactured goods, making the manufacturing industry the biggest consumer of chemical products.

We have come a long way and there is much to achieve. Looking to the urgent need of raising capital, your Board has decided that to better secure the interests of the shareholders, no dividend be declared for this year, but the profits ploughed back to ensure that except for reasons beyond control, there should be no looking back for your Company.

Your Company has embarked on forward integration a project which is a major strategic move. The project work for downstream products is in full swing. Commercial production is expected to commence this year. To sustain the ongoing growth, we have an integrated business model, spanning an entire vertical integration.

I firmly believe that we will be able to consolidate our position in the nitro aromatics and specialty chemicals sectors, backed by our robust capex plans. Their prospects are indeed encouraging in the long term. On a note of optimism and given your Company's single-minded focus on growth - both top-line and bottom-line, I do believe that we will scale new peaks.

Management is doing things right; leadership is doing the right things. Action born from due reflection leads us to do the right things. With our togetherness, our Company shall enjoy a leadership position

Yours sincerely

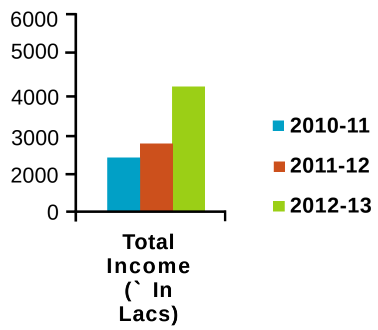
ASHOK G RAJANI

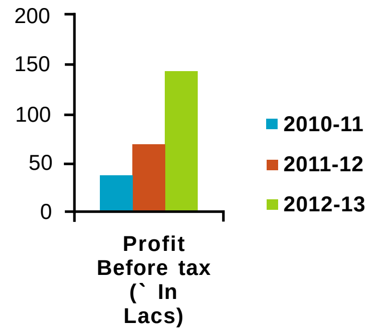
THREE YEARS FINANCIAL HIGHLIGHTS

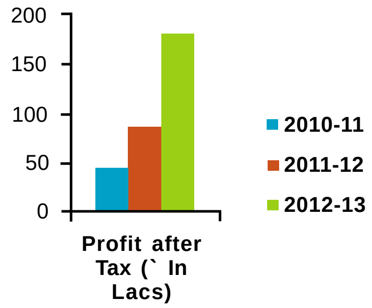
(` In Lacs)

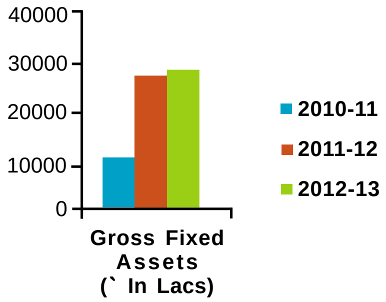
Financial Year	2012-13	2011-2012	2010-11
Total Income	5,470.03	2,872.71	2,311.17
Profit Before Tax	224.54	107.62	55.27
Profit After Tax	181.73	87.59	45.02
Gross Fixed assets	32,871.03	31,530.78	12,182.80
Net Fixed assets	29,113.70	28,330.81	9,329.23
Net worth	4,875.74	4,694.01	3,113.53

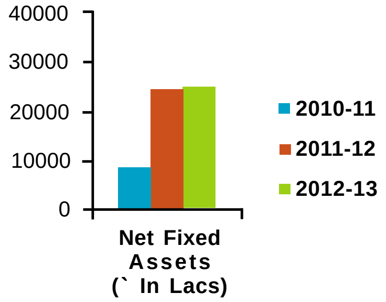
COMPARATIVE FINANCIAL PERFORMANCE FOR LAST THREE YEARS

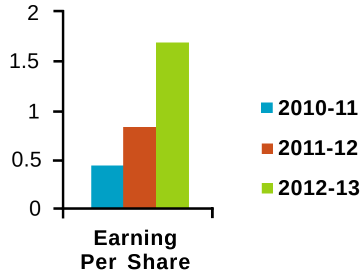


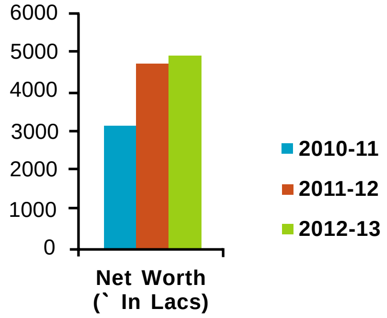












NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY-THIRD ANNUAL GENERAL MEETING OF THE MEMBERS OF SEYA INDUSTRIES LTD WILL BE HELD AT THE REGISTERED OFFICE OF THE COMPANY AT T -14, MIDC, TARAPUR INDUSTRIAL AREA, BOISAR, DIST. THANE - 401506 MAHARASHTRA, ON WEDNESDAY, SEPTEMBER 18, 2013, AT 11:00 A.M. TO TRANSACT FOLLOWING BUSINESS:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2013 and the Statement of Profit & Loss for the year ended on that date, and also to consider reports of the Directors and Auditors Report thereon;

2. To appoint a Director in place of Mr. Asit Kumar Bhowmik who retires by rotation and being eligible, offers himself for reappointment;

3. To appoint M/s. Jagiwala And Associates, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution:**

   "RESOLVED THAT M/s. Jagiwala And Associates, Chartered Accountants, Mumbai bearing Firm Registration No. 131003W, be and are hereby appointed as the Auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting on a remuneration as may be fixed by the Board of Directors of the Company".

SPECIAL BUSINESS:

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

   "RESOLVED THAT pursuant to the provisions of Section 198, 309 and other applicable provisions of the Companies Act, 1956 and subject to the approval of Central Government, the Company hereby ratify and confirms the payment of excess remuneration made to Mr. Ashok G Rajani, Managing Director of the Company amounting to ` 4.46 Lacs for the Financial Year 2012-2013.

   RESOLVED FURTHER THAT pursuant to the provisions of Section 309 (5B) and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government consent of the members, be and is hereby accorded for waiver of recovery of excess remuneration of ` 4.46 Lacs paid during the financial year starting from April 1, 2012 to March 31, 2013.

   RESOLVED FURTHER THAT an application seeking the waiver of recovery of the excess remuneration already paid to Mr. Rajani be made to the Central Government **AND THAT** anyone of the Directors of the Company or Company Secretary be and is hereby severally authorised to do all such act(s), thing(s) and deed(s) as may be necessary to give full effect to the above resolution."

By Order of the Board of Directors

Manisha Solanki
Company Secretary
and Compliance Officer

Registered office:
T-14, Tarapur Industrial Area, MIDC,
Boisar, Dist. Thane - 401 506
E-mail: corporate@seya.in

Date: August 14, 2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE "MEETING") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

   The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight (48) hours before the commencement of the meeting.

2. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.

3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to special Business to be transacted at the meeting is annexed hereto.

4. The register of members and share transfer Books of the Company shall remain closed from Monday, September 16 2013 to Wednesday, September 18, 2013 both days inclusive.

5. Members are requested to bring their attendance slip along with their copy of annual report to the Meeting.

6. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to Universal Capital Securities Private Limited (RTA), for consolidation into one single folio.

7. Non- resident Indian Members are requested to inform RTA immediately of:

   a. Change in their residential status on return to India for permanent settlement

   b. Particulars of their Bank accounts maintained in India with complete name, branch, account type, account number and address of the bank with pin code number, if not furnished earlier.

8. Members who have not registered their e-mail addresses so far are requested to register their e-mail address so that they can receive the Annual Report and other communication from the Company electronically.

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

The following Explanatory Statement sets out all material facts relating to the Special Business mentioned at Item No. 4 of the accompanying Notice:

Item No. 4
Mr. Ashok G Rajani was appointed as Managing Director of the Company at the Board Meeting held on July 18, 2009 and his appointment was approved by the Members at the 19th Annual General Meeting of the Company held on September 24, 2009 for the period of 5 years.

His appointment, and the terms and conditions of appointment were approved by the Members along with payment of remuneration, perquisites and other benefits. However, his remuneration for F.Y. 2012-13, was exceeding the eligible limits under Section 309 read with Schedule XIII of the Companies Act, 1956, hence; it requires approval of Central Government and shareholders. Mr. Ashok G Rajani is Managing Director of the Company and devoting his full time for the development and growth of the Company. In view of this and in the interest of your Company, the Company is obliged to pay remuneration as agreed.

Board of directors recommends the Special resolution as set put at item no. 4 for your approval.

Except Mr. Ashok G Rajani, none of the Directors of the Company is any way concerned or interest in this resolution.

By Order of the Board of Directors

Manisha Solanki
Company Secretary and
Compliance Officer

Date: August 14, 2013
Place: Mumbai

DIRECTORS' REPORT

Dear Members,
Your Directors have pleasure in presenting their report and statement of accounts for the Financial Year 2012-13.

THE YEAR IN RETROSPECT

` In Lacs

Financial Results	Year ended March 31, 2013	Year ended March 31, 2012
Gross Revenue from Operation	5,929.21	3,039.26
Excise Duty	507.55	200.13
Net Revenue	**5,421.66**	**2,839.14**
Profit / (Loss) from Operation	**809.67**	**377.03**
Add: Income from non-operational activities	48.37	33.57
Less: Other Expenses	273.83	155.29
Less: Finance Cost	5.58	3.00
Profit / (Loss)before Depreciation, Amortization & Tax	**578.63**	**252.31**
Depreciation and Amortization	354.09	144.69
Profit / (Loss) Before Tax	**224.54**	**107.62**
Tax	42.82	20.03
Profit / (Loss) After Tax	**181.73**	**87.59**
Balance Transferred to Balance Sheet	181.73	87.59

FINANCIAL PERFORMANCE

The net revenue for the period under review was increased to ` 5,421.66 Lacs as compared to last year of ` 2,839.14 Lacs showing a growth of 90.96%. Profit before Depreciation, Amortization and Tax stood at ` 578.63 Lacs.

Profit before Tax stood at ` 224.54 Lacs as compared to ` 107.62 Lacs of last year and Profit after Tax was ` 181.73 Lacs as compared to ` 87.59 Lacs of last year showing a growth of 107.48%

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis report is attached and form part of this report.

DIVIDEND

Considering future Expansion and Development program of the Company, your Directors do not recommend any dividend and propose to retain the profit in Business.

DEPOSITS

The Company has not accepted any deposits from the public, and as such, there are no outstanding deposits in terms of Companies (Acceptance of Deposits) Rules, 1975.

DIRECTORS

As on March 31, 2013, there were Four Directors on the Board of the Company. They are as follows:

Mr. Ashok G Rajani	-	Chairman & Managing Director
Mr. Asit Kumar Bhowmik	-	Director
Mr. Ramnath Arora	-	Independent Director
Mr. Virendra Singh Khurana	-	Independent Director.

In accordance with the provisions of Companies Act, 1956 and Articles of Association of the Company, Mr. Asit Kumar Bhowmik retires by rotation at the ensuing Annual General Meeting of the Company, being eligible, offers himself for re-appointment.

The brief resumes and other details relating to the Director who is proposed to be re-appointed as required to be disclosed under Clause 49 of the Listing agreement, forms part of the Report on Corporate Governance.

Your Directors recommend the re-appointment of Mr. Asit Kumar Bhowmik at the ensuing Annual General Meeting.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required under Section 217 (I) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is attached and forms an integral part of this Report.

PARTICULARS OF EMPLOYEE

None of the Company's Employees were covered by the disclosure requirement pursuant to the provisions of Section 217 (2A) of the Companies Act, 1956 and rules framed there under.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with Stock Exchanges, Corporate Governance Report and Auditor's Certificate regarding compliance of conditions of Corporate Governance are enclosed and form an integral part of this report.

STATUTORY AUDITORS

M/s. Jagiwala And Associates, Chartered Accountants, Mumbai, Statutory Auditor of the Company, will retire at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment under Section 224 (1) of the Companies Act, 1956. Certificate have been received from them to the effect that their re-appointment, if made, would be within the limits prescribed under Section 224 (1B) of the Companies Act, 1956, and your Directors recommend their re-appointment.

COST AUDITORS

In compliance with the provisions of Section 233B and Section 224 (IB) and other applicable provisions of the Companies Act, 1956 M/s. Hemant Shah & Associates, Cost Accountant have been appointed as a Cost Auditor of the Company and approval of Central Government is been received as on July 30, 2013.The due date for filing Cost Audit Report for the financial year 2012-13 is September 30, 2013.

HUMAN RESOURCES

People are considered to be one of the most valuable resources and the Company recognizes that working environment motivates employees to be productive, creative and innovative. Company strives to attract and recruit best talent for the current and future needs. The Company has taken necessary steps to upgrade the skills of present employees by conducting various in-house training programs and courses.

HEALTH, SAFETY AND ENVIRONMENT

Your Company is giving utmost importance to safety, health and environmental related issues. The employees are continuously educated and trained to improve their awareness and skills.

All safety statutory requirements like licenses, mock drills under emergency conditions and testing of manufacturing equipments etc. are being complied with. Requirements of environmental acts and regulations are complied with. Effluent treatment of waste streams and suppression of fugitive emissions through sprinklers is also carried out effectively. Massive tree plantation has been undertaken to improve the greenery all around the plant.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors acknowledges the responsibility for ensuring compliance with the provisions of Section 217(2AA) of the Companies Act, 1956 in preparation of Annual Accounts for the year ended on March 31, 2013 and hereby confirmed:-

i. That in the preparation of the Accounts for the financial year ended March 31, 2013 the applicable accounting standards have been followed;

ii. That the Directors have followed proper accounting policies and applied them consistently and wherever mandated, have made judgments and estimates that were fair, reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profits for that period;

iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv. That the Directors have prepared the annual accounts on a going concern basis.

CASH FLOW STATEMENT

A Cash Flow statement for the year ended March 31, 2013 is attached with the Annual Audited Accounts of the Company.

AUDITOR'S QUALIFICATIONS

Auditor's qualification stated in their Report on the accounts for the year under review is self-explanatory. Your Directors are taking necessary steps.

ACKNOWLEDGEMENT

The Board of Directors would like to place on record their gratitude for the excellent patronage received from Banks. Your Company continued to receive co-operation and generous support from Suppliers and others associated with the Company as trading partners.

Your Company has been able to operate efficiently because of the enthusiasm, total commitment, dedicated efforts of the executives and employees of the Company at all levels.

We are also deeply grateful for the continued confidence and faith reposed on us by the Shareholders, Depositors, Creditors, Customers and all the Government Authorities.

Your Directors look forward to the future with Confidence…….!!!!

For and on behalf of the Board of Directors

ASHOK G RAJANI
Chairman & Managing Director

Date: August 14, 2013
Place: Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL ECONOMIC OVERVIEW

The fiscal 2012-13 has generally remained a difficult one for the global economy. The global economic recovery proved harder to come by than originally anticipated. A number of challenges stood in the path to more widespread economic growth, including a protracted Eurozone crisis, waning demand for Chinese products, reduced reliance on commodities in the Asia/Pacific region and economic sensitivity in emerging economies. Cyprus avoided a financial meltdown by securing a 10 billion euro bailout. Euro zone has reported negative growth of 0.4%. The USA, world's largest economy has posted better numbers at 2.3% in 2012 against 1.8% in 2011. However the growth in emerging and developing markets is expected to be worse than 5.5% in 2013.

INDIAN ECONOMY

India's current account deficit is widening to a record high 5.4% in FY13. Eight core sector industries (crude oil, petroleum refinery products, fertilizers, coal, electricity, natural gas, cement and steel sectors) contracted due to steep drop in natural gas output. The slowdown of the Indian economy worsened as the country posted a growth of 5% in F.Y. 2012-13 against 6.2% in F.Y. 2011-12. The decelerated growth was primarily attributable to the weakness in the industrial sector at 3.1% while the manufacturing sector grew by 1.9% and an erratic monsoon and drought-like situation in many parts affected the growth of the country's agriculture sector. The growth of the services sector was lower at 6.6% in 2012-13 against 8.2% in 2011-12. This was mainly due to political and regulatory uncertainty, which affected the sentiment of foreign investors in India. Inflation has being steadily on a rise. Key chemical raw materials like aniline, benzene, methanol, etc. witnessed price increases. The Government's attempt to attract FDI in multi-brand retail, aviation and broadcasting has mitigated the ill effects to some extent. With the US recovery and China and India growth record the demand is expected to grow and one can say that the worst is over.

GLOBAL CHEMICAL INDUSTRY

The global chemical industry grew from USD 1.8 trillion in 2001 to about USD 3.7 trillion in 2012. This growth has largely been driven by Asia with chemical sales expected to grow at CAGR of approximately 4% to 5% from 2009 to 2020. Conversely, European chemical sales are looking to grow at a CAGR of less than 2% per annum to 2020. This change is astounding and globalized companies who have a presence in Asia experienced high performance with growth driving from Asia.

The chemical industry is expected to see growth driven by Asia demand. While other developed regions are flat or fragile, Asia is the growth region for the global chemical industry. The Asian chemical industry is set to grow at 7% p.a. The per capita consumption of most chemicals in Asia is much lower than the developed markets indicating a large untapped potential from these developing economies. Besides the growth in Asia, mega trends are also shaping the chemical industry globally. Urbanization will drive the growth of smart cities and eco-friendly cities that need chemicals and materials that provide functionality as well as energy efficiency. They include smart windows, materials for battery storage, desalination materials and materials for green energy including solar and wind.

The need for chemicals for the healthcare sector is also great. The high costs of healthcare and lack of access to good quality care in developing markets allows the chemical industry to step up and offer solutions to combat obesity and address cardiovascular health and weight management health. Functional ingredients including Omega 3 and weight management ingredients are expected to show high growth.

CHEMICAL INDUSTRY - STRUCTURE AND DEVELOPMENT

The chemical industry forms the backbone of the Indian manufacturing base. Some key strengths of the sector that can drive growth for the industry include large domestic market, strong forward and backward integration and conducive policy environment. Diversified in structure, the Indian chemical industry caters largely to broad manufacturing bases and markets like fertilisers, petrochemicals, pharmaceuticals, dyes and intermediates, textiles, paper and food processing. Having emerged as a net earner of foreign exchange, the chemical industry is contributing significantly to the country's industrial and economic growth. The Indian chemical industry today is emerging from a protected environment into highly competitive global market, and at the same time, the domestic market is already reaching a mature level where demand potential for Fine & Speciality chemicals and knowledge-based chemicals are, in particular, playing a significant role in driving the growth of India's chemical industry. In these changing circumstances, the industry faces some key challenges. However, with Asia's growing contribution to the global chemical industry, Global chemical sales have increased by about 14% p.a. in Asia from 1999 to 2009, and this trend is expected to be further augmented. India emerges as one of the focus destination for Chemical Companies worldwide. The Indian Chemical Industry accounts for approximately 7% of Indian GDP. Individual segmental performance of organic, inorganic and speciality chemicals is expected to grow. The Indian chemical industry is responding suitably to the global trend. India is the Eighth largest producer of Chemicals in the World and Third largest producer in Asia, after China and Japan.

Your Company manufactures products that are having broad spectrum end-usage in Agrochemicals, Pharmaceuticals, High Performance Polymers, Paints, Pigments, Printing inks, Dyestuff and its Intermediates, Rubber Chemicals, Home and personal Care products, etc. This broad spectrum end-usage base helps your company to reduce the risk of market fluctuations and also to take advantage of individual segmental opportunities of end-user segments.

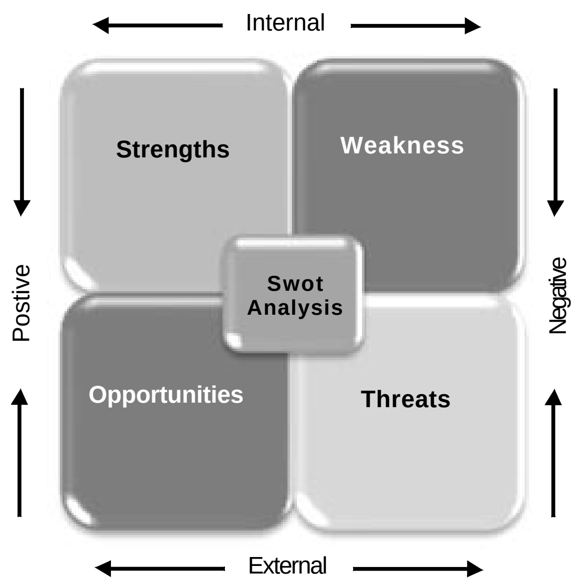
NITRO AROMATICS INDUSTRY

Your Company's current business activity is manufacturing of nitro aromatics. Despite global economic recession the cost raw materials were on the rise. The weakening of the Indian rupee has improved the realization of prices of the end products. Overall demand for your Company's products had been better than previous year. The demand for Organic Chemicals in India has been increasing at nearly 6.5% during this period and has reached the level of 2.8 million tones. The domestic supply has however grown at a slower pace resulting in gradual widening of demand supply gap, which is primarily bridged through imports.

SEYA'S STRATEGY

SEYA has continued to focus on building its domestic market share as demand for organic chemicals in India is increasing, which is beneficial for your Company. In order to seize this opportunity your Company has planned to get into downstream products (specialty chemicals) and also to adopt energy conservation measures to improve the bottom line. In this direction your company has taken steps and substantial amounts are invested for the future project.

SWOT ANALYSIS OF SEYA



STRENGTHS & OPPORTUNITIES:

Efficient Management : Development of any organization depends on how efficient, creative and productive its human resource is. Your company is led by Technocrat Promoter, with background of professional management in MNC, having more than of 37years' of experience in chemical industry

Cost Savings : Your Company has continuously identified the areas where cost can be reduced and quantify the same. All the employees are involved in this initiative.

Technical Expertise : Your Company is promoted by Technocrat promoters having vast experience in chemical industry. All aspects of safety, environment and health are taken into account in operations and future projects both for personnel and property.

Increase in Demand for Organic Chemicals in India and Abroad : Chemicals are great enablers of all forms of manufacturing and the new manufacturing policy clearly sees a larger role for this economic activity. In view of this scenario, your Company expects increase in its

Negative

sales and profits in near future. Presence of your Company for more than two decades has earned itself a reliable name in the chemical market.

Development of New Market : As demand for organic chemical products moves East, India, with burgeoning middle class, is among the most important growth markets. Rising oil and gas prices, growing demand from Asia and other emerging economies and strong global competition are presenting organic chemical companies with new challenges and long-term reliable feedstock, technologies and markets is becoming increasingly important. Your company deals in product categories, which require constant innovation, which may result in its present technology becoming obsolete as new innovations with better quality enter the market. Your Company sees above scenario as an excellent opportunity to scale the market and grow faster.

WEAKNESS &THREAT :

Brand Equity : Your Company produces industrial products hence it has no brand equity. Company is envisaging entering into some products that will have brand equity. Besides, the Company also envisages that in the near future, the name "SEYA" will spell high quality, which can be trusted, this will provide an in-built growth of the brand name of the manufacturer "SEYA".

Low Automation : Compared to international standards, the level of automation is low & hence the plant is labour intensive. Your company has embarked upon rationalizing entire instrumentation and automation philosophy.

Fluctuation in Raw Material Prices : Raw Material prices are very volatile; absorbing costs and price in an economically viable manner becomes very challenging for your Company. However, with rapid fluctuations in input costs, there is sometimes a time lag before the costs are passed on to customers. Your Company continuously tries to take such measures to reduce the effect of the volatility in Raw Material Prices and meets with customer satisfaction without affecting growth of the Company. Your Company is getting into downstream products and such fluctuations will not affect the bottom-line adversely.

Currency rate Fluctuation : There are fluctuations in foreign currency rates. Hence, there is an inherent risk in international market.

Entrance of competitors in the market : As you are aware that chemical industry seems to be very attractive, and due to this there is increased competition from domestic players / new players entering this market. Your Company strives to maintain core competency to fight back with competitors.

SEGMENT-WISE PERFORMANCE

Break up of Segment Revenues

	Segment Revenue	Percentage
a.	Inorganic Intermediates	0.50
b.	Organic Intermediates	42.33
c.	Fine & Specialty Chemical Intermediates	20.72
d.	Pharmaceuticals Intermediates	12.50
e.	Agrochemicals Intermediates	20.08
f.	Others	3.86

INTERNAL CONTROLS

Your Company has adequate internal control procedures commensurate with size and nature of its business. The Internal control system provide for policies, guidelines, authorization and approval procedures. As part of good Corporate Governance, the Audit Committee constituted by the Board periodically reviews the internal controls, Audit programs and Financial

Results. The Company has appointed Internal Auditors who regularly check the adequacy and effectiveness of all Internal Controls and suggest improvements.

HUMAN RESOURCES

Your Company believes that Development of organization partly depends on the skills of the employees and how efficient its employees are. Company continuously indulges in organizing various skills development programs for its employee. As it believes that human resource assets are integral part of the Company's ongoing success.

CAUTIONARY STATEMENT

Certain statements made in this Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections etc. whether expressed or implied. Several factors could make a significant difference to your Company's operations, over which the Company does not have any direct control.

INFORMATION UNDER SECTION 217 (1) (e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTOR'S REPORT

1 CONSERVATION OF ENERGY

i. Energy Conservation measures taken:

During the period under review, all efforts were made to ensure optimum conservation of power, fuel and water at the plant of the company. Efforts to conserve and optimize the use of energy through improved operational methods and other means will continue.

ii. Additional Proposals or Activities if any:

Nil

Form A (See Rule2)

Form for disclosure of particulars with respect to conservation of energy

PARTICULARS		**Year ended March 31, 2013**	**Year ended March 31, 2012**
A. Power and Fuel consumption			
1. *Electricity*			
a. Purchase			
i Unit (000's)	Kwh	1,960.33	1,141.61
ii Total Amount	`	15,604,257	7,066,577
iii Rate / Unit	`	7.96	6.19
b. Own generation			
i Unit (000's)	Kwh	NIL	NIL
ii Total Amount	`	NIL	NIL
iii Rate / Unit	`	NIL	NIL
2. *Coal*			
i. Quantity	Tonnes	4,779.42	1,859.22
ii Total Amount	`	27,625,065	10,225,733
iii Average rate / Tonne	`	5,780	5,500
3. *Furnace oil*			
i Quantity	K. Ltrs.	NIL	46,443
ii Total Amount	`	NIL	1,571,636
iii Average rate / Kls.	`	NIL	33.84
4. *Light Diesel Oil (LDO)*			
i Quantity	K. Ltrs.	NIL	NIL
ii Total Amount	`	NIL	NIL
iii Rate / Kls.	`	NIL	NIL
B. Consumption per unit of production *			
Electricity	—	NIL	NIL
Coal	—	NIL	NIL
Furnace Oil	—	NIL	NIL
LDO	—	NIL	NIL

* Utilities are also being used for some products which are under trial production, hence it is not possible to calculate exact consumption per unit of production.

2 TECHNOLOGY ABSORPTION

Form B

Particulars with regards to Technology absorption, Research and Development

1.	Specific areas in which Research and Development is carried out by the Company	a. New product development b. Evaluation of the alternative raw-materials mix and modification process c. Reduction in cycle time for batches
2.	Benefits derived as a results of the above research and development	Reduction in cycle time for batches and thereby increase in efficiency of production
3.	Future plan of action	To improve further the efficiency of the existing production, and introduced new product

Technology Absorption, Adaptation and Innovation

1.	Efforts in brief made towards technology Absorption, Adaptation and Innovation	Technology absorption is not involved as the process for the manufacturer of chemicals; the Company itself is developing it. Continuous efforts are being made to improve the existing process developed in house
2.	Benefits derived as a results of the above efforts i.e. Product improvement, and import substitution etc.	Reduction in cost of production, increase in efficiency of the production and higher consumer satisfaction
3.	Information regarding imported Technology	There is no imported technology

3 FOREIGN EXCHANGE EARNINGS AND OUTGO

During the period under review, there was no foreign exchange earnings however, there was a foreign exchange out go of ` 422.31 Lacs against purchase of Machinery.

For and on behalf of the Board of Directors

Ashok G Rajani
Chairman and Managing Director

REPORT ON CORPORATE GOVERNANCE

In accordance with Clause 49 of the Listing Agreement with BSE Limited (BSE) and other Regional Stock Exchanges, the report containing the details of corporate governance followed at SEYA is as under:

Corporate Governance at SEYA is based on some principles like business with all integrity and fairness, being transparent about all transactions, making timely disclosures and declarations, to comply with all laws applicable to the Company, commitment to conduct the business in ethical manner and accountability and responsibility towards all stakeholders of SEYA and towards society.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

SEYA is always committed to the pursuit of excellence to achieve growth and long-term shareholders wealth creation, while at the same time preserving the interest of other stakeholders, its employees, partners, customers, suppliers and the society at large. Though Corporate Governance contains a set of principles, processes and systems to be followed by Directors, Management and all employees of the Company as binding principles. Your Company believes in using it as a framework that is inherent to the value systems that drive business practices. Timely disclosures, transparent business practice which is driven by the ideas of pursuing excellence and modern ongoing research, have become a culture of the Company. Accordingly, both mandatory and non-mandatory principles are being followed in the interest of good corporate governance. While adhering to the above, the Company is committed to integrity, accountability, transparency and compliance with laws in all dealings with the Government, Customers, suppliers, the employees and other stakeholders.

Corporate Governance Framework at SEYA

2. BOARD OF DIRECTORS ("THE BOARD")

The Company has maintained optimum combination of Executive Directors and Non-Executive Directors.

The Board as on March 31, 2013 consist of 4 (Four) Directors, of which 2 (two) are Executive Directors, and Chairman being Executive Director, 50% of the Board consist of Non-executive Independent Director which is in conformity with clause 49(I) (A) (ii) of the Listing Agreement

The Composition of Board is as follows

Name of the Director	No. of Meetings during the year		Attended the Last AGM	No. of Directorship in other Companies	Member / Chairman of Committees other than the Company
	Held	Attended			
Mr. Ashok G Rajani - *Executive Director*	4	4	Yes	1	1
Mr. Asit Kumar Bhowmik - *Executive Director*	4	4	Yes	—	—
Mr. Virendra Singh Khurana - *Non-Executive Independent Director*	4	4	Yes	—	—
Mr. Ramnath Arora - *Non-Executive Independent Director*	4	4	Yes	—	—

Notes

1. Mr. Ashok G Rajani is Chairman & Managing Director of the Company
2. Membership / chairmanship of the Committee includes only those of Audit Committee and Investor's Grievances Committee

No Director is related to any other Director on the Board.

Director's Profile:

A brief resume of all the Directors, nature of their expertise in specific functional areas and names of companies in which they hold directorships, memberships/ chairmanships of Board Committees and their shareholding in the Company are provided below:

Mr. Ashok G Rajani

He is a Chemical Engineer from Laxminarayan Institute of Technology, Nagpur. He is enriched with vast experience of over 37 years in Chemical Industry. With his expertise and knowledge of Chemical Industry **SEYA**'s efficiencies and productivity is increased many fold.

Mr. Rajani is also a Director of Sriman Petrochemicals Limited. At **SEYA** he is a Member of Audit Committee, Shareholders' / Investor Grievance Committee. He is also Promoter of the Company.

Mr. Ramnath Arora

Mr. Ramnath Arora is A.M.I.E. in Chemical Engineering. He has been in Chemical Industry since last 45 years and has vast experience in Production, Process Consultancy and Detail Engineering in the Chemical Industry.

He is with the Company since 2008. He was associated with Hindustan Organic Chemicals Limited. He has given Process Consultancy to Arlabs Ltd., United Esters Ltd. and Vibros Organics Private Limited.

He also organized many seminars & delivered lectures on safety awareness & other critical issues faced by Chemical Industries.

Mr. Asit Kumar Bhowmik

Mr. Bhowmik aged 60 years is a B. Tech in Chemical Engineering with more than 33 years of experience in Chemical Industry. He has worked with Hindustan Insecticides Ltd., Udhyogmandal Unit, (Kerala) & also worked in its Rasayani Unit (MS) in various capacities. He is associated with your Company for more than 20 years. He is instrumental in resolving many issues related to safety & other problems of various units of your Company.

Mr. Virendra Singh Khurana

Mr. Khurana aged 62 years is B.A. (Hons) graduate from St. Xavier's College, Mumbai. He is a Master of Law with International Law and Taxation as specialties. Mr. Khurana is an advocate having a very rich and vast knowledge and experience into legal field for over 38 years. His specific functional area is contractual, commercial and taxation laws.

3. BOARD MEETINGS

The Board of Directors provides guidance and strategic direction to the management and evaluates effectiveness of management policies in achieving the set goals. Board meeting dates are finalized in consultation with all the directors and agenda papers backed up by comprehensive notes and detailed background information are circulated well in advance before the date of the meeting thereby enabling the Board members to take informed decisions. Board members are free to bring any matter to the Board. Minutes of the Board meeting are circulated to all Directors and same is confirmed in the subsequent Board meeting.

Details of the Board Meeting

In compliance with the Clause 49 of the Listing Agreement, during the period under review, the Board met at least once in every quarter and the time gap between two Board meeting was not more than 4 (Four) months. Board meetings were held on May 14, 2012, August 12, 2012, November 12, 2012, and February 14, 2013

Information provided to the Board

Regular updates were made available to the Board of Directors covering Business Operations, Finance, Sales, Accounts and Compliances and all the other important business issues. The Board spends considerable time in reviewing the actual performance of the Company.

Code of Conduct

The Board had prescribed the Code of Conduct for Board Members and Senior Management. The Code of Conduct has been posted on Company's website www.seya.in

Declaration by C.E.O

The Chairman and Managing Director of the Company has given certificate as below as per requirement or Clause 49 of listing Agreement:

The Board of Director,

Seya Industries Ltd

Dear Sir,

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management, affirmation that they have complied with the code of conduct for the Directors and Senior Management in respect of the Year ended on March 31, 2013.

Sd/-
Ashok G Rajani
Chairman & Managing Director

Place: Mumbai
Date: August 14, 2013

4. AUDIT COMMITTEE ("the Committee")

The Audit Committee comprise of following three members:

Sr. No.	*Name of the Member*	*Category*	*No. of meetings during the year*	
			Held	**Attended**
1	Mr. Virendra Singh Khurana	Non-executive Independent Director	4	4
2	Mr. Ramnath Arora	Non-executive Independent Director	4	4
3	Mr. Ashok G Rajani	Executive Director	4	4

Mr. Virendra Singh Khurana is chairman of the Committee. Company Secretary of the Company is a Secretary to the Committee. All the members of the Committee are financially literate. The Statutory Auditors, Cost Auditors and Internal Auditors are regularly invited to attend the meeting of the Committee to discuss with the Directors, the Scope of Audit, their comments and recommendation on the accounts, records, risk internal procedures and internal controls of the Company and to discuss the Internal Audit reports. Minutes of the Committee are circulated to all the Directors and discussed at the Board Meeting.

The terms of reference of the Audit Committee cover all the areas mentioned under Section 292A of the Companies Act, 1956 read with clause 49(II) of the Listing agreement with the Stock Exchanges.

The broad terms of reference of the Audit committee are to review financial reporting process and all financial results and statements. Review the Internal audit reports and Internal control systems and procedures and discuss the same with the internal auditors. The Committee also looks into the matters related to the appointment and / removal of auditors (including cost auditors), change in accounting policies, reviewing with the management the performance of the Statutory Auditors, Internal Auditors and their remuneration.

The Committee has recommended to the Board the re-appointment of M/s. Jagiwala And Associates, Chartered Accountants, as the Statutory Auditors of the Company for the financial year ending on March 31, 2014, and that necessary resolution be placed before the shareholders.

The Committee has recommended to the Board the appointment of M/s. Hemant Shah & Associates, Cost Accountants, as the Cost Auditors of the Company for the financial year ending on March 31, 2014.

The Committee has also recommended the appointment of M/s. H. R. Joshi & Co., Chartered Accountants, as the Internal Auditor of the Company for the financial year ending on March 31, 2014.

5. SHAREHOLDER'S / INVESTOR'S GRIEVANCES COMMITTEE

The Shareholder's / Investor's Grievances Committee oversees redressal of shareholder and investors grievances, transfer / transmission of shares, issue of duplicate share certificates, recording dematerialisation / rematerialisation of shares and other related matters.

The said committee comprises of three members; namely, Mr. R. N. Arora, Mr. Ashok G Rajani and Mr. Virendra Singh Khurana. Mr. R.N. Arora is the Chairman of the committee. The Company Secretary acts as the Secretary to the said committee.

During the year, 2 (two) committee meetings were conducted and all the members were present at the aforesaid meetings.

During the year, 5 Complaints were received from the investors. All the complaints have been solved to the satisfaction of the complainant except for one complaint, which was pending at the end of the year because of non-receipt of the documents and proper communication from the complainant in spite of repeated reminder from the Company.

6. REMUNERATION COMMITTEE

Although it is non-mandatory requirement under Clause 49 of the Listing Agreement the Company has remuneration committee comprising three (3) Directors namely Mr. Ashok Rajani, Mr. Virendra Singh Khurana, and Mr. Ramnath Arora.

The Committee was incorporated with view to decide and recommend the remuneration of the executive directors, non-executive directors and other personnel at senior level management.

7. DISCLOSURES

a. Details of transactions with any of the related parties as set out in Accounting Standard 18 of Related Party Disclosures notified by the Companies (Accounting Standards) Rules, 2006 have been reported in the Notes to the Accounts. There is no transaction of a material nature with any of the related party, which was in conflict with the interest of the Company.

b. No penalty / strictures were imposed on the Company by the Stock Exchanges or SEBI or any Statutory Authority on any matter related to the Capital Market during the last three years.

c. The Management Discussion and Analysis Report forms a part of the Director's Report.

d. The Company does not have any subsidiary.

e. There have been no public issues, right issues or other public offerings during the past five years. The Company has not issued any GDRs / ADRs or any convertible instruments.

f. No pledge has been created over the equity shares held by the Promoters and/or Promoter Group as on March 31, 2013

The aggregate shareholding of the Promoters and persons belonging to the Promoter Group as on March 31, 2013 comprised of 78,67,300 equity shares of ` 10/- each representing 71.52% of the Paid -up Equity Share Capital of the company.

g. Plant locations of the Company are give in the separate section of Company details in Annual Report.

8. GENERAL SHAREHOLDER INFORMATION

Company Registration Details

The Company is registered in the State of Maharashtra, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L99999MH1990PLC058499

General Meeting Details

The 23rd Annual General Meeting (AGM) of the Company will be held on Wednesday, September 18, 2013 at 11:00 a.m. at registered office of the Company at T-14, MIDC, Tarapur Industrial Estate, Boisar, Distt. Thane - 401 506.

The Company convenes the AGM generally within six months of the close of the financial year. The details of the AGM held in last three years are given below:

Year	Date	Time	Place	No. of Special resolution passed at AGM
2009-10	September 22, 2010	11:30 a.m.	Registered office	One
2010-11	September 29, 2011	4:00 p.m.	Registered office	Two
2011-12	September 26, 2012	3:00 p.m.	Registered office	Two

- There was One Extra-ordinary General Meeting held during the last three financial year
- No resolution was passed through postal ballot during the year.

Compliances

I) *Mandatory requirements*

Company has fully complied with the applicable mandatory requirements of Clause 49 of the listing agreement executed with the Stock Exchanges.

II) *Adoption of Non- Mandatory requirements*

Although it is non-mandatory, the Board of the Company has constituted a remuneration committee. Details of the Committee have been provided under Section 'Remuneration Committee' of this report.

III) *Auditor's Qualification of Financial Statement*

Auditor's qualification stated in their Report on the accounts for the year under review is self-explanatory.

Auditor's Certificate on Corporate Governance

The Company has obtained a certificate from its Statutory Auditors certifying to its compliances with the provisions relating to Corporate Governance laid out in Clause 49 of the Listing Agreement executed with the Stock Exchanges. The certificate is annexed to the Directors' Report and the same will be sent to the Stock Exchanges along with the Annual Report to be filed by the company.

Book Closure Period

The register of members and share transfer Books of the Company shall remain closed from Monday, September 16, 2013 to Wednesday, September 18, 2013 both days inclusive.

Means of Communication

i. *Quarterly results*:

Quarterly results of the Company are published in 'Navshakti' and in 'The Free Press Journal' and are displayed on the Company's website 'www.seya.in'

ii. *Website:*

The Company's website (www.seya.in) contains separate section where shareholder's information is made available.

Financial Calendar for the year 2013-14

Financial Year	:	The next financial year of the Company will end on March 31, 2014
Board Meeting to be held in year 2013	:	April 11, 2013, May 17, 2013, May 28, 2013, June 26, 2013, August 2013*, November 2013*and January 2014*
Annual General Meeting	:	Annual General Meeting will be held on September 18, 2013. Annual General Meeting is normally held in the month of September every year.

* Tentative

Listing

At present, the Equity Shares of the Company are listed on the BSE Ltd. Ahmedabad Stock Exchange Ltd, Delhi Stock Exchange Ltd and Calcutta Stock Exchange Ltd. The Annual Listing fees for the year 2012-13 have been paid to the BSE Limited. However, with other stock exchanges the Company has not renewed the listing agreement so no listing fees are being paid to those stock exchanges.

Stock Codes

Bombay SE Code	524324
Ahmedabad SE Code	56490
Delhi SE Code	19313
Calcutta SE Code	29151

Stock Market Data

Not applicable as trading of shares of the Company is suspended by Stock Exchanges.

Distribution of Shareholding as on March 31, 2013

Distribution Range of shares	No. of shares	% of shares	No. of shareholders	% of shareholders
< 500	17,24,430	15.68	10,866	94.50
501-1000	2,73,500	2.49	329	2.86
1001-2000	2,08,810	1.90	138	1.20
2001-3000	1,26,200	1.15	50	0.44
3001-4000	59,400	0.54	17	0.15
4001-5000	1,46,500	1.33	30	0.24
5001-10000	2,26,360	2.06	29	0.25
> 10001	82,34,800	74.86	39	0.34

Outstanding GDRS/ADRS/Warrants or any convertible instruments

The Company neither issued GDRs / ADRs or any convertible securities.

Registrar & Transfer Agent

The Company has appointed M/s Universal Capital Securities Pvt. Ltd as its Registrar & Transfer Agent. Members are requested to correspond with the company's Registrar & Transfer Agent quoting their folio no. at the following address:-

M/s Universal Capital Securities Pvt. Ltd
21, Shakil Niwas, Opp. Satya Saibaba Temple, Mahakali Caves Road, Andheri (East), Mumbai - 400093.
Tel.: +91 (22) 28207203-05/28257641 Fax: +91 (22) 28207207
E-mail: info@unisec.in

Share Transfer Process

Shares in physical form are processed by the Registrar and Share transfer agent within maximum of 30 days from the date of receipt, if the documents are complete in all respects. The Managing Director, Executive Director and the Company Secretary have been severally empowered to approve transfers.

Dematerialization of Shares

At present the entire shareholding of the Company is in physical form. The Company is in the process of establishing connectivity with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) through its Registrar and Transfer Agent.

CEO / CFO CERTIFICATION

The Chairman and Managing Director has certified to the Board on the financial reporting and internal controls in terms of Clause 49 (v) of the Listing Agreement pertaining to CEO and CFO certification for the Financial Year ended March 31, 2013

The Board of Directors,
Seya Industries Ltd

Dear Sir,

I, Ashok G Rajani, Chairman & Managing Director, certify to the Board of Directors that:

(a) I have reviewed the financial statements and cash flow statement for the year ended on March 31, 2013 and that to the best of my knowledge and belief:

   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   (ii) 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.

(b) There are, to the best of my 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.

(c) I accept responsibility for establishing and maintaining internal controls for financial reporting and that I have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and I have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which I am aware and the steps I have taken or propose to take to rectify these deficiencies.

(d) I have indicated to the auditors and the Audit committee

   (i) significant changes in internal control over financial reporting during the year;

   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   (iii) instances of significant fraud of which I have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting

Ashok G Rajani
Chairman & Managing Director

Date: August 14, 2013
Place: Mumbai

AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE.

To
The Members
SEYA INDUSTRIES LTD

We have examined the compliance of Corporate Governance by SEYA INDUSTRIES LTD, for the financial year ended March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchange(s).

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

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

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

For **JAGIWALA AND ASSOCIATES**
CHARTERED ACCOUNTANTS
ICAI Firm Registration No.131003

YOGESH R. JAGIWALA
PARTNER
Membership no.: 016864

Date: August 14, 2013
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

To the Members of
Seya Industries Ltd

REPORT ON THE FINANCIAL STATEMENT

We have audited accompanying financial statements of Seya Industries Ltd ('the Company') which comprise Balance Sheet as at March 31, 2013, statement of Profit & Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

BASIS FOR QUALIFIED OPINION

3. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion,

   Subject to

   i) The Company is not providing for accrued liabilities of Gratuity and Leave Encashment based on actuarial valuation but same are provided for on ad hoc basis. In the circumstances, we are unable to quantify the sums and relevant information for accrued liability of gratuity and leave encashment and thus the Company has not complied with Accounting Standard 15 (AS 15) and to that extent, we are unable to quantify amount of reduction in profit as stated in statement of profit and loss.

   ii) No provision, as per AS-22 being accounts for deferred taxes, has been made nor the said provision of deferred tax liability has been worked out by the Company and management feel that there are no deferred tax liability nor deferred tax asset as the company had recently started the commercial production. In our opinion and as per working provided by the company, we found that company should have created deferred tax assets of ` 390.96 Lacs (previous year ` 460.35 Lacs) and thereby the Company has understated its profit by ` 69.38 Lacs (previous year ` 460.35 Lacs).

   iii) The managerial remuneration paid / payable by the company to its managers are not in accordance with the parameters provided in Schedule XIII of the Companies Act 1956, for the year under review. During the year under review there is excess payment of managerial remuneration amounting to ` 4.46 Lacs (previous year Nil) which has been debited to Statement of Profit and Loss and necessary approval as required to be obtained will be obtained by the Company. If the company will be unable to get the approval of the authority then in that case the expenses of managerial remuneration stated in the Statement of Profit and Loss are higher by ` 4.46 Lacs and the company has shown lesser profit by ` 4.46 Lacs in statement of Profit and Loss which will ultimately affect the sums stated under title "Other Current Liabilities and Long Term Borrowings" and to that extent "Other Current Liabilities and Long Term Borrowings" will be reduced.

iv) The Company has not maintained records as required under The Micro, small and Medium Enterprises Development (MSMED) Act, 2006. In the Circumstances, we are unable to quantify and disclose the sums payable to parties registered under The Micro, small and Medium Enterprises Development (MSMED) Act, 2006.

QUALIFIED OPINION

4. In our opinion and to the best of our information and according to the explanations given to us, except for the effect of the matters described in paragraphs (i) to (iv) of the Basis for Qualified Opinion paragraph above, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

   i) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.

   ii) In the case of the statement of Profit & Loss, including income and expenditure of construction period, of the profit for the year ended on that date; and

   iii) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

A) As required by the Companies (Auditors' Report) Order, 2003, issued by the Department of Company Affairs, in terms of Section 227 (4A) of the Companies Act, 1956, we give in the annexure a statement on the matter since in our opinion and according to the information and explanations given to us, the said Order is not applicable to the Company;

B) 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. Except for the effects of the matter in sub para (i) to (iv),in our opinion proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books.

   c. The Balance Sheet, Statement of Profit & Loss dealt with by this report is in agreement with the books of account.

   d. In our opinion, the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act 1956; and

   e. On the basis of written representations received from the Directors as on March 31, 2013 and taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

For **JAGIWALA AND ASSOCIATES**
CHARTERED ACCOUNTANTS
ICAI Firm Registration No.131003

YOGESH R. JAGIWALA
PARTNER
Membership no.: 016864

Place: Mumbai
Date: May 28, 2013

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

1. a. In our opinion, the Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

   b. As informed to us, fixed assets have been physically verified by the management at reasonable intervals and no material discrepancies have been noticed on such verification; and

   c. According to the information and explanation given to us, the Company has not disposed off substantial part of fixed assets during the year.

2. a. The inventory was physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable;

   b. The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business; and

   c. The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and the same are accounted.

3. The Company has neither granted any loans, secured or unsecured, to or from Companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, except loan taken from one party.

   a. The Company has not given Loans to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956.

   b. The Company has not taken any loan during the year from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act,1956 except one party amounting to ` 91.86 Lacs and year end balance is ` 1.14 Crores (Maximum Balance outstanding during the year is ` 1.14 Crores).

   c. According to the information and explanations given to us, there are no stipulations as to the repayment of the Loan taken by the Company.

   d. As per information and explanation given by the company, there is no stipulation for the repayment of principal and interest; and

   e. As there are no stipulated conditions regarding repayment and interest, there are no overdue amounts

4. In our opinion and according to information and explanation given to us the internal control system is commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and for the sale of goods and services. During the course of audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

5. a. In our opinion and according to the information and explanation given to us, during the financial year under audit, there are no contracts or arrangements referred to in Section 301 of the Act, during the year, that need to be entered in the register maintained under Section 301 of the Companies Act, 1956; and

   b. As there are no contracts or arrangements that need to be entered into the register maintained under Section 301 of the Act, paragraph 4(v)(b) of the order is not applicable.

6. The Company has not accepted deposits from public and hence, the provisions of Clause (vi) of CARO, 2003 are not applicable.

7. In our opinion, the internal audit functions carried out during the year by a firm of Chartered Accountants appointed by the Management have been commensurate with the size of the company and its nature of the business.

8. 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 Section 209(1) (d) of the Companies Act 1956 and are of the opinion that prima facie, the prescribed accounts and records have been maintained and are being made up. However, we have not made a detailed examination of the records for determining whether they are accurate or complete.

9. a. According to the information and explanations given to us and on the basis of our examination of the books of account of the Company, except for minor delays in some cases, generally the Company has been regular in depositing undisputed statutory dues including Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues with appropriate authorities. As explained to us, the Company Employees' State Insurance is not applicable to the Company, as informed to us.

   b. There were no undisputed amounts payable in respect of Investor Education and Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at March 31, 2013 for a period of more than six months from the date they became payable, as informed to us.

   c. There are no disputed statutory dues as on March 31, 2013, as informed to us.

10. The Company does not have accumulated losses as at the date of Balance Sheet. The Company has not incurred cash losses during the financial year.

11. In our opinion and according to information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.

12. According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. In our opinion and according to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/society

14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

16. In our opinion, since no term loans have been availed by the Company, therefore reporting on application of the term loan for any other purpose does not arise.

17. According to the information and explanations given to us, the Company has not used funds raised on short-term basis for long-term investments.

18. According to the information and explanations given to us, the Company has not made any preferential allotment of any shares to parties and companies covered under Section 301 of the Companies Act, 1956.

19. The Company did not have any outstanding debentures during the year.

20. The Company has not raised any money by public issues during the year.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of audit.

For **JAGIWALA AND ASSOCIATES**
CHARTERED ACCOUNTANTS
ICAI Firm Registration No.131003W

YOGESH R. JAGIWALA
PARTNER
Membership No. 016864

Place: Mumbai
Dated: May 28, 2013

SEYA INDUSTRIES LTD

BALANCE SHEET AS AT MARCH 31, 2013

` in Lacs

	PARTICULARS	NOTE	MARCH 31, 2013	MARCH 31, 2012
I	**EQUITY & LIABILITIES**			
1.	**SHAREHOLDER'S FUND**			
	a. Share Capital	1	1,100.00	1,100.00
	b. Reserves & Surplus	2	3,775.74	3,594.01
			4,875.74	**4,694.01**
2.	**SHARE APPLICATION MONEY PENDING ALLOTMENT**	3	**15,126.17**	**15,126.17**
3.	**NON-CURRENT LIABILITIES**			
	a. Long-term Borrowings	4	8,471.99	6,884.67
	b. Deferred Tax liabilities (net)		—	—
	c. Other Long-term Liabilities	5	13,248.32	13,248.32
	d. Long Term Provisions	6	537.18	532.92
			22,257.49	**20,665.91**
4.	**CURRENT LIABILITIES**			
	a. Short-term Borrowings	7	306.12	—
	b. Trade Payables	8	307.82	677.03
	c. Other Current Liabilities	9	898.70	1,125.90
	d. Short-Term Provision	10	48.34	70.95
			1,560.98	**1,873.88**
	TOTAL		**43,820.38**	**42,359.97**
II	**ASSETS**			
1.	**NON-CURRENT ASSETS**			
	a. Fixed Assets			
	i Tangible Assets	11	29,113.70	28,330.81
	ii Intangible Assets		—	—
	iii Capital Work-in Progress		11,637.92	10,491.48
	iv Intangible Assets under Development		—	—
			40,751.63	**38,822.29**
	b. Non-Current Investment	12	—	—
	c. Deferred tax Assets (net)		—	—
	d. Long-term Loans & Advances	13	178.41	275.55
	e. Other Non-Current Assets	14	—	—
			40,930.04	**39,097.85**
2.	**CURRENT ASSETS**			
	a. Current Investment		—	—
	b. Inventories	15	1,443.59	1,362.60
	c. Trade receivables	16	1,010.23	1,468.93
	d. Cash & Cash Equivalents	17	384.90	341.34
	e. Short-term Loans & Advances	18	51.63	89.25
	f. Other Current Assets		—	—
			2,890.34	**3,262.13**
	TOTAL		**43,820.38**	**42,359.47**
	Significant Accounting policies and other explanatory notes and information	26.2		

As per our record of even date
For **JAGIWALA AND ASSOCIATES**
Chartered Accountants
FRN No.: 131003W

For and on Behalf of Board of Directors

Ashok G Rajani
Chairman & Managing Director

Virendra Singh Khurana
Director

Yogesh R Jagiwala
Partner
M. No. 016864

Manisha Solanki
Company Secretary

Place: Mumbai
Date: May 28, 2013

Place: Mumbai
Date: May 28, 2013

SEYA INDUSTRIES LTD

STATEMENT OF PROFIT AND LOSS INCLUDING STATEMENT OF INCOME AND EXPENDITURE OF CONSTRUCTION PERIOD FOR THE YEAR ENDING MARCH 31, 2013

` in Lacs

	PARTICULARS	NOTE	MARCH 31, 2013	MARCH 31 2012
1.	**REVENUE FROM OPERATIONS**	19	5,421.66	2,839.14
2.	Other Income	20	48.37	33.57
3.	**TOTAL REVENUE**		**5,470.03**	**2,872.71**
4.	**EXPENSES**			
	Cost of Materials Consumed	21	4,198.62	2,524.14
	Purchase of Stock in Trade		—	—
	Change in Inventories of Finished Goods Stock in Process and Stock in Trade	22	(161.24)	(339.35)
	Employee Benefits Expenses	23	118.94	80.14
	Finance Cost	24	5.58	3.00
	Depreciation and Amortisation Expense	11	354.09	144.69
	Other Expenses	25	729.51	352.47
	TOTAL EXPENSES		**5,245.49**	**2,765.09**
5.	**Profit Before Exceptional, Extraordinary Items and Tax (3 -4)**		**224.54**	**107.62**
6.	Exceptional Items		—	—
7.	Profit before Extra Ordinary Items and Tax (5 - 6)		224.54	107.62
8.	Extraordinary Items		—	—
9.	**Profit Before Tax (7 - 8)**		**224.54**	**107.62**
10.	Tax Expenses			
	Current Tax		39.00	20.03
	Tax For Earlier Years		3.82	—
	Deferred Tax		—	—
			42.82	20.03
11.	**Profit for period from continuing operations (9 - 10)**		**181.73**	**87.59**
12.	Profit from discontinuing operations		—	—
13.	Tax Expenses of discontinuing operations		—	—
14.	Profit from discontinuing operations (after tax) (12 -13)		—	—
15.	**Profit for the period (11 + 14)**		**181.73**	**87.59**
16.	Earnings per Equity Share: (Refer Note - 27(h))		—	—
	Basic		**1.65**	0.80
	Diluted		**1.65**	0.80

Significant Accounting policies and other explanatory notes and information 26.2

As per our record of even date
For **JAGIWALA AND ASSOCIATES**
Chartered Accountants
FRN No.: 131003W

Yogesh R Jagiwala
Partner
M. No. 016864

Place: Mumbai
Date: May 28, 2013

For and on Behalf of Board of Directors

Ashok G Rajani
Chairman & Managing Director

Virendra Singh Khurana
Director

Manisha Solanki
Company Secretary

Place: Mumbai
Date: May 28, 2013

SEYA INDUSTRIES LTD

CASH FLOW STATEMENT FOR THE YEAR ENDED ON MARCH 31, 2013

` in Lacs

PARTICULARS	CURRENT YEAR		PREVIOUS YEAR	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit After Tax		**181.73**		**87.59**
Adjustment for:				
Depreciation and amortization	354.09		144.69	
Provision for Income Tax	39.00		20.03	
Interest Expenditure	5.58		3.00	
Interest Income	(29.88)		(5.75)	
		368.79		161.97
Operating Profit before working capital changes		**550.51**		**249.56**
Changes in working capital				
Changes in Operating Assets				
Trade Receivables	458.70		369.25	
Inventories	(80.99)		(331.29)	
Short Term Loans & Advances	37.62		55.61	
Long Term Loans & Advances	97.14		(22.07)	
Changes in Operating liabilities				
Trade Payables	(369.21)		45.21	
Other Current liabilities	(227.02)		1,031.52	
Other Long Term Liabilities	—		12,076.13	
Short-term Provisions	(22.61)		7.52	
Other Long Term Provisions	4.26	(102.28)	(25.81)	13,206.06
Income Tax		(39.00)		(20.03)
Net Cash Generated from Operation		**409.23**		**13,435.59**
B. CASH FLOW INVESTING ACTIVITIES				
Purchase of Fixed Assets	(1,340.25)		(19,146.26)	
(Increase) / Decrease of Capital WIP / Capital Advance	(943.17)		(858.87)	
Net cash used in Investing Activities		(2,283.42)		(20,005.14)
C. CASH FLOW FINANCING ACTIVITIES				
Interest Paid	(5.58)		(3.00)	
Interest Income	29.88		5.75	
Proceeds from Borrowings	1,893.44		6,884.67	
Net cash used in Financing Activities		1,917.74		6,887.42
Net Increase / (decrease) in cash and cash equivalent during the year (A + B + C)		**43.56**		317.87
Cash & cash equivalent at the beginning of the Year		**341.34**		23.47
Cash & cash equivalent at the end of the Year*		**384.90**		341.34

** Cash & cash equivalent at the end of the year comprises of*

Cash on Hand	0.76	9.79
Balances with Banks in Current Account	22.63	(0.68)
L C Margin Money	0.49	0.32
Balance with Bank in Fixed deposits	361.02	331.91
TOTAL	**384.90**	**341.34**

As per our record of even date
For **JAGIWALA AND ASSOCIATES**
Chartered Accountants
FRN No.: 131003W

Yogesh R Jagiwala
Partner
M. No. 016864

Place: Mumbai
Date: May 28, 2013

For and on Behalf of Board of Directors

Ashok G Rajani
Chairman & Managing Director

Virendra Singh Khurana
Director

Manisha Solanki
Company Secretary

Place: Mumbai
Date: May 28, 2013

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2013

1. SHARE CAPITAL

	As at March 31, 2013		As at March 31, 2012	
Authorised	No. of Shares	Amount	No. of Shares	Amount
Equity Shares of ` 10 each	**110,000,000**	**1,100,000,000**	**110,000,000**	**1,100,000,000**

	As at March 31, 2013		As at March 31, 2012	
Issued, Subscribed & Fully Paid up	No. of Shares	Amount	No. of Shares	Amount
Equity Shares of ` 10 each	**11,000,000**	**110,000,000**	**11,000,000**	**110,000,000**

a. Terms /rights attached to Equity shares:

The Company has only one class of Equity Shares having a par value of ` 10/- per share. Each Share Holder is eligible for one vote per share. The dividend proposed by the Board of Directors is subject to the approval of Shareholders, except in case of interim dividend. In the event of liquidation, the Equity Shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion of their share holding.

b. Reconciliation of number of shares outstanding at the beginning and at the end of the year

	March 31, 2013	March 31, 2012
Shares outstanding at the beginning of the year	11,000,000	11,000,000
Movement during the year	—	—
Outstanding at the end of the year	11,000,000	11,000,000

c. Details of shareholders holding more than 5% shares

Name of the shareholders	As at March 31, 2013		As at March 31, 2012	
	No. of shares	% held	No. of shares	% held
Ashok G Rajani	4,673,070	42.48	4,673,070	42.48
Shalini A Rajani	2,761,930	25.11	2,761,930	25.11

d. Shares reserved for issue under options and contracts /commitments for the sale of shares / disinvestment:

	March 31, 2013	March 31, 2012
Equity Shares	94,012,100	94,012,100

2. RESERVES & SURPLUS:

` inLacs

Particulars	As at March 31, 2013	As at March 31, 2012
GENERAL RESERVE		
Balance as per last Balance Sheet	**2,013.53**	2,013.53
Addition during the year	—	—
Deduction during the year	—	—
Balance at the end of the period	**2,013.53**	2,013.53
SURPLUS IN A STATEMENT OF PROFIT AND LOSS		
Balance as per last Balance Sheet	**1,580.48**	1,492.89
Addition during the year	181.73	87.59
Deduction during the year	—	—
Balance at the end of the period	**1,762.21**	1,580.48
TOTAL	**3,775.74**	3,594.01

3. SHARE APPLICATION MONEY PENDING ALLOTMENT

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Share Application Money	15,126.17	15,126.17

The Company has received share application money to allot 42,794,500 equity shares of ` 10/- each at a premium of ` 5 per hare and 51,217,600 equity shares of ` 10/- each at a premium of ` 7 per share.

4. LONG TERM BORROWINGS

` In lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Secured		
Car Loan from Bank*	5.85	—
Unsecured		
Loans from Related Party	114.10	25.55
Loans from Others	8,352.04	6,859.11
TOTAL	**8,471.99**	**6,884.67**

* Car loan taken from the Bank is secured against hypothecation of motor car.

4.1 Terms of repayments of Secured / Unsecured Loans:

` In Lacs

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Car Loan From Bank	1.39	1.55	1.74	1.94	0.50
Loans from Related Parties	—	—	—	—	—
Loan from Others	—	—	—	—	—

5. OTHER LONG-TERM LIABILITIES

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Micro, Small& Medium Enterprises	—	—
Others - for Capital Goods	13,248.32	13,248.32
TOTAL	**13,248.32**	**13,248.32**

The amounts payable to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is not available as the management is in process of collecting information regarding the same.

6. LONG-TERM PROVISIONS

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Sales Tax Department	524.93	524.93
Gratuity Payable	12.25	7.99
TOTAL	**537.18**	**532.98**

7. SHORT-TERM BORROWINGS

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Secured		
From Banks	306.12	—
TOTAL	**306.12**	**—**

8. TRADE PAYABLES

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Micro, Small& Medium Enterprises	**—**	**—**
Others	307.82	677.03
TOTAL	**307.82**	**677.03**

The amounts payable to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Development (MSMED) Act,2006 is not available as the management is in process of collecting information regarding the same.

9. OTHER CURRENT LIABILITIES

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Other Payables		
Advance from Customers	4.88	3.77
Creditors for Capital Goods	688.68	972.49
Duties & Taxes	16.87	12.78
Unpaid Expenses	35.42	31.16
Retention Money	75.55	11.04
Overdrawn Bank Balances	77.31	94.67
TOTAL	**898.70**	**1,125.90**

10. SHORT-TERM PROVISIONS

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Provisions for Tax	48.34	70.95
TOTAL	**48.34**	**70.95**

11. FIXED ASSETS AND DEPRECIATION

` In Lacs

SR. NO.	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at April 1, 2012	Add. During the year	Deduction During the year	As at March 31, 2013	Upto April 1, 2012	Depreciation for the Year	Dep on sale of assets	Upto March 31, 2013	WDV as on March 31, 2013	WDV as on March 31, 2012
	TANGIBLE ASSETS										
1	Lease Hold Land	20,975.56	942.74		21,918.30	-	-	-	-	21,918.30	20,975.56
2	Building	1,273.04	46.81	-	1,319.84	209.89	31.77	-	241.65	1,078.19	1,063.15
3	Plant & Machinery	9,251.39	340.70	-	9,592.09	2,976.28	523.55	-	3,499.83	6,092.26	6,275.11
4	Furniture & Fixtures	22.73	-	-	22.73	8.77	1.00	-	9.77	12.96	13.96
5	Vehicles	8.06	10.01	-	18.07	5.03	1.04	-	6.07	11.99	3.03
	GRAND TOTAL	**31,530.78**	**1,340.25**	**-**	**32,871.03**	**3,199.97**	**557.35**	**-**	**3,757.32**	**29,113.70**	**28,330.81**
	Less: Transfer to Capital WIP						203.27				
	NET BALANCE						**354.09**				
	INTANGIBLE ASSETS	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL

12. NON CURRENT INVESTMENTS

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Trade Investments		
Investment in Property	—	—
Investments in Equity instruments	—	—
Investments in preference share	—	—
Investments in Government & Trust Securities	—	—
Investments in Debentures or Bonds	—	—
Investments in Mutual Funds	—	—
Investments in Partnership Firms	—	—
Other Non-current Investments	—	—
TOTAL	—	—

13. LONG-TERM LOANS & ADVANCES

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Unsecured & Considered Good		
Security Deposits	25.66	5.09
Loans & Advances to Related Party	—	—
Other Loans and Advances	152.75	270.47
TOTAL	**178.41**	**275.55**

14. OTHER NON CURRENT ASSETS

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Long-Term Trade Receivables	—	—
Other	—	—
TOTAL	—	—

15. INVENTORIES (as valued and Certified by the Management)

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Raw Materials	19.15	99.97
Work in Progress	1,317.63	1,039.07
Finished Goods	83.65	200.96
Stock in Trade	—	—
Stores & Spares	23.16	22.60
Loose Tools	—	—
TOTAL	**1,443.59**	**1,362.60**

For mode of valuation refer note No. 26.2 (f)

16. **TRADE RECEIVABLES**

` In Lacs

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Secured and Considered good		
Outstanding for period exceeding Six Months	—	—
Others	—	—
Unsecured and Considered good		
For a period exceeding Six Months from the date they are due for payment	0.45	1,263.94
Others	1,009.78	204.99
	1,010.23	1,468.93
Considered doubtful		
Outstanding for period exceeding Six Months	—	—
Others	—	—
Less: Provision for doubtful debts	—	—
TOTAL	**1,010.23**	**1,468.93**
Due from companies under the same management / subsidiaries:	NIL	NIL

17. **CASH & CASH EQUIVALENTS**

` In Lacs

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Balances with Banks	22.63	(0.68)
Cheques, drafts on hand	—	—
Cash on hand	0.76	9.79
Others		
L C Margin Money	0.49	0.32
Fixed Deposits held as Margin Money	361.02	331.91
TOTAL	**384.90**	**341.34**

18. **SHORT-TERM LOANS AND ADVANCES**

` In Lacs

Particulars	**As at March 31, 2013**	**As at March 31, 2012**
Unsecured considered good		
Loans & Advance to related party	—	—
Others		
Advance recoverable in cash or kind or for value tobe received	44.33	85.00
Loans & Advances to related party	—	—
Loans & Advances to employee	7.30	4.25
Loans to Others	—	—
Un-secured, considered doubtful		
Advance recoverable in cash or kind or for value tobe received	—	—
Provision for doubtful Advance	—	—
TOTAL	**51.63**	**89.25**
Due from companies under same management / subsidiaries	NIL	NIL

In the opinion of the Board, all Current Assets, Loans & Advances and other receivables are approximately of the value stated if realised in the ordinary course of business.

19. REVENUE FROM OPERATIONS

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Sale of Products		
Manufactured Goods	5,729.03	3,039.26
Traded Goods	200.19	—
	5,929.21	3,039.26
Sale of Services	—	—
Other Operating revenue	—	—
Less: Excise Duty	(507.55)	(200.13)
	—	—
TOTAL	**5,421.66**	**2,839.14**

The Company is engaged in the manufacturing and sale of Chemicals, which as per Accounting Standard-AS 17 is considered as the reportable business Segment and information is provided in Note No 27(l).

20. OTHER INCOME

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Interest Income	29.88	5.75
Dividend Income	—	—
Other operating Income	18.49	27.82
TOTAL	**48.37**	33.57

21. COST OF MATERIAL CONSUMED

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Stock	84.14	97.61
Add: Purchases	4,125.04	2,510.67
	4,209.19	2,608.28
Less: Closing Stock	10.57	84.14
TOTAL	**4,198.62**	**2,524.14**

IMPORTED AND INDIGENOUS RAW MATERIALS CONSUMED

` In Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
	`	%	`	**%**
Imported	—	—	—	—
Indigenous	4,198.62	100	2,524.14	100
TOTAL	**4,198.62**	**100**	**2,524.14**	**100**

DETAILS OF RAW MATERIAL CONSUMED

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Aromatics	3,888.84	1,892.62
Acids	236.06	233.06
Other	73.71	398.46
TOTAL	**4,198.62**	**2,524.14**

22. CHANGE IN INVENTORIES OF FINISHED GOODS, STOCK IN PROCESS AND STOCK IN TRADE

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Opening Stock		
Finished Goods	200.96	124.10
Stock in Process	1,039.07	776.58
	1,240.03	**900.68**
Less: Closing Stock		
Finished Good	83.65	200.96
Stock in Process	1,317.63	1,039.07
	1,401.28	**1,240.03**
TOTAL	**(161.24)**	**(339.35**

23. EMPLOYEE BENEFIT EXPENSES

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Salaries, Wages and Allowances	111.93	74.41
Contribution to Provident and Other Funds	4.85	4.21
Expenses on Employee Stock Option Scheme (ESOP) and Employee Stock Purchase Plan (ESPP)	—	—
Staff Welfare Expenses	2.16	1.52
TOTAL	**118.94**	**80.15**

24. FINANCE COST

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Interest Expense	5.58	3.00
Other Borrowing cost	—	—
Applicable net gain /loss on foreign currency transactions and translations	—	—
TOTAL	**5.58**	**3.00**

25. OTHER EXPENSES

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Manufacturing Expenses		
Consumption of Stores Spares	0.21	4.77
Power, Fuel & Water	450.43	190.41
Repairs to machinery	5.04	1.99
Selling & Distribution Expenses		
Commission on Sales	12.34	11.93
Discount on Sales	181.01	96.56
Freight Outward	51.90	24.56
Establishment Expenses		
Legal, Professional & Consultancy	6.95	7.72
Payment to Auditors		
As auditor	2.75	2.60
For taxation matter	—	—
for Company Law matters	—	—
for management services	—	—
for other services	—	—
for reimbursement of expenses	—	—
-		
Repairs & Maintenance-Others	0.19	1.29
Rent	—	1.80
Insurance	5.07	0.73
Travelling & Conveyance	0.82	0.75
Printing & Stationery	1.67	1.27
Communication Expenses	0.66	1.28
Vehicle Expenses	0.44	0.87
Miscellaneous Expenses	10.03	3.92
TOTAL	**729.51**	**352.47**

IMPORTED AND INDIGENOUS STORES, SPARES AND SIZING CONSUMED

` In Lacs

Particulars	As at March 31, 2013		As at March 31, 2012	
	`	%	`	%
Imported	—	—	—	—
Indigenous	0.21	100	4.47	100
TOTAL	**0.21**	**100**	**4.47**	**100**

26. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

26.1 *Corporate Information:*

Seya Industries Ltd (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on Delhi Stock Exchange, BSE Limited, Kolkata Stock Exchange, and Ahmedabad Stock Exchange. The Company is engaged in manufacturing of organic and inorganic Chemicals

26.2 *Significant Accounting policies:*

a. Basis of preparation of financial statements:

i. The financial statements have been prepared to comply in all material respects with the mandatory Accounting Standards notified under Provisions of the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

ii. The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.

iii. The accounting policies applied by the Company are consistent with those used in the previous year, and

iv. Captive Consumption is considered and valued under sales, as per provisions of Central Excise Act.

b. Use of Estimates:

Estimates and assumptions used in the preparation of the financial statements are based on management's evaluation of the relevant facts and circumstances as of date of the Financial Statements, which may differ from the actual results at a subsequent date.

c. Fixed Assets:

Fixed assets are stated at original cost less accumulated depreciation. Cost comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of qualifying fixed assets are also included to the extent they relate to the period till such assets are ready to be put to use. Cenvat / other credits availed have been deducted from the cost of respective assets.

d. Depreciation and Amortization:

Depreciation provided on straight-line method in the manner and at the rates specified in Schedule-XIV to the Companies Act, 1956.

e. Investments

Investments are recorded on readily realizable and intended to be held for not more than a year by classifying as Current Investments. All other investments are classified as Long Term Investments.

i. Current Investments are carried at lower of cost and fair value determined on an individual investment basis; and

ii. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of investments.

f. Inventories:

i. Raw Materials, Stores & Spares are valued at lower of Cost or Market Value whichever is less.

ii. Work in process and finished goods, are valued at lower of Cost or Market Value whichever is less.

iii. By-products, Self Generated Scrap and non-reusable waste are valued at net realizable value.

g. Revenue Recognition:

Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the customer, which generally coincides with their delivery to customers. Sales are stated net of discounts, rebates and returns.

h. Borrowing Costs:

Borrowing costs are charged to Profit and Loss account, except in cases where the borrowings are directly attributable to the acquisition, construction or production of a qualifying asset. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.

i. Excise Duty:

Excise Duty in respect of goods manufactured by the Company is accounted on accrual basis.

j. Employee Benefits:

The Company has not framed its' policies of employees benefits with regard to gratuity and leave liabilities.

k. Research & Development Expenses

Revenue expenditure on the Research & Development is charged off as expense in the year in which it incurred. Capital expenditure is grouped with Fixed Assets under appropriate heads and Depreciation is provided as per the rates applicable.

l. Taxes on Income

i. Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year. The tax effect is calculated on the accumulated timing differences at the end of the year accounting period based on prevailing enacted or subsequently enacted regulations.

ii. Provision for current tax is made on the basis of the income computed for the current accounting period in accordance with Income Tax Act, 1961.

27. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

a. CONTINGENT LIABILITIES NOT PROVIDED

` In Lacs

Sr. No.	Particulars	As at March 31, 2013	As at March 31, 2012
1	Estimated amount of contracts remaining to be executed on capital account and not provided for	33.81	325.00
2	Contingent Liabilities not provided for in respect of:		
	a. Central Excise (Matter Subjudice)	NIL	58.61
	b. Sales Tax (under Appeal)	NIL	NIL
	c. Income Tax (MAT) (Matter Subjudice)	NIL	NIL
	d. Export Duty	NIL	NIL
	e. Electricity Tax (Interest)	NIL	NIL
	f. Labour Matters (Matter Subjudice), to the extent quantifiable	NIL	NIL
	g. Aggregate value of the letter of credit outstanding	NIL	417.59
	h. Aggregate Value of Guarantees outstanding	NIL	NIL

b. REMUNERATION TO AUDITORS (EXCLUDING SERVICE TAX & COST AUDIT FEES)

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
Statutory Auditors		
a. Audit Fees	1.65	1.50
b. Tax Audit Fees	0.30	0.30
c. MVAT Tax Audit Fees	0.20	0.20
d. Other Services	0.60	0.60
e. Management Services	NIL	NIL
f. Expenses reimbursed	NIL	NIL
TOTAL	**2.75**	**2.60**

c. REMUNERATION TO DIRECTORS

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
a. Remuneration to Directors*	22.63	30.70
b. Seating fees	0.35	0.30
c. Perquisites	NIL	NIL
d. Contribution to PF and other dues	NIL	NIL
TOTAL	**22.98**	**31.00**

* Includes Expenses Capitalised during the year ` 11.31Lacs (Previous year ` 19.54 Lacs)

* The managerial remuneration paid / payable by the company to its managers are not in accordance with the parameters provided in Schedule XIII of the Companies Act 1956, for the year under review. During the year under review there is excess payment of managerial remuneration amounting to ` 4.46Lacs (previous year ` Nil) which have been debited to Statement of Profit and Loss and necessary approval as required to be obtained will be obtained by the Company

d. C.I.F. VALUE OF IMPORT AND EXPENDITURE IN FOREIGN CURRENCIES

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
a. CIF Value of imports		
Capital Goods	422.31	NIL
Raw Materials	NIL	NIL
Stores & Spares	NIL	NIL
b. Expenditure in foreign currencies		
Royalty	NIL	NIL
Know- how	NIL	NIL
Professional and consultation fees	NIL	NIL
Interest and other matters	NIL	NIL

e. EARNINGS IN FOREIGN EXCHANGE

` In Lacs

Particulars	As at March 31, 2013	As at March 31, 2012
FOB Value of Exports	NIL	NIL

f. OTHERS

As per requirement of Section 22 of Micro, Small& Medium Enterprises Development Act, 2006, following Information is disclosed to the extent identifiable.

a. i) Principal amount remaining unpaid to any supplier at the end of accounting year.	**See Note No. 8 of Notes to Financial Statements**
ii) The Interest due on above Total of (i) and (ii) above	
b. Amount of Interest paid by the buyer in terms of section 18 of the Act.	
c. The amount of payments made to the supplier beyond the due date.	
d. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the due date during the year) but without adding the interest specified under the Act.	

Note: As information for disclosure required under Micro, Small and Medium Enterprise Development (MSMED) Act,2006 is not available it is mentioned as "Nil".

g. RELATED PARTY & KEY MANAGEMENT PERSONNEL DISCLOSURE UNDER ACCOUNTING STANDARDS 18

Name of the Party	Relationship
Mr. Ashok G Rajani	Key Managerial Person
Mr. Asit Kumar Bhowmik	Key Managerial Person

Transaction with Related Parties

` In Lacs

Particulars	Current Year	Previous Year
Remuneration	22.63	30.70
Seating fees	0.35	0.30

Includes Expenses Capitalised during the year `12.98 Lacs (Previous year `19.54 Lacs)

h. EARNINGS PER SHARE

Equity of the Company is employed partly in pre-commercial production activity and partly in commercial production activity, which cannot be ascertained in exact sums. In the circumstances, EPS cannot be comparable.

i. Disclosure as required under clause 32 of listing agreement have not been given as the company do not have any subsidiary.

j. Letters for year-end balance confirmation of sundry debtors and sundry creditors have been sent to the parties. In respect of confirmations received, the company is under process of scrutinizing and reconciling the balances.

k. DEFINED OBLIGATIONS-DISCLOSURES AS PER ACCOUNTING STANDARD 15 (REVISED) ARE AS UNDER:

PARTICULARS	GRATUITY		LEAVE ENCASHMENT	
	C.Y.	P.Y.	C.Y.	P.Y.
Reconciliation of opening and closing balance of funded obligation ,as assessed by an independent actuary				
At the beginning of the year	-	-	-	-
Current Service Cost	-	-	-	-
Interest Cost	-	-	-	-
Actuarial(Gain)/Loss	-	-	-	-
Benefit Paid	-	-	-	-
At the Close of the year	-	-	-	-
Reconciliation of opening /closing balance of fair value plan asset				
At the beginning of the year	-	-	-	-
Expected return on plan assets	-	-	-	-
Actuarial(Gain)/Loss	-	-	-	-
Employer Contribution	-	-	-	-
Benefit Paid	-	-	-	-
At the Close of the year	-	-	-	-
Reconciliation of fair value of assets and funded obligations				
Present Value of paln assets at the end of the year	-	-	-	-
Present Value of obligation at the end of the year	-	-	-	-
Liability/(-) prepaid expenses recognized in balance sheet	-	-	-	-
Expenses Recognised in Profit & Loss Account				
Current Service Cost	-	-	-	-
Interest Cost	-	-	-	-
Expected Return on Plan Assets	-	-	-	-
Actuarial (Gain)/Loss	-	-	-	-
Total Expenses recognized in the Profit & Loss Account				
Actuarial Assumptions	-	-	-	-
Mortality Table-	-	-	-	
Discount Rate (per annum)	-	-	-	-
Expected return on plan assets (per annum)	-	-	-	-
Rate of escalation in salary (per annum)	-	-	-	-

l. SEGMENT REPORTING AS PER AS 17

` In Lacs

Particulars	Current Year	Previous Year
1. Segment Revenue		
a. Inorganic Intermediates	27.02	43.30
b. Organic Intermediates	2,302.86	1,394.84
c. Fine & Specialty Chemical Intermediates	1,127.44	1,173.47
d. Pharmaceutical Intermediates	680.07	204.16
e. Agrochemicals Intermediates	1,092.63	22.22
f. Others	210.14	28.97
Total Net Sales / Income from Operations	**5,440.15**	**2,866.96**
2. Segment Results before Tax & Interest		
a. Inorganic Intermediates	5.60	8.46
b. Organic Intermediates	477.11	272.45
c. Fine & Specialty Chemical Intermediates	233.58	229.21
d. Pharmaceutical Intermediates	140.90	39.88
e. Agrochemicals Intermediates	226.37	4.34
f. Others	43.54	5.66
Total	**1,127.09**	**560.00**
Less: Interest	5.58	3.00
Other un-allocable expenditure net of un-allocable Income	896.96	449.38
TOTAL PROFIT BEFORE TAX	**224.55**	**107.62**

m. The company has started its commercial production for additional two products having application in the field of Specialty chemicals and Pharmaceuticals as on October 1, 2012 and January 1, 2013 respectively and certain products still remained under construction and development. In the circumstances, statement of Profit and Loss for the current year pertains to business activities of the products whose commercial production already commenced.

n. During the year, Deferred Tax Assets / Liability is not provided as the management of the Company are not certain about reasonable time in which the timing difference would reverse. However, the amount of Deferred Tax Assets comes to ` 390.96 Lacs (Prev. Year ` 460.35 Lacs).

o. The Company has also reclassified the previous year's figures in accordance with the requirements applicable in the current year. In view of this reclassification, certain figures of current year are not strictly comparable with those of the previous year.

As per our record of even date
For **JAGIWALA AND ASSOCIATES**
Chartered Accountants
FRN No.: 131003W

Yogesh R Jagiwala
Partner
M. No. 016864

Place: Mumbai
Date: May 28, 2013

For and on Behalf of Board of Directors

Ashok G Rajani
Chairman & Managing Director

Virendra Singh Khurana
Director

Manisha Solanki
Company Secretary

Place: Mumbai
Date: May 28, 2013

PROXY FORM

SEYA INDUSTRIES LTD

Registered office: T-14, MIDC, Tarapur, Boisar, Dist. Thane - 401 506

Folio No.:

I / We ____ being a member / members of Seya Industries Ltd hereby appoint following as my / our proxy to attend on my / our behalf at the Twenty Third Annual General Meeting of the Company, to be held on Wednesday, September 18, 2013 at 11:00 a.m. or any adjournment thereof:

	Name	Signature
1.	Mr. / Ms. / Mrs. _____________________________	______________, or failing him / her
2.	Mr. / Ms. / Mrs. _____________________________	______________, or failing him / her
3.	Mr. / Ms. / Mrs. _____________________________	______________, or failing him / her

Signed this _____ day of _____________ 2013

AFFIX REVENUE STAMP

Note:

1. The Proxy, in order to be effective, should be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.
2. A proxy need not be a member of the Company.

ATTENDANCE SLIP

SEYA INDUSTRIES LTD

Registered office: T-14, MIDC, Tarapur, Boisar, Dist. Thane - 401 506

I, hereby record my presence at the Twenty Third Annual General meeting of the Company at T-14, MIDC, Tarapur, Boisar, Dist. - Thane - 401 506 Maharashtra on Wednesday, September 18, 2013 at 11:00 a.m.

Full name of Member (IN BLOCK LETTERS)... ....

Reg. Folio No./ Demat ID..

No. of shares held..

Full name of Proxy (IN BLOCK LETTERS)

....

....

SIGNATURE OF THE SHAREHOLDER OR PROXY

NOTES

BOOK-POST

If undelivered, please return to :

SEYA INDUSTRIES LTD

Registered Office: T-14, MIDC,

Tarapur, Boisar, Dist - Thane, Pin 401 506. Maharashtra

Form B

(Pursuant to clause 31 (a) of the Listing agreement)

1.	Name of the Company	**Seya Industries Limited**
2.	Annual financial statements for the year ended	**March 31, 2013**
3.	Type of Audit qualification	**' Except '**
4.	Frequency of qualification	**First and Last time**
	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the director's report:	*[Reference Page no. 27 in the Annual Report and Management's Response]*

-Gratuity & Leave Encashment

- **Auditor's Qualification Statement:** The Company is not providing for accrued liabilities of Gratuity and Leave Encashment based on actuarial valuation but same are provided for on ad hoc basis. In the circumstances, we are unable to quantify the sums and relevant information for accrued liability of gratuity and leave encashment and thus the Company has not complied with Accounting Standard 15 (AS 15) and to that extent, we are unable to quantify amount of reduction in profit as stated in statement of profit and loss
- **Management Response:** Management had, as advised, provided for Liabilities towards Gratuity & Leave Encashment on 'Adhoc Basis' instead of 'Actuarial Valuation Basis'. Later during the subsequent financial year Liabilities towards Gratuity & Leave Encashment were worked out to be much lower than that provided by the Management on 'Adhoc Basis' hence there was 'no reduction in Profit' on the Contrary, there would have been increase in Profit

-Provision of Deferred Tax Asset/Liability

- **Auditor's Qualification Statement:** No provision, as per AS-22 being accounts for deferred taxes, has been made nor the said provision of deferred tax liability has been worked out by the Company and management feel that there are no deferred tax liability nor deferred tax asset as the company had recently started the commercial production. In our opinion and as per working provided by the company, we found that company should have created deferred tax assets of ₹390.96 Lacs (previous year ₹460.35 Lacs) and thereby the Company has understated its profit by ₹69.38 Lacs (previous year ₹460.35 Lacs).
- **Management Response:** Management felt that there was no deferred tax liability and or asset as the Company had recently started commercial production.

SEYA INDUSTRIES LIMITED MUMBAI

However as per the calculations of the Auditor, and qualifications therein, the Company has understated its Profit. This does not have any negative impact on the Financials

-Managerial Remuneration

- **Auditor's Qualification Statement:** The managerial remuneration paid / payable by the company to its managers are not in accordance with the parameters provided in Schedule XIII of the Companies Act 1956, for the year under review. During the year under review there is excess payment of managerial remuneration amounting to ₹4.46 Lacs (previous year Nil) which has been debited to Statement of Profit and Loss and necessary approval as required to be obtained will be obtained by the Company. If the company will be unable to get the approval of the authority then in that case the expenses of managerial remuneration stated in the Statement of Profit and Loss are higher by ₹4.46 Lacs and the company has shown lesser profit by ₹4.46 Lacs in statement of Profit and Loss which will ultimately affect the sums stated under title "Other Current Liabilities and Long Term Borrowings" and to that extent "Other Current Liabilities and Long Term Borrowings" will be reduced.
- **Management's Response:** As advised, no such approval is required in pursuance of the Provisions under sec 198(1), 198(3), 269(2), 309(3) read with Section II of Part II of Schedule XIII of the Companies Act, 1956

-Records to be maintained as per MSMED Act, 2006

- **Auditor's Qualification Statement:** The Company has not maintained records as required under The Micro, small and Medium Enterprises Development (MSMED) Act, 2006. In the Circumstances, we are unable to quantify and disclose the sums payable to parties registered under The Micro, small and Medium Enterprises Development (MSMED) Act, 2006
- **Management's Response:** There were no parties covered under the MSMED Act with whom the Company was having any business transactions, hence such records had not been maintained by the Company.

Additional Comments from the Board / audit Committee chair:	**-Gratuity & Leave Encashment** ▪ **Materiality:** Nil This Qualification does not have any material impact on the Financial Statements or Business of the Company ▪ **Agreement/Dis-agreement on Qualification:** Partial Disagreement The Company has provided for Gratuity & Leave Encashment on 'Adhoc basis' based on Management's estimate of prospective Liability instead of Sum

SEYA INDUSTRIES LIMITED MUMBAI

ascertained through Actuarial Valuation. Subsequently Liability ascertained through Actuarial Valuation was substantially lesser than that provided by the Management on Adhoc basis

- **Steps taken to resolve the Qualification:** The qualification has not been repeated in the subsequent Audit Report.

  The Company has carried of Actuarial Valuation for ascertaining the sums to be provided for against Gratuity and Leave encashment as required by the Auditor and necessary provisions as per AS-15 for the same has been made in the subsequent financial year rectifying the earlier provisions made by the Management in the previous year. A copy of AS-15 prepared in the subsequent Annual Report 2013-14 is annexed herewith*(Annexure-1)*

-Provision of Deferred Tax Asset/Liability

- **Materiality:** Nil

  This Qualification does not have any material impact on the Financial Statements or Business of the Company since Mat credit Entitlement was available with the Company which would have set-off the incidence of minor increase in MAT payable due to increase in Profits
- **Agreement/Dis-agreement on Qualification:** Management in Agreement with the Qualification
- **Steps taken to resolve the Qualification:** The qualification has not been repeated in the subsequent Audit Report.

  The Company has worked out the Deferred Tax Asset and Liability as on 31-Mar-2014 on cumulative basis in line with requirements/provisions of AS-22 and the same is mentioned under Note-5 to the Financial Statements. A copy of Note-5 in-accordance with AS-22 prepared in the subsequent Annual Report 2013-14 is annexed herewith*(Annexure-2)*

-Managerial Remuneration

- **Materiality:** Nil

  This Qualification does not have any material impact on the Financial Statements or Business of the Company
- **Agreement/Dis-agreement on Qualification:** Management is in Disagreement based on the Detailed explanation attached herewith as *Annexure-3*
- **Steps taken to resolve the Qualification:** The qualification has not been repeated in the subsequent Audit Report. No steps required to be taken since Management is in disagreement with the Qualification Net Profit for subsequent working thereon for eligibility criteria has not been determined as per provisions of sec 309(3) read with Section II of Part II of Schedule XIII of the Companies Act, 1956

SEYA INDUSTRIES LIMITED MUMBAI

-Information to be maintained as per MSMED Act

- **Materiality:** Nil
  This Qualification does not have any material impact on the Financial Statements or Business of the Company since the Company does not deal with any Party covered under the MSMED Act
- **Agreement/Dis-agreement on Qualification:** Management in Dis-agreement with the Qualification
- **Steps taken to resolve the Qualification:** The qualification has not been repeated in the subsequent Audit Report.
  The Company has verified the information of its Vendors and confirmed that none of the Vendor it has been dealing with were falling under the provisions of the MSMED Act. A copy of relevant disclosure in the subsequent Annual Report 2013-14 is annexed herewith*(Annexure-4)*

5.	Mr. Ashok G Rajani (Chairman & Managing Director)	A. G. Rajani
	Mr. Anand B Taggarsi (Chairman of the audit Committee)	
	Statutory Auditors **M/S. JAGIWALA AND CO.,** Chartered Accountants ICAI FRN 131184W	For **JAGIWALA AND CO.,** Chartered Accountants ICAI FRN 131184W (Mr. Yogesh R Jagiwala) Partner Membership No. 016864

Annexure - I

26.9.6. The following table set out the funded status and amounts recognised in Company's financial statements as at March 31, 2014 for Defined Benefit Plan. (Disclosure as per AS-15):

₹ in Lakhs

PARTICULARS	GRATUITY		LEAVE ENCASHMENT	
	2013-14	2012-13	2013-14	2012-13
Reconciliation of opening and closing balance of funded obligation				
At the beginning of the year	12.25	-	-	
Current Service Cost	1.40	-	1.20	
Interest Cost	1.13	-	-	
Actuarial(Gain)/Loss	(9.69)	-	2.30	
Benefit Paid	-	-	-	
At the Close of the year	5.09	12.25	3.50	
Reconciliation of opening /closing balance of fair value plan asset				
At the beginning of the year	-	-	-	
Expected return on plan assets	0.33	-	-	
Actuarial(Gain)/Loss	(0.34)	-	-	
Employer Contribution	7.48	-	-	
Benefit Paid	-	-	-	
At the Close of the year	7.47	-	-	
Reconciliation of fair value of assets and funded obligations				
Present Value of plan assets at the end of the year	7.47	-	-	
Present Value of obligation at the end of the year	5.09	-	-	
Liability/(-) prepaid expenses recognized in balance sheet	(2.38)	-	3.50	
Expenses Recognised in Profit & Loss Account				
Current Service Cost	1.40	-	1.20	
Interest Cost	1.13	-	-	
Expected Return on Plan Assets	(0.33)	-	-	
Actuarial (Gain)/Loss	(9.35)	-	2.30	
Total Expenses recognized in the Profit & Loss Account	(7.15)	-	3.50	
Actuarial Assumptions				
Mortality Table	IALM (2006-08) Ult.	-	IALM (2006-08) Ult.	
Discount Rate (per annum)	9.20%	-	9.20%	
Expected return on plan assets (per annum)	8.75%	-	-	
Rate of escalation in salary (per annum)	4%	-	4%	

26.10. Disclosure under AS-16: Borrowing Cost capitalised

₹ in Lakhs

	2013-14	2012-13
Borrowing Costs capitalised during the year as fixed assets / intangible assets / capital	376.59	3.83
TOTAL	379.59	3.83

SEYA INDUSTRIES LIMITED MUMBAI

Annexure - 2

4. LONG TERM BORROWINGS:

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
Term Loans		
From Banks:		
Secured	4,257.75	5.85
Loans & advances from related parties *(Refer Note no. 26.12)*		
Unsecured	115.10	114.10
Other Loans and Advances		
Unsecured	8,526.38	8,876.97
TOTAL	12,899.24	8,996.92

4.1. Rupee Term Loan from banks comprises of loan taken for expansion of project of ₹4,236.66 Lakhs and Car loan of ₹21.09 Lakhs.

4.1.1 Term loan for expansion of project is secured by way of first charge, having pari-passu rights, on factory - land and building (Save and except stock and book debts), situated at one of the Company's location.

4.1.2 Car loan from bank is secured against hypothecation of Car.

4.2. Terms of Repayments of Secured / Unsecured Loans

Repayment Schedule:

₹ in Lakhs

Period	Amount
2 to 4 Years	1,885.54
5 to 7 Years	2,365.63
TOTAL	4,251.17

5. DEFERRED TAX (Disclosures under AS-22):

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
Deferred Tax Liability		
On difference between book balance and tax balance of Depreciation	255.96	-
On expenditure deferred in the books but allowable for tax purposes	702.01	-
	957.97	-
Deferred Tax Assets		
Provision for Compensated absences, gratuity and other employee benefits	3.09	-
Disallowances under 43B of the Income Tax Act, 1961	2.88	-
Assets arising due to Provisions of Income Tax Act	699.66	-
	705.64	-
Deferred Tax (Net)	252.34	-

6. OTHER LONG TERM LIABILITIES:

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
Trade Payables		
Others		
Payable on purchase of Fixed Assets	13,248.32	13,248.32
TOTAL	13,248.32	13,248.32

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Annexure-3

Explanation Note on Managerial Remuneration:

In sub-clause (iii) of clause 3 of the Audit report it has been stated that managerial remuneration provided by the company is not in accordance with the provision of Schedule XIII of the Companies Act, 1956 and the same is in excess by Rs. 4.46 lakhs. Management is of the opinion that remuneration provided by the company is well within the limit of Section 198, 269 & 309 read with schedule XIII of the Companies Act, 1956.

As per Management, calculation of Managerial remuneration is as follows:

In FY 2012-13 Managerial Remuneration payable by a public limited company was mainly governed by Section 198, 269,309 and 349 read with schedule XIII of the Companies Act, 1956 ("the Act")

Section 198 (1) of the Act provides: "The Total Managerial Remuneration payable by a public company to its Directors or its Manager in respect of any financial year shall not exceed eleven percent (11%) of the Net profits of that company for that financial year (***Net profit to be calculated as per the provisions of Section 349 & 350 of the Act***)."

FURTHER **Section 198 (3) of the Act provides:** "Within the limits of the maximum remuneration specified in sub-Section (1), a company may pay a monthly remuneration to its managing or whole-time director in accordance with provision of Section 309 of the Act.

FURTHER **Section 269 (2) of the Act provides:** "No appointment of a person as a Managing Director or whole-time director in a public company shall be made except with the approval of Central Government unless such appointment is made in accordance with the conditions specified in Parts I and II of Schedule XIII.

FURTHER **Proviso of sub-section (3) of Section 309 of the Act provides:** Remuneration to the directors who is in whole time employment of the Company or a Managing Director shall not exceed 5% of the Net profit for one such director and if there is more than one such director, 10% for all of them together.

Now based on the Audited Financial of Seya Industries Ltd, the calculation for excess Managerial Remuneration paid, if any, shall be as follows:

₹ in Lacs

Particulars	Amounts
Net Profit (NP) calculated as per Section 349 of the Act	224.54
Sec 198 (1): Max. Managerial Remuneration payable shall not exceed 11% of NP	24.70
Sec 309 (3): Max. Managerial Remuneration payable shall not exceed 10% of NP	22.45
Actual Remuneration paid	22.63
Excess Remuneration paid as per Sec 309(3) beyond the Max. limit of 10% but within Max. Limit of 11% prescribed as per Sec 198 (1)	0.176

From the above calculations it is derived that the Managerial Remuneration paid by the Company is in excess by ₹17,600/- . Hence the profit of the Company is in-adequate by ₹1.76 Lacs.

For Payment of Managerial Remuneration by a Company having 'In-adequate profits', the provisions of Section II of Part II of Schedule XIII of the Act read with Sec 269(2) of the Act provide for various criteria and circumstances under which even If the managerial

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remuneration is paid in excess(as per working in table above) but within the limits prescribed therein as per various criteria therein, approval of Central Government is exempted/not-required.

Section II (1) of Part II of Schedule XIII of the Act provides as follows:
Notwithstanding anything contained in this Part, where in any financial year during the currency of the Managerial Person, a company has no profits or its profits are inadequate, it may pay remuneration to a managerial person by way of salary, dearness allowance, perquisites and any other allowances,-

(A) Not exceeding the ceiling limit of ₹24,00,000 p.a. or ₹2,00,000 p.m calculated on following scale:

Whether the Effective capital of Company is	Monthly remuneration shall not exceed (₹)
i. Less than rupees 1 crore	75,000
ii. Rupees 1 crore or more but less than rupees 5 crores	1,00,000
iii. Rupees 5 crores or more by less than rupees 25 crores	1,25,000
iv. Rupees 25 crores or more by less than rupees 50 crores	1,50,000
v. Rupees 50 crores or more by less than rupees 100 crores	1,75,000
vi. Rupees 100 crores or more	2,00,000

Calculation of Effective capital of Seya Industries Ltd shall be as per Explanation I and Explanation II (b) of the Section II (3) of Part II of Schedule XIII

Particulars	Amounts (₹) as on 31-Mar-12
Paid up share Capital	11,00,00,000
Reserves and Surplus	35,94,01,000
Long-term loans and deposits	68,84,67,000
Total	1,15,78,68,000
Less: Investments, accumulated losses and preliminary expenses	0.00
Effective Capital of the Company	**1,15,78,68,000**

Since the Effective capital is more than ₹100 Crores, the Company can pay Max. Managerial Remuneration upto ₹2,00,000 per month or ₹24,00,000 per annum, however the Company had paid ₹22,63,000 per annum which is within limits of Schedule XIII and hence, Management is of the opinion that approval of central government is not required.

We are enclosing snap shots of all the applicable sections of the Act for your ready reference.

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Prohibition of simultaneous appointment of different categories of managerial personnel

197A. COMPANY NOT TO APPOINT OR EMPLOY CERTAIN DIFFERENT CATEGORIES OF MANAGERIAL PERSONNEL AT THE SAME TIME

Notwithstanding anything contained in this Act or any other law or any agreement or instrument, no company shall, after the commencement of the Companies (Amendment) Act, 1960, appoint or employ at the same time, or after the expiry of six months from such commencement, continue the appointment or employment at the same time, of more than one of the following categories of managerial personnel, namely :

(*a*) managing director,
(*b*) & (*c*) [1][***]
(*d*) manager

1. Clauses (*b*) and (*c*) omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000. Prior to their omission, clauses (*b*) and (*c*) read as under :
"(*b*) managing agent,
(*c*) secretaries and treasurers."

Managerial remuneration, etc.

198. OVERALL MAXIMUM MANAGERIAL REMUNERATION AND MANAGERIAL REMUNERATION IN CASE OF ABSENCE OR INADEQUACY OF PROFITS

(1) The total managerial remuneration payable by a public company or a private company which is a subsidiary of a public company, to its directors and its [1][***] manager in respect of any financial year shall not exceed eleven per cent of the net profits of that company for that financial year computed in the manner laid down in sections 349, [2][and 350], except that the remuneration of the directors shall not be deducted from the gross profits :
[3][***]

(2) The percentage aforesaid shall be exclusive of any fees payable to directors under sub-section (2) of section 309.

(3) Within the limits of the maximum remuneration specified in sub-section (1), a company may pay a monthly remuneration to its managing or whole-time director in accordance with the provisions of section 309 or to its manager in accordance with the provisions of section 387.

[4][(4) Notwithstanding anything contained in sub-sections (1) to (3), but subject to the provisions of section 269, read with Schedule XIII, if, in any financial year, a company has no profits or its profits are inadequate, the company shall not pay to its directors, including any managing or whole-time director or manager, by way of remuneration any sum [exclusive of any fees payable to directors under sub-section (2) of section 309], except with the previous approval of the Central Government.]

Explanation. - For the purposes of this section and sections 309, 310, 311, [5][***] 381 and 387, "remuneration" shall include, -

(*a*) any expenditure incurred by the company in providing any rent-free accommodation, or any other benefit or amenity in respect of accommodation free of charge, to any of the persons specified in sub-section (1) ;

(*b*) any expenditure incurred by the company in providing any other benefit or amenity free of charge or at a concessional rate to any of the persons aforesaid ;

(*c*) any expenditure incurred by the company in respect of any obligation or service, which, but for such expenditure by the company, would have been incurred by any of the persons aforesaid ; and

(*d*) any expenditure incurred by the company to effect any insurance on the life of, or to provide any pension, annuity or gratuity for, any of the persons aforesaid or his spouse or child.

1. Words "managing agent, secretaries and treasurers or" omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.
2. Substituted for ", 350 and 351, by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.
3. Proviso omitted, by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000. Prior to omission proviso read as under :
"**Provided** that nothing in this section shall affect the operation of sections 352 to 354 and 356 to 360."
4. Substituted by the Companies (Amendment) Act, 1988 w.e.f. 15-6-1988.
5. Figures "348, 352," omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.

199. CALCULATION OF COMMISSION, ETC., IN CERTAIN CASES

(1) Where any commission or other remuneration payable to any officer or employee of a company (not being a director [1][***], or a manager) is fixed at a percentage of, or is otherwise based on, the net profits of the company, such profits shall be calculated in the manner set out in sections 349, [2][and 350].

(2) Any provision in force at the commencement of this Act for the payment of any commission or other remuneration in any manner based on the net profits of a company, shall continue to be in force for a period of one year from such commencement , and thereafter shall become subject to the provisions of sub-section (1).

1. Words "the managing agent, secretaries and treasurers" omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.
2. Substituted for ", 350 and 351" by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.

267. CERTAIN PERSONS NOT TO BE APPOINTED MANAGING DIRECTORS.

No company shall, after the commencement of this Act, appoint or employ, or continue the appointment or employment of, any person as its managing or whole-time director who -

(*a*) is an undischarged insolvent, or has at any time been adjudged an insolvent ;

(*b*) suspends, or has at any time suspended, payment to his creditors, or makes, or has at any time made, a composition with them ; or

(*c*) is, or has at any time been, convicted by a Court of an offence involving moral turpitude.

268. AMENDMENT OF PROVISION RELATING TO MANAGING, WHOLE-TIME OR NON-ROTATIONAL DIRECTORS TO REQUIRE GOVERNMENT APPROVAL.

In the case of a public company or a private company which is a subsidiary of a public company, an amendment of any provision relating to the appointment or re-appointment of a managing or whole-time director or of a director not liable to retire by rotation, whether that provision be contained in the company's memorandum or articles, or in an agreement entered into by it, or in any resolution passed by the company in general meeting or by its Board of directors, shall not have any effect unless approved by the Central Government ; and the amendment shall become void if, and insofar as, it is disapproved by that Government.

[269. APPOINTMENT OF MANAGING OR WHOLE-TIME DIRECTOR OR MANAGER TO REQUIRE GOVERNMENT APPROVAL ONLY IN CERTAIN CASES.

(1) On and from the commencement of the Companies (Amendment) Act, 1988, every public company, or a private company which is a subsidiary of a public company, having a paid-up share capital of such sum as may be prescribed, shall have a managing or whole-time director or a manager.

(2) On and from the commencement of the Companies (Amendment) Act, 1988, no appointment of a person as a managing or whole-time director or a manager in a public company or a private company which is a subsidiary of a public company shall be made except with the approval of the Central Government unless such appointment is made in accordance with the conditions specified in Parts I and II of Schedule XIII (the said Parts being subject to the provisions of Part III of that Schedule) and a return in the prescribed form is filed within ninety days from the date of such appointment.

(3) Every application seeking approval to the appointment of a managing or whole-time director or a manager shall be made to the Central Government within a period of ninety days from the date of such appointment.

(4) The Central Government shall not accord its approval to an application made under sub-section (3), if it is satisfied that -

(*a*) the managing or whole-time director or the manager appointed is, in its opinion, not a fit and proper person to be appointed as such or such appointment is not in the public interest ; or

(*b*) the terms and conditions of the appointment of managing or whole- time director or the manager are not fair and reasonable.

(5) It shall be competent for the Central Government while according approval to an appointment under sub-section (3) to accord approval for a period lesser than the period for which the appointment is proposed to be made.

(6) If the appointment of a person as a managing or whole-time director or a manager is not approved by the Central Government under sub-section (4), the person so appointed shall vacate his office as such managing or whole-time director or manager on the date on which the decision of the Central Government is communicated to the company, and if he omits or fails to do so, he shall be punishable with fine which may extend to [2][five thousand] rupees for every day during which he omits or fails to vacate such office.

(7) Where the Central Government *suo motu* or on any information received by it is, *prima facie*, of the opinion that any appointment made under sub-section (2) without the approval of the Central Government has been made in contravention of the requirements of Schedule XIII, it shall be competent for the Central Government to refer the matter to the [3][*Tribunal*] for decision.

(8) The [3][*Tribunal*] shall, on receipt of a reference under sub-section (7), issue a notice to the company, the managing or whole-time director or the manager, as the case may be, and the director or other officer responsible for complying with the requirements of Schedule XIII, to show cause as to why such appointment shall not be terminated and the penalties provided under sub-section (10) shall not be imposed.

(9) The [3][*Tribunal*] shall, if, after giving a reasonable opportunity to the company, the managing or whole-time director or the manager, or the officer who is in default, as the case may be, comes to the conclusion that the appointment has been made in contravention of the requirements of Schedule XIII, make an order declaring that a contravention of the requirements of Schedule XIII has taken place.

(10) On the making of an order by the [3][*Tribunal*] under sub-section (9), -

(*a*) the company shall be liable to a fine which may extend to [4][fifty] thousand rupees ;

(*b*) every officer of the company who is in default shall be liable to a fine of [5][one lakh] rupees ; and

(*c*) the appointment of the managing or whole-time director or manager, as the case may be, shall be deemed to have come to an end and the person so appointed shall, in addition to being liable to pay a fine of [5][one lakh] rupees, refund to the company the entire amount of salaries, commissions and perquisites received or enjoyed by him between the date of his appointment and the passing of such order.

(11) If a company contravenes the provisions of sub-section (10) or any direction given by the [3][*Tribunal*] under that sub-section, every officer of the company who is in default and the managing or whole-time director or the manager, as the case may be, shall be punishable with imprison- ment for a term which may extend to three years and shall also be liable to a fine which may extend to [5][five hundred] rupees for every day of default.

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(*b*) during that or any other period, it shall be open to the inspection of any person acting on behalf of the Central Government or of the Registrar.
In computing the fourteen days and the three days mentioned in this sub-section, any day which is a Saturday, a Sunday or a public holiday shall be disregarded.
(6) Without prejudice to the rights conferred by sub-section (5), the Central Government or the Registrar may, at any time, require a copy of the said register, or any part thereof.
(7) The said register shall also be produced at the commencement of every annual general meeting of the company and shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting.
If default is made in complying with this sub-section the company, and every officer of the company who is in default, shall be punishable with fine which may extend to [1][five thousand] rupees.
(8) If default is made in complying with sub-section (1) or (2), or if any inspection required under this section is refused, or if any copy required thereunder is not sent within a reasonable time, the company, and every officer of the company who is in default, shall be punishable with fine which may extend to [2][fifty] thousand rupees and also with a further fine which may extend to [3][two hundred] rupees for every day during which the default continues.
(9) In the case of any such refusal, the [4][*Central Government or Tribunal, as the case may be,*] may also, by order, compel an immediate inspection of the register.
(10) For the purposes of this section -
(*a*) any person in accordance with whose directions or instructions the Board of directors of a company is accustomed to act, shall be deemed to be a director of the company ; and
(*b*) a director of a company, shall be deemed to hold, or to have an interest or a right in or over, any shares or debentures, if a body corporate other than the company holds them or has that interest or right in or over them, and either -
(*i*) that body corporate or its Board of directors is accustomed to act in accordance with his directions or instructions ; or
(*ii*) he is entitled to exercise or control the exercise of one-third or more of the total voting power exercisable at any general meeting of that body corporate.
(11) [*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

1. Substituted for "five hundred" by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.
2. Substituted for "five" by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.
3. Substituted for "twenty" by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.
4. Substituted for "Company Law Board" by the Companies (Second Amendment) Act, 2002 (w.e.f. a date yet to be notified).

308. DUTY OF DIRECTORS AND PERSONS DEEMED TO BE DIRECTORS TO MAKE DISCLOSURE OF SHAREHOLDINGS

(1) Every director of a company, and every person deemed to be a director of the company by virtue of sub-section (10) of section 307, shall give notice to the company of such matters relating to himself as may be necessary for the purpose of enabling the company to comply with the provisions of that section.
(2) Any such notice shall be given in writing, and if it is not given at a meeting of the Board, the person giving the notice shall take all reasonable steps to secure that it is brought up and read at the meeting of the Board next after it is given.
(3) Any person who fails to comply with sub-section (1) or (2) shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to [1][fifty] thousand rupees, or with both.

1. Substituted for "five" by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.

Remuneration of directors

309. REMUNERATION OF DIRECTORS

(1) The remuneration payable to the directors of a company, including any managing or whole-time director, shall be determined, in accordance with and subject to the provisions of section 198 and this section, either by the articles of the company, or by a resolution or, if the articles so required, by a special resolution, passed by the company in general meeting and the remuneration payable to any such director determined as aforesaid shall be inclusive of the remuneration payable to such director for services rendered by him in any other capacity :
Provided that any remuneration for services rendered by any such director in any other capacity shall not be so included if -
(*a*) the services rendered are of a professional nature, and
(*b*) in the opinion of the Central Government, the director possesses the requisite qualifications for the practice of the profession.
(2) A director may receive remuneration by way of a fee for each meeting of the Board, or a committee thereof, attended by him :
Provided that where immediately before the commencement of the Companies (Amendment) Act, 1960, fees for meetings of the Board and any committee thereof, attended by a director are paid on a monthly basis, such fees may

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continue to be paid on that basis for a period of two years after such commencement or for the remainder of the term of office of such director, whichever is less, but no longer.

(3) A director who is either in the whole-time employment of the company or a managing director may be paid remuneration either by
way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other :

Provided that except with the approval of the Central Government such remuneration shall not exceed five per cent of the net profits for one such director, and if there is more than one such director, ten per cent for all of them together.

(4) A director who is neither in the whole-time employment of the company nor a managing director may be paid remuneration -
either

(*a*) by way of a monthly, quarterly or annual payment with the approval of the Central Government ;
or

(*b*) by way of commission if the company by special resolution authorises such payment :

Provided that the remuneration paid to such director, or where there is more than one such director, to all of them together, shall not exceed -

(*i*) one per cent of the net profits of the company, if the company has a managing or whole-time director [1][***] or a manager ;

(*ii*) three per cent of the net profits of the company, in any other case :

Provided further that the company in general meeting may, with the approval of the Central Government, authorise the payment of such remuneration at a rate exceeding one per cent or, as the case may be, three per cent of its net profits.

(5) The net profits referred to in sub-sections (3) and (4) shall be computed in the manner referred to in section 198, sub-section (1).

(5A) If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without the prior sanction of the Central Government, where it is required, he shall refund such sums to the company and until such sum is refunded, hold it in trust for the company.

(5B) The company shall not waive the recovery of any sum refundable to it under sub-section (5A) unless permitted by the Central Government.

(6) No director of a company who is in receipt of any commission from the company and who is either in the whole-time employment of the company or a managing director shall be entitled to receive any commission or other remuneration from any subsidiary of such company.

(7) The special resolution referred to in sub-section (4) shall not remain in force for a period of more than five years ; but may be renewed, from time to time, by special resolution for further periods of not more than five years at a time :

Provided that no renewal shall be effected earlier than one year from the date on which it is to come into force.

(8) The provisions of this section shall come into force immediately on the commencement of this Act or, where such commencement does not coincide with the end of a financial year of the company, with effect from the expiry of the financial year immediately succeeding such commencement.

(9) The provisions of this section shall not apply to a private company unless it is a subsidiary of a public company.

1. Words ", a managing agent or secretaries and treasurers" omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.

310. PROVISION FOR INCREASE IN REMUNERATION TO REQUIRE GOVERNMENT SANCTION

In the case of a public company, or a private company which is a subsidiary of a public company, any provision relating to the remuneration of any director including a managing or whole-time director, or any amendment thereof, which purports to increase or has the effect of increasing, whether directly or indirectly, the amount thereof, whether that provision be contained in the company's memorandum or articles, or in an agreement entered into by it, or in any resolution passed by the company in general meeting or by its Board of directors, [1][shall not have any effect -

1. Substituted for "shall not have any effect unless approved by the Central Government" by the Companies (Amendment) Act, 1988 w.e.f. 15-6-1988.

(*a*) in cases where Schedule XIII is applicable, unless such increase is in accordance with the conditions specified in that Schedule ; and

(*b*) in any other case, unless it is approved by the Central Government];

and the amendment shall become void if, and insofar as, it is disapproved by that Government :

Provided that the approval of the Central Government shall not be required where any such provision or any amendment thereof purports to increase, or has the effect of increasing, the amount of such remuneration only by way of a fee for each meeting of the Board or a Committee thereof attended by any such director and the amount of such fee after such increase does not exceed [2][such sum as may be prescribed] :

[3][***Provided further*** that where in the case of any private company which converts itself into a public company or becomes a public company under the provisions of section 43A, any provision relating to the remuneration of any director including a managing or whole-time director as contained in its memorandum or articles or in any agreement entered into by it or in any resolution passed by it in general meeting or by its Board of directors includes a provision for the payment of fee for each meeting of the Board or a Committee thereof attended by any such director which is in excess of the sum specified under the first proviso, such provision shall be deemed to be an increase in the

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[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

344. MANAGING AGENCY NOT TO BE HERITABLE AFTER COMMENCEMENT OF ACT

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

345. SUCCESSION TO MANAGING AGENCY BY INHERITANCE OR DEVICE UNDER AGREEMENT BEFORE COMMENCEMENT OF ACT, TO BE SUBJECT TO CENTRAL GOVERNMENT'S APPROVAL

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

Changes in constitution of firms and corporations

346. CHANGES IN CONSTITUTION OF MANAGING AGENCY, FIRM OR CORPORATION TO BE APPROVED BY CENTRAL GOVERNMENT

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

347. APPLICATION OF SCHEDULE VIII TO CERTAIN MANAGING AGENTS

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

Remuneration of managing agents

348. REMUNERATION OF MANAGING AGENT ORDINARILY NOT TO EXCEED L0 PER CENT OF NET PROFITS

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

349. DETERMINATION OF NET PROFITS

(1) In computing [1][***] the net profits of a company in any financial year -

(*a*) credit shall be given for the sums specified in sub-section (2), and credit shall not be given for those specified in sub-section (3) ; and

(*b*) the sums specified in sub-section (4) shall be deducted, and those specified in sub-section (5) shall not be deducted.

(2) In making the computation aforesaid, credit shall be given for the following sums :

bounties and subsidies received from any Government, or any public authority constituted or authorised in this behalf, by any Government, unless and except insofar as the Central Government otherwise directs.

(3) In making the computation aforesaid, credit shall not be given for the following sums : -

(*a*) profits, by way of premium, on shares or debentures of the company, which are issued or sold by the company ;

(*b*) profits on sales by the company of forfeited shares ;

(*c*) profits of a capital nature including profits from the sale of the undertaking or any of the undertakings of the company or of any part thereof ;

(*d*) profits from the sale of any immovable property or fixed assets of a capital nature comprised in the undertaking or any of the undertakings of the company, unless the business of the company consists, whether wholly or partly, of buying and selling any such property or assets :

Provided that where the amount for which any fixed asset is sold exceeds the written down value thereof referred to in section 350, credit shall be given for so much of the excess as is not higher than the difference between the original cost of that fixed asset and its written down value.

(4) In making the computation aforesaid, the following sums shall be deducted :

(*a*) all the usual working charges ;

(*b*) directors' remuneration ;

(*c*) bonus or commission paid or payable to any member of the company's staff, or to any engineer, technician or person employed or engaged by the company, whether on a whole-time or on a part-time basis ;

(*d*) any tax notified by the Central Government as being in the nature of a tax on excess or abnormal profits ;

(*e*) any tax on business profits imposed for special reasons or in special circumstances and notified by the Central Government in this behalf ;

(*f*) interest on debentures issued by the company ;

(*g*) interest on mortgages executed by the company and on loans and advances secured by a charge on its fixed or floating assets ;

(*h*) interest on unsecured loans and advances ;

(*i*) expenses on repairs, whether to immovable or to movable property, provided the repairs are not of a capital nature;

(*j*) outgoings inclusive of contributions made under clause (*e*) of sub-section (1) of section 293 ;

(*k*) depreciation to the extent specified in section 350 ;

(*l*) the excess of expenditure over income ; which had arisen in computing the net profits in accordance with this section in any year which begins at or after the commencement of this Act, insofar as such excess has not been deducted in any subsequent year preceding the year in respect of which the net profits have to be ascertained ;

(*m*) any compensation of damages to be paid in virtue of any legal liability, including a liability arising from a breach of contract ;

(*n*) any sum paid by way of insurance against the risk of meeting any liability such as is referred to in clause (*m*) ;

(*o*) debts considered bad and written off or adjusted during the year of account.

[2][(p) *amount paid as cess under section 441A.*]

(5) In making the computation aforesaid, the following sums shall not be deducted:
(*a*) [2][***]
(*b*) income-tax and super tax payable by the company under the Indian Income-tax Act, 1922 (11 of 1922), or any other tax on the income of the company not falling under clauses (*d*) and (*e*) of sub-section (4) ;
(*c*) any compensation, damages or payments made voluntarily, that is to say, otherwise than in virtue of a liability such as is referred to in clause (*m*) of sub-section (4) ;
(*d*) loss of a capital nature including loss on sale of the undertaking or any of the undertakings of the company or of any part thereof not including any excess referred to in the proviso to section 350 of the written down value of any asset which is sold, discarded, demolished or destroyed over its sale proceeds or its scrap value.

1. Words "for the purpose of section 348," omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.

1. Inserted by the Companies (Second Amendment) Act, 2002 (w.e.f. a date yet to be notified).

2. Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.

350. ASCERTAINMENT OF DEPRECIATION

The amount of depreciation to be deducted in pursuance of clause (*k*) of sub-section (4) of section 349 shall be the [1][amount of depreciation on assets] as shown by the books of the company at the end of the financial year expiring at the commencement of this Act or immediately thereafter and at the end of each subsequent financial year [2][at the rate specified in Schedule XIV] :

Provided that if any asset is sold, discarded, demolished or destroyed for any reason before depreciation of such asset has been provided for in full, the excess, if any, of the written down value of such asset over its sale proceeds or, as the case may be, its scrap value, shall be written off in the financial year in which the asset is sold, discarded, demolished or destroyed.

1. Substituted for "amount calculated with reference to the written down value of the assets" by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.

2. Substituted for following by the Companies (Amendment) Act, 1988 w.e.f. 15-6-1988 :

"at the rate specified for the assets by the Indian Income-tax Act, 1922 (11 of 1922), and the rules made thereunder for the time being in force, as normal depreciation including therein extra and multiple shift allowances but not including therein any special, initial or other depreciation or any development rebate, whether allowed by that Act or those rules or otherwise."

351. SPECIAL PROVISION WHERE THERE IS A PROFIT-SHARING ARRANGEMENT BETWEEN TWO OR MORE COMPANIES

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

352. PAYMENT OF ADDITIONAL REMUNERATION

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

353. TIME OF PAYMENT OF REMUNERATION

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

354. MANAGING AGENT NOT ENTITLED TO OFFICE ALLOWANCE BUT ENTITLED TO BE REIMBURSED IN RESPECT OF EXPENSES

[Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.]

355. SAVING

Sections [1][349 and 350] shall not apply to a private company unless it is a subsidiary of a public company.

1. Substituted for "348 to 354" by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.

Appointments as selling and buying agents

356. APPOINTMENT OF MANAGING AGENT OR ASSOCIATE AS SELLING AGENT OF GOODS PRODUCED BY THE COMPANY

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

357. APPLICATION OF SECTION 356 TO CASE WHERE BUSINESS OF COMPANY CONSISTS OF THE SUPPLY OR RENDERING OF ANY SERVICES

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

358. APPOINTMENT OF MANAGING AGENT OR ASSOCIATE AS BUYING AGENT FOR COMPANY

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000*]

359. COMMISSION, ETC., OF MANAGING AGENT AS BUYING OR SELLING AGENT OF OTHER CONCERNS

[*Omitted by the Companies (Amendment) Act, 2000 w.e.f. 13-12-2000.*]

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3. Substituted for the following sub-paragraphs (c) and (d) by Notification No. GSR 418(E) dated 12-9-1996 :

"(c) he has completed the age of twenty-five years and has not attained the age of seventy years or the age of retirement, if any, specified by the company, whichever is earlier;

(d) where he is managerial person in more than one company, he opts to draw remuneration from only one company ;"

4. Inserted by Notification No. GSR 670(E) dated 30-9-2002.

PART II

REMUNERATION

Section I - *Remuneration payable by companies having profits*

Subject to the provisions of sections 198 and 309, a company having profits in a financial year may pay any remuneration, by way of salary, dearness allowance, perquisites, commission and other allowances, which shall not exceed five per cent of its net profits for one such managerial person, and if there is more than one such managerial person, ten per cent for all of them together.

Section II - *Remuneration payable by companies having no profits or inadequate profits*

[1][1. *Notwithstanding anything contained in this Part, where in any financial year during the currency of tenure of the managerial person, a company has no profits or its profits are inadequate, it may pay remuneration to a managerial person by way of salary, dearness allowance, perquisites and any other allowances, -*

(A) *not exceeding the ceiling limit of Rs. 24,00,000 per annum or Rs. 2,00,000 per month calculated on the following scale :-*

Where the effective capital of company is	Monthly remuneration payable shall not exceed (Rupees)
(i) *less than rupees 1 crore*	*75,000*
(ii) *rupees 1 crore or more but less than rupees 5 crore*	*1,00,000*
(iii) *rupees 5 crore or more but less than rupees 25 crore*	*1,25,000*
(iv) *rupees 25 crore or more but less than rupees 50 crore*	*1,50,000*
(v) *rupees 50 crore or more but less than rupees 100 crore*	*1,75,000*
(vi) *rupees 100 crore or more*	*2,00,000*

Provided *that the ceiling limits specified under this sub-paragraph shall apply, if -*

(i) *payment of remuneration is approved by a resolution passed by the Remuneration Committee ;*

(ii) *the company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person.*

(B) *not exceeding the ceiling limit of Rs.48,00,000 per annum or Rs. 4,00,000 per month calculated on the following scale : -*

Where the effective capital of company is	Monthly remuneration payable shall not exceed (Rupees)
(i) *less than rupees 1 crore*	*1,50,000*
(ii) *rupees 1 crore or more but less than rupees 5 crore*	2,00,000
(iii) *rupees 5 crore or more but less than rupees 25 crore*	2,50,000
(iv) *rupees 25 crore or more but less than rupees 50 crore*	3,00,000
(v) *rupees 50 crore or more but less than rupees 100 crore*	3,50,000
(vi) *rupees 100 crore or more*	4,00,000 :

Provided *that the ceiling limits specified under this sub-paragraph shall apply, if -*

(i) *payment of remuneration is approved by a resolution passed by the Remuneration Committee ;*

(ii) *the company has not made any default in repayment of any of its debts (including public deposits) or debentures or interest payable thereon for a continuous period of thirty days in the preceding financial year before the date of appointment of such managerial person ;*

(iii) *a special resolution has been passed at the general meeting of the company for payment of remuneration for a period not exceeding three years;*

(iv) *a statement along with a notice calling the general meeting referred to in clause (iii) is given to the shareholders containing the following information, namely ; -*

I. General Information :

(1) *Nature of industry*

(2) *Date or expected date of commencement of commercial production*

(3) *In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus*

(4) *Financial performance based on given indicators*

(5) *Export performance and net foreign exchange collaborations*

(6) *Foreign investments or collaborators, if any.*

II. Information about the appointee :

(1) *Background details*

(2) *Past remuneration*

(3) *Recognition or awards*

(4) *Job profile and his suitability*

(5) *Remuneration proposed*

(6) *Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of his origin)*

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Annexure - 4

25. OTHER EXPENSES:

₹ in Lakhs

	2013-14	2012-13
Consumption of Stores and Spares	0.87	0.21
Consumption of Packing Material	14.32	11.26
Increase/(decrease) of excise duty on inventory	36.61	-
Power & Fuel charges	541.39	443.01
Repairs and Maintenance - Machinery	8.29	5.06
Rent (Refer Note no. 26.13)	1.97	
Insurance	8.61	5.03
Sales Promotions, Discounts & other selling expenses	346.25	232.91
Payment to Auditors (Refer Note no. 25.1 Below)	4.45	2.75
Miscellaneous Expenses	69.76	42.68
TOTAL	1,032.51	742.93

25.1. Payment to Auditors:

₹ in Lakhs

	2013-14	2012-13
As Auditor - Statutory Audit Fees	2.65	1.65
For Taxation Matters	1.00	0.30
For Company Law Matters	0.20	0.20
For other services	0.60	0.60
TOTAL	4.45	2.75

26. ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS:

26.1. Contingent liabilities and commitments to the extent not provided:

₹ in Lakhs

	As at March 31, 2014	As at March 31, 2013
Contingent Liabilities	-	
Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for		
Tangible Assets	3,600.51	33.81
TOTAL	3,600.51	33.81

26.2. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

There are no Micro and Small Enterprises, to whom the Company owes dues which are outstanding as at the Balance Sheet date. The information has been identified to the extent such parties have been identified on the basis of information available with the Company.

26.3. Financial Instruments:

The Company has negligible exposure in Foreign Currency during the year and hence has not availed any financial instrument viz Derivatives and Forward Contract Instruments for hedging its risks and exposure to foreign currency fluctuations.

26.4. Value of imports calculated on CIF basis: NIL (Previous Year: NIL)

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