

BOARD OF DIRECTORS

Shri Ram Rich Pal Nuwal – Chairman
Shri Subhash Nuwal - Managing Director
Shri Naresh Gattani - Executive Director
Shri Shanti lal Rathi - Director
Shri Shiv Prasad K Rathi – Director
Smt. Ranjana Gattani – Director
Smt. Prem Devi Gattani – Director
Shri Harshil Nuwal – Director
Shri Ganpat Singh Chouhan – Independent Director
Shri Hanuman Kumat – Independent Director
Shri Manish Inani – Independent Director
Shri Sanjay Kumar Jain – Independent Director

Statutory Auditors

M/s S. DAD & Co., Bhilwara

Bankers

State Bank of Bikaner & Jaipur
Industrial Estate Branch,
Pur Road, Bhilwara - 311 001(Raj.)

Plant

Village: Guwardi,
12th KM. Stone, Chittorgarh Road
Bhilwara – 311025 (Raj.)

Registered Office
2, Sangam Towers, Near. Old RTO, Gandhi Nagar,
Pur Road, Bhilwara - 311 001(Raj.)
Email ID – sonaprocess@gmail.com

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NOTICE

Notice is hereby given that the 20th ANNUAL GENERAL MEETING of the Shareholders of Sona Processors (India) Limited will be held at the Registered Office of the Company at 2, Sangam Towers, Near, Old RTO Road, Gandhi Nagar, Pur Road, Bhilwara on Saturday, 20th July, 2013 at 10.00 A.M. to transact, with or without modification, as may be permissible, the 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 31st March, 2013 and the Reports of the Board of Directors and the Auditors of the Company.
2. To appoint a Director in place of Shri Ganpat Singh Chouhan, who retires from office by rotation and, being eligible, offers him for reappointment.
3. To appoint a Director in place of Shri Hanuman Kumat, who retires from office by rotation and, being eligible, offers him for reappointment.
4. To appoint a Director in place of Shri Manish Inani, who retires from office by rotation and, being eligible, offers him for reappointment.
5. To appoint a Director in place of Shri Sanjay Jain, who retires from office by rotation and, being eligible, offers him for reappointment.
6. To appoint M/s S. Dad & Co. Chartered Accountants, Bhilwara. as the 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 and fix their remuneration.

7. SPECIAL BUSINESS:

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

“RESOLVED THAT in terms of Article 107 of the Article of Association of the Company and pursuant to the provisions of Sections 198, 269, 309, 311 and 314, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the said Act), or any other law for the time being in force and all guidelines for managerial remuneration issued by the Central Government from time to time, consent of the Company was accorded for the appointment of Shri Subhash Nuwal as the Managing Director of the Company on 03.12.2013 in Extra Ordinary General Meeting and upon the revise terms as to remuneration and perquisites as set out below with liberty to the Board (which term shall include any Committee constituted or to be constituted by the Board) from time to time to alter the said terms in such manner as may be agreed between the Board and Shri Subhash Nuwal, and as may be permissible under law.

1. **Period:** Three years w.e.f. 1st April 2013, with the liberty to either party to terminate the appointment on three months' notice in writing to the other.
2. **Remuneration:** Basic Salary of Rs 120000/- (Rupees One Lac Twenty Thousand Only) per month.
3. **Perquisites :**

The Following Perquisites will be provided in addition to salary.

- a) Company maintained One Car for use on Company's business.
- b) Club Fee of One club.
- c) Company's contribution towards Provident Fund on Basic Salary.
- d) Gratuity Calculated on Basic Salary.
- e) Leave and encashment of leave.
- f) Other Allowances/benefits/perquisites: Any other allowances, benefits and perquisites as per the Schemes, Policies and Rules applicable to the Senior Executive of the Company and/or which may become applicable in the future and/or any other allowances, perquisites as the Board may from time to time decide.
- g) Any other one time periodic retirement benefits as may be decided by the Board at the time of retirement.

The Above Perquisites will be in accordance with the schemes, policies and the rules of the of the Company as applicable from time to time unless the Board decides to vary the same specifically.

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4. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309, 310 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act or any statutory modification or reenactment thereof for the time being in force, or otherwise as may be permissible at law.
5. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Shri Subhash Nuwal, Managing Director, will be considered as continuous service with the Company from the date of his joining the Sona Processors (India) Limited.
6. The Board of Directors (which term shall be deemed to include any Committee constituted/to be constituted by the Board) is authorized to revise the remuneration and perquisites payable to Shri Subhash Nuwal from time to time. The next revision in his salary will be effective from 1st April, 2016.
7. Where in any financial year, the company has inadequate profits then forgoing amount of remuneration and benefits shall be paid to Shri Subhash Nuwal subject to the applicable provisions of Schedule XIII of the Companies Act, 1956.
8. So long as, Shri Subhash Nuwal functions as the Managing director of the Company; he shall not be subject to retirement by rotation and shall not be paid any fees for attending the meetings of the Board of Director of the Company or any Committee(s) thereof.

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

“RESOLVED THAT in terms of Article 107 of the Article of Association of the Company and pursuant to the provisions of Sections 198, 269, 309, 311 and 314, read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (the said Act), or any other law for the time being in force and all guidelines for managerial remuneration issued by the Central Government from time to time, consent of the Company was accorded for the appointment of Shri Naresh Kumar Gattani as the Executive Director of the Company on 01.08.2012 in E.G.M. and upon the revised terms as to remuneration and perquisites as set out below with liberty to the Board (which term shall include any Committee constituted or to be constituted by the Board) from time to time to alter the said terms in such manner as may be agreed between the Board and Shri Naresh Kumar Gattani, and as may be permissible under law.

1. Period: Three years w.e.f. 1st April 2013, with the liberty to either party to terminate the appointment on three months' notice in writing to the other.

2. Remuneration: Basic Salary of Rs 120000/- (Rupees One Lac Twenty Thousand Only) per month.

3. Perquisites:

The Following Perquisites will be provided in addition to salary.

- a) Company maintained One Car for use on Company's business.
- b) Club Fee of One Club.
- c) Company's contribution towards Provident Fund on Basic Salary.
- d) Gratuity calculated on Basic Salary.
- e) Leave and encashment of leave.
- f) Other Allowances/benefits/perquisites: Any other allowances, benefits and perquisites as per the Schemes, Policies and Rules applicable to the Senior Executive of the Company and/or which may become applicable in the future and/or any other allowances, perquisites as the Board may from time to time decide.
- g) Any other one time periodic retirement benefits as may be decided by the Board at the time of retirement.

The Above Perquisites will be in accordance with the schemes, policies and the rules of the of the Company as applicable from time to time unless the Board decides to vary the same specifically.

4. The aggregate of the remuneration and perquisites as aforesaid in any financial year shall not exceed the limits prescribed from time to time under Section 198, 309, 310 and all other applicable provisions of the Companies Act, 1956, read with Schedule XIII to the said Act or any statutory modification or reenactment thereof for the time being in force, or otherwise as may be permissible at law.

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5. For the purposes of Gratuity, Provident Fund, Superannuation and other like benefits, if any, the service of Shri Naresh Kumar Gattani, Executive Director, will be considered as continuous service with the Company from the date of his joining the Sona Processors (India) Limited.
6. The Board of Directors (which term shall be deemed to include any Committee constituted/to be constituted by the Board) is authorized to revise the remuneration and perquisites payable to Shri Naresh Kumar Gattani from time to time. The next revision in his salary will be effective from 1st April, 2016.
7. Where in any financial year, the company has inadequate profits then forgoing amount of remuneration and benefits shall be paid to Shri Naresh Kumar Gattani subject to the applicable provisions of Schedule XIII of the Companies Act, 1956.
8. So long as, Shri Naresh Kumar Gattani functions as the Executive Director of the Company; he shall not be subject to retirement by rotation and shall not be paid any fees for attending the meetings of the Board of Director of the Company or any Committee(s) thereof.

EXPLANATORY STATEMENTS UNDER SECTION 173 FO THE COMPANIES ACT, 1956

Shri Subhash Nuwal, has been associated with the Sona Processors (India) Limited for more than 21 years and, He was appointed as a Managing Director of the Company with effect from 03.12.2012 once again. As managing director Shri Subhash Nuwal is looking after marketing, expansion & execution thereof in addition to day to day activities. Considering his long association and the contribution made by him to the company and rich experience in various areas, the Board felt, in the interest of the Company, to revise on the terms as to remuneration and otherwise as set out in the resolution. Considering his experience and seniority, and the trend in the industry, the terms of his remuneration are considered to be fair, just and reasonable, and are commended for your acceptance.

Shri Subhash Nuwal, Managing Director of the Company, is deemed to be interested in this Special Resolution. Shri R. R. P. Nuwal and Shri Harshil Nuwal, Directors are concerned or otherwise interested in the said Special Resolution.

Shri Naresh Kumar Gattani, has been associated with the Sona Processors (India) Limited for more than 19 years since. He was appointed as an Executive Director of the Company 16.12.1994. As executive director Shri Naresh Kumar Gattani is looking after procurement of material, production and wind power activities. Considering his long association and the contribution made by him to the company and rich experience in various areas, the Board felt, in the interest of the Company, to revise on the terms as to remuneration and otherwise as set out in the resolution. Considering his experience and seniority, and the trend in the industry, the terms of his remuneration are considered to be fair, just and reasonable, and are commended for your acceptance.

Shri Naresh Kumar Gattani, Executive Director of the Company, is deemed to be interested in this Special Resolution. Smt. Prem Devi Gattani and Smt. Ranjana Gattani, Directors are concerned or otherwise interested in the said Special Resolution.

The Company is incorporated on 7th May, 1993 and started processing of grey fabrics of third parties since 7th October, 1995. The companies is earning profit and paying applicable income tax on year to year basis since financial year 1995-96. The company has started export of fabrics since financial year 2011-12 to meets its export obligations under EPCG scheme of Import of capital goods with less custom duty. During the year under consideration company has made an Export Turnover of Rs.151.49 Lacs (P.Y. Rs.149.00 Lacs). There is no foreign investment or colabration exists. The remuneration including perquisites paid to Shri Subhash Nuwal is Rs.6.05 Lacs & to Shri Naresh Kumar Gattani is Rs.7.83 Lacs. The remuneration to be paid to both directors is comparable with prevailing payments in processing (Textiles) industry and adequate looking to work responsibilities shared by them and as per the provision of part- 2 of schedule-XIII of the Companies Act, 1956.

The Board commends the above appointments and accordingly recommends the Special Resolution as set out in item No. 7& 8 of the Notice for your approval.

**By Order of the Board,
For Sona Processors (India) limited**

Bhilwara, May 30, 2013

**SUBHASH NUWAL
MANAGING DIRECTOR**

NOTES FOR MEMBER'S ATTENTION:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not to be a member.

The Instrument appointing a Proxy should, however be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.

2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, in respect of Item No. 8 and 9 of the Notice as set out above, is annexed hereto.
3. The register of members and share transfer books will remain closed from Wednesday, 26th day of June 2013 to Thursday the 18th day of July 2013 (both days inclusive).
4. Shareholders are requested to notify any change to address :
 - a) The Company to its Share Department at the Registered Office at Bhilwara in respect of the shares held in physical form.
 - b) In case the mailing address mentioned on this Annual Report is without the PIN CODE, shareholders are requested to kindly inform their PIN CODE immediately to the Company, as mentioned above.
5. Shareholders are requested to correspond in connection with shares held by them by addressing letter directly to the Share Department of the Company situated at the registered office of the Company at Bhilwara – 311001. (Raj.) **and not to any other Office of the Company**, quoting reference of their folio numbers.
6. As per the provisions of the amended Companies Act, 1956, facility for making nominations is now available to INDIVIDUALS holding shares in Company. Shareholders holding shares in physical form may obtain the Nomination Form – 2B prescribed by the Government from the Share Department of the Company.
7. Shareholders are requested to read the “Shareholders’ Information” Section of the Annual Report for useful information.
8. Shareholders desirous of obtaining any information/clarification on the accounts and operations of the Company are requested to send in written queries to the Company, at least one week before the date of the meeting. Replies will be provided in respect of such written queries received, only at the meeting.
9. As you are aware, Ministry of Corporate Affairs (MCA), Government of India, vide its Circular Nos. 17 & 18 dated 21st April, 2012 and 29th April, 2012 respectively, has now allowed the companies to send Notices of General Meetings/other Notices, Audited Financial Statements, Directors’ Report, Auditors’ Report etc., henceforth to their shareholders electronically as a part of its Green Initiatives in corporate governance.

Keeping in view the aforesaid initiative of MCA, Your Company shall send the Annual Reports to its shareholders in electronic form, to the e-mail address provided by them.

By Order of the Board

Bhilwara, May 30, 2013

**SUBHASH NUWAL
MANAGING DIRECTOR**

DIRECTORS' REPORT

**To,
Dear Shareholders,**

Your Directors have pleasure in presenting the 20TH Annual Report and Audited Accounts of the Company for the year ended March 31, 2013.

As the Management Discussion and Analysis Section focuses on your Company's strategies for growth and the performance review of the businesses/operations of the Company in depth.

The bird eye views of the summarized financial results are depicted below:-

FINANCIAL RESULTS:

	(Rs. in lacs)	
	<u>Current Year</u>	<u>Previous year</u>
	31.03.2013	31.03.2012
Total Revenue	4327.24	3875.91
Profit before Depreciation, Interest & Tax (EBITD)	481.57	393.46
- Depreciation	229.06	181.58
- Finance Cost	163.54	132.88
- Provision for taxation (MAT)	16.95	15.05
- Provision for Deferred Tax Liability	<u>13.53</u>	<u>09.68</u>
Net Surplus after Tax	<u>58.49</u>	<u>54.27</u>

DIVIDEND

Taking into consideration the increased need of funds for working capital and to sustain future growth of company through more assets expansion, your Directors have decided to conserve the profit and do not recommend any dividend for the financial year ended on March 31, 2013.

PROJECT COMPLETION AND BUSINESS PERFORMANCE

Yours Company, with the help of continuous expansion and modernization program with latest available technology and with all required infrastructure facilities to process Grey fabrics at optimistic level with specific properties addition through special treatment over fabrics, is having better edge over existing local competitors.

During the year under review the operation of continuous pressing machine formula No.1 to improve quality of processing & energy saving has resulted in value addition & processing margin. To exercise better control over effluent discharge, company Reverse Osmosis Plant having a capacity of 700m³ per day for further treatment of treated effluent to reduce the intake of fresh water more than 85% is working efficiently.

Company has installed new High Efficiency Boiler of 10 T/hr. capacity with Fully Automatic Control to significantly trim the coal steam usages and help to reduce the unit's carbon foot print and more useful in case of future expansion, without further investment. Weft Streightner Machine installed to get the higher efficiency for Skew & Bow in weft Correction of the fabric. Company has planned to install 6 Hydrolic Jigger machines which are P.L.C. Controlled and Fully Automatic. For washing and dyeing of high value fabric & entering into Cotton Fabric processing area and for desizing and weft spreading Weft Spreading & Squeezing Machine installed.

The Board continues to push for enhanced creation of fabric value through superior processing, governance and healthy business practice. The operation of the company was carried out satisfactorily during the year as reflected by the financial results given above. The job processing industry in this region is witnessing the continuously increasing competition. Still the company has achieved job processing of 349.07 lacs mtrs. Having Fabrics, processing and wind power turnover of Rs 4319.83 lacs, a rise of 11.72% over the previous year. The company's Turnover of fabric sale is Rs.151.49 lacs. (Prev. year Rs. 149.00 Lacs) The Profit after Tax is higher at Rs. 58.49 lacs, an increase of 7.77% as compared to the previous year, even when at higher depreciation and finance cost. The cash accrual is Rs 301.08 Lacs during the years as against Rs 245.53 Lacs of previous year.

The Labor Shortage remained continuous phenomena as a result the production chain was not smooth which has affected the production capacity. Under the prevailing economic scenario, profit performance considered to be Satisfactory in spite of increase in the prices of Dyes & Chemicals, Power, Coal & Diesel, and Store & Spares etc. as compare to marginal increase in fabric processing rates.

FUTURE PLAN OF NEW ACTIVITY

During the year company has decided to enter into Road Toll Tax Collection work and accordingly in the Extra Ordinary General Meeting held on 28th February, 2013, the full description about activity to be under taken is added at serial No. 37. in the Memorandum of Association of the Company under other objects Clause.

DIRECTORS:

Shri Subhash Nuwal, who was recommended as Managing Director by your Board on 15th October, 2012 meeting, was appointed in the Extra Ordinary General Meeting of the Company held on 3rd December, 2012.

Shri Ganpat Singh Chouhan, Shri Hanuman Kumat, Shri Manish Inani & Shri Sanjay Jain, Directors of the Company, who are retiring from office by rotation and, being eligible, have offered themselves for re-appointment at the ensuing AGM. The Board recommends the above re-appointments.

A revision in payment of increase remuneration w.e.f. 01.04.2013 is approved by a resolution passed by the Remuneration Committee and subsequently by the Board related to Shri Subhash Nuwal, Managing Director and Shri Naresh Kumar Gattani; Executive Director on 4th February 2013 is placed for your approval. Resolutions seeking your approval on these items are included in the Notice convening the AGM.

DIRECTORS' RESPONSIBILITY STATEMENT

As stipulated in Section 217(2AA) of the Companies Act, 1956, your Directors subscribe to the "Directors' Responsibility Statement" and confirm that:

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) The accounting policies selected have been applied consistently, and judgments and estimates are made that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at the end of the financial year and of the profit or loss of your Company for that period;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities; and
- iv) The annual accounts have been prepared on a going concern basis.

CORPORATE GOVERNANCE

Your Directors reaffirm their continued commitment to good corporate governance practices. Your Company fully adheres to the standards set out by the Securities and Exchange Board of India for Corporate Governance practices, and has implemented all of its stipulations.

As required by Clause 49 of the Listing Agreement of Stock Exchanges, a separate section on Corporate Governance together with a certificate from your Company's Statutory Auditors, forms part of this Annual Report.

MANAGEMENT DISCUSSION AND ANALYSIS

The Annual Report also contains a separate section on the Management Discussion and Analysis, which is a part of the Directors' Report.

AUDITORS

The Board on the recommendation of the Audit Committee has proposed that M/s S. Dad & Co., Chartered Accountants, Bhilwara, be reappointed as the Statutory Auditors of the Company, to hold office from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company. M/s S. Dad & Co., Chartered Accountants, Bhilwara, have forwarded their certificates to

the Company, stating that their re – appointment, if made, will be within the limit specified in that behalf in Sub-section (1B) of Section 224 of the Companies Act, 1956.

The observation made in the Auditors' Report are self-explanatory, and therefore, do not call for any further comments under Section 217(3) of the Companies Act, 1956.

COST AUDIT

In pursuance of Section 233-B of the Companies Act, 1956 your Directors have appointed M/S Avnesh Jain & Co., Jaipur as the Cost Auditors to conduct the Cost Audit for the year 2013 – 14.

The Cost Audit Reports for the financial year 2011-12 was filed by the Cost Auditors on 12th December 2012.

PARTICULARS OF EMPLOYEES

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Amendment Rules, 2011 is not applicable as none of employees is drawing salary up to and exceeding the limit specified in the said section during the year or part of the year.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

Report required to be made pursuant to Section 217 (i) (e) of Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are separately disclosed and forming part of the Directors' Report.

APPRECIATION

Your Directors take this opportunity to express their sincere appreciation for the excellent support and co-operation extended by the shareholders, customers, suppliers, bankers and other business associates. Your Directors gratefully acknowledge the ongoing co-operation and support provided by Central and State Governments and all Regulatory bodies.

Your Directors place on record their deep appreciation for the exemplary contribution made by employees at all levels. Their dedicated efforts and enthusiasm have been pivotal to your Company's growth.

For and On behalf of the Board

Bhilwara, May 30, 2013

**SUBHASH NUWAL
MANAGING DIRECTOR**

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

Information under section 217 (1) (e) of the Companies Act, 1956, read with Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988, and forming part of the Directors' Report for the year ending 31st March 2013.

(A) CONSERVATION OF ENERGY

Information required under the companies [Discloser of particulars in the Report of the Board of Directors] Rules, 1988.

A. Conservation of Energy :

The Company continues its endeavour to improve energy conservation and utilization by.

- (a) Replacement of old motors in soft winding.
- (b) Conversion of Boiler from coal to petcoke.

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B. Technology Absorption, Research & Development (R&D) :

1. Specific areas in which R & D carried out by the company:

- (a) Development of new and innovative processing to expand market.
- (b) All aspects of processing chain to reduce the cost of materials, to effect import substitution, process simplification and beam time reduction.
- (c) Quality improvements.

2. Benefits derived as a result of the above R & D:

Development of high quality, Cost effective consumer preferred processing, Generation of funds to grow the business through continuous improvement in our Manufacturing processes, reduction in cost of raw and packaging materials, Reduction in beam cycle time.

3. Future plan of action:

The company continues to focus on developing new, innovative and high quality processing to meet the ever changing consumer needs and drive growth with on reducing costs to fund the growth.

	<u>CURRENT YEAR</u>	<u>PREVIOUS YEAR</u>
I. POWER & FUEL		
1. Electricity		
(a) Purchased Unit	6004256	5925890
Total Cost (Rs.)	35266703	30141238
Rate/Unit (Rs.)	5.87	5.09
(b) Own Generation		
Through Diesel Generator Unit	133331	124225
Unit/Ltr of Diesel	3.27	3.25
Cost / Unit	11.69	11.24
2. Coal & Petcock used for generation of steam in Boiler and to heat thermic fluid oil in thermopac.		
Quantity (in tones)	10260	9302
Total Cost	63885041	69362649
Average rate/M.T.	6227	7457

II. CONSUMPTION PER UNIT OF PRODUCTION:

(Products: Synthetics Fabrics)

Electricity per meter of fabrics in unit	0.175	0.171
Fuel per meter of fabrics / kg	0.292	0.263

III. TECHNOLOGY ABSORPTION

1. Efforts, in brief, made towards technology absorption and innovation:

The technology centers involved in simplification, of fabric processing cycle exploring avenue to reduce cost of materials and steam cost.

2. Benefits derived as a result of the above effects:

Market expansion by increases in market size. Benefits to customers through Quality enhancement and the reduction in cost of the processing.

IV. RESEARCH & DEVELOPMENTS

Considering the absolute necessity in the long run to process customers' fabrics with global marketability, your company has modernized the processing plant on continuous basis & regularly upgrading the existing Laboratory/R&D Section equipped with State of Art Infrastructure and Sophisticated Equipments.

The said Laboratory and R&D Cell managed by a team of qualified personnel with rich experience involved in developing suitable recipes, shades with different fabric range in the present line of activity of your company.

	<u>2012-13</u>	<u>2011-12</u>
V. FOREIGN EXCHANGE EARNING	138.25	138.41
VI. FOREIGN EXCHANGE OUTGO	25.02	251.48

(Rs. in lacs)

MANAGEMENT DISCUSSION AND ANALYSIS

We have pleasure in submitting the Management Discussion & Analysis Report on the Company's businesses. We have attempted to include discussions on all specified matters to the extent relevant, or within such limits that in our opinion are imposed by the company's own competitive position. The Company ended the year under review with satisfactory financial performance as a whole, despite sharp increased pressures arising due to inflation.

We believe that our both business are backed up by necessary skills and expertise; our core competency can be seen in the fabric process. Our financial performance is generally representative of competitiveness in our core operations and quality of products and services.

Your company has performed satisfactorily by recording increase in turnover during the year under review. The profit after tax & cash accrual is higher as compared to previous year.

1. COMPANY AND ITS BUSINESS STRUCTURE

Your company is mainly engaged in processing of fabrics on job basis received from its customers, Fabric manufactured on job basis for export & a wind power generation plant at Jaiselmer for captive consumption. At processing stage, various properties/qualities are developed which make the grey fabrics in its usable/acceptable form. Our performance of production is mainly depends upon prevailing demand – supply ratio of Textile Commodities in Indian as well as in International markets.

Our operations are focused in our segment of core competence viz. Fabric processing & Wind Power Generation. All operating stages are kept self-sufficient managerially to perform their own duties and functions, with support provided at a corporate level as and when required. Data on capacities, volumes and turnover are contained in the Notes to the Accounts and a Summary is given below.

Particulars	FY 2012 - 2013		FY 2011 – 2012	
	Production (In Lacs)	Turn Over (Rs.in lacs)	Production (In Lacs)	Turn Over (Rs. in lacs)
Fabric Processing	352.68 Mtrs	4156.45	344.81 Mtrs	3704.17
Own Fabric Sale / Export	1.67 Mtrs	151.49	1.77 Mtrs	149.00
Wind Power Generation	2.09 Units	10.01	2.95 Units	12.88

We firmly recognize that total customer satisfaction is the key to our success. Our aim is to build sound customer relationship through creation of value for them, and in process to earn an equitable return for ourselves. Quality is built into products through appropriate manufacturing technology and work methods. Manufacturing at all unit is carried out by suitably qualified personnel under strict quality standards. Continuous product development for specific applications has helped us in proactively developing technical solutions with clearly apparent customer benefits.

2. BUSINESS OUTLOOK

The year under review saw rise in the prices of yarn during the financial year. The seasonal, textile market which has affected the production of grey fabrics which is the main constitute of our job processing activity. In stiff competition company has to bear the increased cost of raw material, power and fuel and is able to pass marginal burden to the customers as such.

Being equipped with modern machineries, the company's processing of fabrics is of high quality and standard and enjoying goodwill in the market. The medium and long-term outlook for processing business seems good. The trust reposed by the weavers and initiative taken by the management resulted in retaining our position in the market. Quality awareness, Pollution Control measures besides recycling of treated water is seen as driver for sustaining the production activity in water scarcity environment.

3. RISK & CONCERNS

Your Company has a comprehensive risk management system, which inter alia provides for risk identification, assessment, and reporting and mitigation procedure. The risk management framework actively supports the Board in its strategic decision making.

During the year, the Audit Committee reviewed the risk management framework of the Company; the key risk associated with the different Businesses, and was satisfied with the measures taken to mitigate the same.

An analysis of the company's key business risks and mitigation plans are as follows:

(A.) HUMAN RESOURCE RISK

The company's ability to deliver value is shaped by its ability to attract, train, motivate, empower, and retain the best professional talent. These abilities have to be developed across the Company's rapidly expanding operations. The Company continuously benchmarks HR policies and practices with the best in the industry and carries out the necessary improvements to attract and retain the best talent.

(B.) FOREIGN EXCHANGE RISK

The Company's policy is to hedge long-term foreign exchange risk as well as short-term exposures within the defined parameters. The long-term foreign exchange liability is fully hedged on held to maturity basis. Your Company suitably hedges the differential short-term exposure between export and import to appropriately manage the currency risk.

(C.) COMPETITOR RISK

The market is highly competitive with no fiscal barriers and entry of new players. To address this risk, your Company deploys multi-pronged plans for continuous improvements in the area of cost, quality, and customer services.

(D.) COMPLIANCE RISK

Growth in business coupled with increasing regulatory enactments has also brought in additional compliance requirements. Your Company monitors and reviews changes in the regulatory framework on a regular basis and ensures compliance with all applicable laws.

4. INTERNAL CONTROL SYSTEM

The Company's has appropriate internal control systems for business processes, with regard to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations, etc. Clearly defined roles and responsibilities for all managerial positions have also been institutionalized. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests ways of further strengthening them, from time to time.

5. FINANCIAL PERFORMANCE

The Gross turnover of the Company during the year is Rs. 4319.83 lacs as against previous year turnover of Rs. 3866.81 lacs. The financial performance, which has been highlighted in the Directors' Report, needs to be viewed in the contest of timely initiatives taken by the management under prevailing different market condition.

6. ENVIRONMENT & SAFETY

Occupational Safety and Environment Management continues to be an important area for your company and received focus attention throughout the year.

Social and environmental practices, far beyond compliance, have been an integral part of our Company's philosophy since its inception. These investments were undertaken with an innate sense of responsibility towards the well-being of society and the environment. In recent years, to cement these relationships, our initiatives have become more structured and have been seamlessly integrated in our business process. Our key focus areas included – Waste Management, Energy Management, Water Conservation, Afforestation and reduction in Emissions. Your company plant in Textile Business has ISO 9001 – 2008 certification.

The Effluent Treatment plants at Company's location at Bhilwara, is continuously upgraded. Recycling the treated effluent and using the treated water in process applications is an integral part of operation. The water is also used for gardening.

Company has installed a three stage R.O. Plant for further treatment water to reduce the fresh water intake. It also helps in maintaining Zero discharge status.

We are using more than 85 % recycled treated effluents water in fabric processing and other activity and remaining treated water is used for gardening and plantation. By this way, we continue fulfilling all the conditions as laid down by the Rajasthan State Pollution Control Board.

Our policy requires conduct of activities in such a way as to take foremost account of health and safety of all concerned, besides conservation of natural resources and protection of the environment to the extent possible. In order to achieve the said object, we have upgraded our existing ETP by using latest technologies.

The company's ongoing programs for continuous reduction of the environmental impact of operations have further reduced the environmental load of key parameters. These continue to remain well below the statutory requirements.

The company is sending the hazardous waste (ETP Dry Sludge) to M/s Aditya Cement, Chittorgarh, Shree Cement Beawer, & Rajasthan Waste Management Project, Udaipur where they are using it as a fuel in their Clin. Moreover, the company has become member of Hazardous Waste Disposal Facility of Udaipur Chamber of Commerce and Industry, Udaipur (Raj.) for disposing its ETP Sludge.

The Company is using good quality of Dyes & Chemicals to control the involved water pollution & petro – cock for Air Pollution.

The only acceptable standard of safety performance for our company envision is “zero accidents”. Our company is on a unique safety journey with an intensive focus on behavioral aspects of safety, along with continual improvements in engineering controls and safety management system.

Your Board, Management and all colleagues are committed to living in harmony with nature.

7. INDUSTRIAL RELATIONS

Industrial Relation remained cordial through out the year. The Human Resources strategy of the company has been focusing increasingly on the following aspects:

- Improvement in management of shop floor
- Improving competitiveness
- Driving a performance oriented culture
- Training and retraining for multi-skills.

8. CONCLUSION

Leadership position and cost competitiveness in both field of Processing & Wind Power activity will be strengthened on an ongoing basis. Modernization will provide additional volumes leading to rapid growth and help further consolidate your Company's leadership.

CAUTIONARY STATEMENT

Statement in this “Management Discussion and Analysis” describing the company's objectives, projections, estimates, expectations or predictions may be “forward looking statements” within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand-supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

CORPORATE GOVERNANCE REPORT

The Board of Directors of your company continues to lay great emphasis on the broad principles of corporate governance. Our Pursuit towards achieving good governance is an ongoing process. In so far as compliance with the requirements under Clause 49 of the Stock Exchange Listing Agreement is concerned,

the company is in full compliance with the norms and disclosures that have to be made in corporate governance.

1. A Company's Philosophy on code of governance:

Corporate Governance refers to a set of laws, regulations and good practices that enable an organization to perform efficiently and ethically generate long term wealth and create value for all its stakeholders.

We at, SONA PROCESSORS (INDIA) LIMITED, are committed to the adoption of best governance practices and its adherence in the true spirit, at all times. Our governance practices are self-driven, reflecting the culture of the trusteeship that is deeply ingrained in our value system and reflected in our strategic growth process. Our governance philosophy rests on five basic tenets, viz.,

- Board accountability to the Company and stakeholders,
- Equitable treatment to all shareholders,
- Strategic guidance and effective monitoring by the Board,
- Transparency and timely disclosure.

In line with the philosophy, your Company continuously strives for excellence through adoption of best Governance and disclosures practices. In terms of Clause 49 of the Listing Agreement executed with the stock exchange, the details of compliance for the year ended 31st March 2013 are as follows:

2. Board of Directors

(A) Composition of Board

Your Company's Board comprises of 12 Directors, having considerable professional experience in their respective fields. Out of them, 4 are Independent Directors, 6 are Non – Executive Directors and 2 Executive Directors. The Executive Directors include Managing Director and Whole-time Director. Your Board has appointed Shri Subhash Nuwal as Managing Director w.e.f. 3rd December, 2012.

The composition of the Board is in conformity with the requirements of Clause 49 of the Listing Agreement.

S. No.	Name of the Director	Category of Director	No. of Board Meetings		No. of other Director Ships	Committee Membership	Committee Chairmanship	Last AGM Attended
			Held	Attended				
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Shri R.R.P. Nuwal*	Chairman	10	10	2	1	1	Yes
2	Shri Subhash Nuwal	Managing Director	10	5	5	2	0	No
3	Shri Naresh Kumar Gattani **	Executive Director	10	10	11	0	3	Yes
4	Shri Shanti Lal Rathi***	Director	10	10	4	4	0	Yes
5	Shri Shiv K Rathi***	Director	10	10	3	4	0	Yes
6	Harshil Nuwal *	Director	10	10	6	3	0	Yes
7	Smt. Prem Devi Gattani**	Director	10	10	10	1	0	Yes
8	Smt. Ranjana Gattani**	Director	10	10	1	4	0	Yes
9	Shri Hanuman Kumat	Independent Director	10	10	2	1	1	Yes
10	Shri Sanjay Kumar Jain	Independent Director	10	10	1	1	0	Yes
11	Shri Ganpat Singh Chouhan	Independent Director	10	10	1	1	0	Yes
12	Shri Manish Inani	Independent Director	10	10	0	1	0	Yes

(B) Role of Board of Directors

Your Company’s Board of Directors play primary role in ensuring good governance, smooth functioning of the Company and in the creation of shareholder value. The Board’s role, functions, responsibility and accountability are clearly defined. As Board’s primary role is fiduciary in nature, it is responsible or ensuring that the Company runs on sound ethical business practices, and that the resources of the Company are utilized in a manner so as to create sustainable growth and value for the Company’s shareholders and the other stakeholders and also to fulfill the aspirations of the society and the communities in which it operates. As part of its function, your Board periodically reviews all the relevant information, which is required to be placed before it pursuant to Clause 49 of the listing Agreement and in particular reviews and approves corporate strategies, business plans, annual budgets, projects and capital expenditure. Your Board’s monitors the Company’s overall corporate performances direct and guides the activities of the Management towards the set goals and seek accountability. Your Board also sets standards of corporate behaviour, ensures transparency in corporate dealings and compliance with the laws and regulations.

Agenda of the Board Meeting and Notes on Agenda are circulated to the Directors as far as possible well in advance of each Board Meeting. At the Board Meeting, elaborate presentations are made to the Board. The Members of the Board discusses each agenda item freely in detail.

Your Board meets at least once in a quarter to review the quarterly financial results and operations of your Company. Apart from the above, additional Board Meetings are convened by giving appropriate notice to address the specific needs and the business requirements of the Company.

* Shri R.R.P. Nuwal, Shri Subhash Nuwal & Shri Harshil Nuwal are related to each other as Grand Father, Son & Grand Son.

** Smt. Prem Devi Gattani, Shri Naresh Kumar Gattani, & Smt. Ranjana Gattani are related to each other as Mother, Son & Daughter-in-Law.

*** Shri S.L. Rathi & Shri Shiv K Rathi are related each other as Brother.

Meeting & Attendance

During the year ended March 31, 2013, Ten Meetings of the Board of Directors were held on the following dates:

- (i) 28th May, 2012 (ii) 6th July, 2012 (iii) 1st August, 2012 (iv) 31st August, 2012
- (v) 15th October, 2012 (vi) 29th October, 2012 (vii) 12th November, 2012 (viii) 3rd December, 2012
- (ix) 31st January, 2013 (x) 4th February, 2013.

Previous Annual General Meeting (AGM) was held on 28th June, 2012

Board Meetings & Attendance

S. No.	Date of Board Meeting	Board’s Strength	No. of Directors Present
1	28.05.2012	11	11
2	06.07.2012	11	11
3.	01.08.2012	11	11
4	31.08.2012	11	11
5	15.10.2012	11	11
6	29.10.2012	12	12
7	12.11.2012	12	12
8	03.12.2012	12	12
9	31.01.2013	12	12
10	04.02.2013	12	12

Board's Processes

It has always been the company's policy and practice that apart from matters requiring the Board's approval by statute, all major decisions including quarterly results of the Company as a whole and of financial restructuring, capital expenditure proposals, sale and acquisition of material nature of assets, mortgages, guarantees etc., are regularly placed before the Board. This is in addition to information with regard to actual operations, major litigation feed back reports and minutes of all Committee Meetings.

1. Compliance

The Ministry of Corporate Affairs has issued a set of Voluntary Guidelines on 'Corporate Governance' and 'Corporate Social Responsibility' in December 2009. These guidelines are expected to serve as a benchmark for the Corporate Sector and also help them in achieving the highest standard of corporate governance.

Most of the provisions of these guidelines are in place. Your Company will strive to adopt the remaining provisions in a phased manner.

2. Means of Communication

Quarterly, Half-Yearly and Annual Results of the Company are published in leading National Daily Newspaper.

3. Code of Conduct

The company has adopted a Code of Conduct specifically for the members of the Board of Directors and/or members of the senior Management of the Company, which sets out as follows:

- To act in the best interest of, and fulfill fiduciary obligations to the Company; act honestly, fairly, ethically and with integrity, conduct themselves in professional, courteous and respectful manner and not taken improper advantage of the position of Director;
- To comply with all applicable laws, rules and regulations;
- To act in good faith, responsibly, with due care, competence and diligence, without allowing their independent judgment to be subordinated;
- To act in a manner to enhance and maintain the reputation of the company;
- To disclose any personal interest that they may have regarding any matters that may come before the Board and abstain from discussion, voting or otherwise influencing decision or any matter in which the concerned Director has or may have such interest;
- To respect the confidentiality of information relating to the affairs of the Company acquired in the course of their services as Directors, while continuing as such a Director and even after ceasing to be such a Director, for a reasonable period of say two years, except when authorized or legally required to disclose such information;
- Restrain from using the company's property for personal gain;
- Avoid using any information or opportunity received in the capacity as Directors for personal gain, or in a manner that would be detrimental to the Company's interest;
- Abstain from discussion, voting or otherwise influencing decision or any matters that may come before the Board in which they may have conflict or potential conflict of interest.
- Not to use confidential information acquired in the course of their service as Directors for their personal advantage or for the advantage of any other entity in which they have a direct or indirect interest, or where they occupy a position of board or executive responsibility with influence over their decisions;
- Help create and maintain a culture of high ethical standards and commitment to compliance.

A Director who has concerns regarding compliance with this code should raise such concerns with the Chairman of the Board who will deal with the same. No waiver or suspension of any or all requirements of this Policy, or any modifications of this policy, shall be valid unless approved by the Board and formally minute with reasons for such action.

4. Code of Business Principles

Standard of Conduct

Company conducts its operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees. We shall similarly respect the legitimate interest of those with whom we have relationships.

Obeying the Law

Company and its employees are required to comply with the laws and regulations of the country.

Employees

Company is committed to diversity in a working environment where there is mutual trust and respect where everyone feels responsibility for the performance of reputation of our company. We will recruit, employ and promote employees on the sole basis of the qualifications and abilities needed for the work to be performed. We are committed to safe and healthy working conditions for all employees. We will not use any form of forced, compulsory or child labour. We are committed to working with employees to develop and enhance each individual's skills and capabilities. We respect the dignity of the individual and the right of employees to freedom of association. We will maintain good communication with employees through company based information and consultation procedures.

Consumers

Company is committed to providing superior quality services which consistently offer value in terms of price and quality, and which are safe for their intended use.

Shareholders

Company will conduct its operations in accordance with internationally accepted principles of good corporate governance. We will provide timely, regular and reliable information on our activities, structure, financial situation and performance to all shareholders.

Business Partners

Company is committed to establishing mutually beneficial relations with its suppliers, customers and business partners. In our business dealings we expect our partners to adhere to business principles consistent with our own.

Community Involvement

Company strives to be a trusted corporate citizen and, as an integral part of society, to fulfill our responsibilities to the societies and communities in which we operate.

Public Activities

Company is encouraged to promote and defend their legitimate business interests. Sona Processors (India) Ltd. will co-operate with governments and other organizations, both directly and through bodies such as trade associations, in the development of proposed legislation and other regulations, which may affect legitimate business interests. Sona Processors (India) Ltd, neither support political parties nor contributes to the funds of groups whose activities are calculated to promote party interest.

The Environment

Company is committed to making continuous improvement in the management of environmental impact and to the longer-term goal of developing a sustainable business. Sona Processors (India) Ltd will work in partnership with others to promote environmental care, increase understanding of environmental issues and disseminate good practice

Innovation

In our scientific innovation to meet customer needs we will respect the concerns of our customers and of society. We will work in the basis of sound science, applying rigorous standards of product safety.

Competition

Company believes in vigorous yet fair competition and supports and the development of appropriate competition laws. Sona Processors (India) Ltd and employees will conduct their operations in accordance with the principles of fair competition and all applicable regulations.

Business Integrity

Company does not give or receive, whether directly or indirectly, bribes or other improper advantages for business or financial gain. No employee may offer, give or receive any gift or payment, which is or may be construed as being, a bribe. Any demand for, or offer of, a bribe must be rejected immediately and reported to management. Sona Processors (India) Ltd accounting records and supporting documents must accurately describe and refer the nature of the underlying transactions. No undisclosed or unrecorded account, fund or assets will be established or maintained.

Conflicts of Interests

All Company's employees are expected to avoid personal activities and financial interest, which could conflict with their responsibilities to the Company. Sona Processors (India) Ltd employees must not seek gain for themselves or otherwise through misuse of their position.

Compliance – Monitoring – Reporting

Compliance with these principles is an essential element in our business success. The Sona Processors (India) Ltd, Board is responsible for ensuring these principles are communicated to, and understood and observed by, all employees. Day-to-day responsibility is delegated to the senior management. They are responsible for implementing these principles, if necessary through more detailed guidance tailored to local needs. Assurance of compliance is given and monitored each year. Compliance with the code is subject to review by the board supported by the audit committee of the board and the corporate risk committee. Any breaches of the code must be reported in accordance with the procedures specified by the Management. The Board of Sona Processors (India) Ltd will not criticize management for any loss of business resulting from adherence to these principles and other mandatory policies and instructions. The board expects employees to bring to their attention, or to that of senior management any breach or suspected breach of these principles. Provision has been made for employees to be able to report in confidence and no employee will suffer as a consequence of doing so.

5. Committees of the Board

The Board of Directors has constituted Committees of the Board.

i) Management Committee

The Company has a Management Committee of Directors comprising of four Directors under the Chairmanship of, Shri Naresh Kumar Gattani, Shri Shanti lal Rathi, Shri Shiv K. Rathi, Shri Subhash Nuwal & Smt. Ranjana Gattani to look after the financial, expansion, modernization & new research and development matters specified and/delegated appropriately by Board from time to time. During the year the committee met on 29.10.2012 & 04.02.2013 and attended by all the members Shri Subhash Nuwal joined the Committee on 03.12.2012.

II) Finance & Banking Committee

The Company has a Finance Committee to look into various matters, inter-alia, to approve opening and operation of Bank Accounts, execution of Power of Attorneys, to authorize officers of the Company in the matter of availment of secured and unsecured loans, to approve signing of agreements with the regulatory authorities and to authorize officers of the Company for performing acts required under various laws.

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The Committee comprises of Shri Naresh Kumar Gattani , Shri Harshil Nuwal, Shri Shanti Lal Rathi, Shri Shiv K Rathi and Shri Subhash Nuwal. The Chairman is Shri Naresh Kumar Gattani. During the year three meeting of the committee held on 01/08/2012, 03/12/2012 and 04/02/2013, Shri Subhash Nuwal Joined committee on 03.12.2012.

III) Audit Committee

(A) Qualified and Independent Audit Committee

Your Company has an Audit Committee at the Board Level which acts as a link between the management, the statutory and internal auditors, and the Board of Directors and oversees the financial reporting process. It interacts with statutory, internal & cost auditors and reviews and recommends their appointment and remuneration. The Audit Committee is provided with necessary assistance and information so as to enable it to carry out its function effectively.

The scope of the functioning of the Audit Committee is to review, from time to time, the audit and internal control procedures, the accounting policies of the Company, oversight of the Company's financial reporting process so as to ensure that the financial statements are correct, sufficient and credible and it performs such other functions and role, and exercises the powers as are recommended from time to time by SEBI, Stock Exchange and / or under the Companies Act, 1956. Your Audit Committee mandatory reviews the following information:-

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions submitted by the management;
3. Management letters/letters of internal control weaknesses, if any, issued by the Statutory Auditors;
4. Internal audit reports relating to internal control weaknesses, if any, and implementation of action points arising there from; and the appointment, removal and terms of remuneration of the Chief internal Auditor;
5. Quarterly and annual financial statements; and
6. Risk assessment and minimization procedures

The Audit Committee comprises of the following Directors, all of who are independent Non Executive Directors and are financial literate and having accounting or related financial management expertise:

1. Shri Hanuman Kumat, Chairman
2. Shri Shanti Lal Rathi
3. Shri Shiv K. Rathi
4. Shri Ganpat Singh Chouhan
5. Shri Harshil Nuwal
6. Shri Sanjay Kumar Jain
7. Shri Manish Inani

The Managing Director and the Whole-time Director and CEO are permanent invitees to the Audit Committee Meetings.

The Statutory as well as Internal Auditor of the Company are also invited to the Audit Committee Meetings. The representatives of the Cost Auditors are also invited to the Audit Committee Meetings whenever matters relating to the Cost Audit are considered.

The Chairman of the Audit Committee was present at the Annual General Meeting of the Company held on 28th June, 2012.

Meeting of Audit Committee:

The Audit committee was constituted in August, 2006. It consists of six members including four independent Non-Executive Director. The members of the committee are well versed in finance matters, accounts, company law and general business practices. During the year under review, the

Audit Committee met 4 times to deliberate on various matters on 28.05.2012, 31/08/2012, 29.09.2012 and 31/01/2013.

Shareholders’ Grievance / Allotment and Transfer Committee

The Company has a “Shareholders’ Grievance/Allotment and transfer Committee” at the Board level to look into various issues relating to shareholders/investors including transfer and transmission of shares as well as non-receipt of dividend, Annual Report, shares after transfers and delays in transfer of shares. In addition, the Committee looks into other issues including status of dematerialization of shares and debentures as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

The Committee comprises of the following Directors, Shri Naresh Kumar Gattani, Smt. Ranjana Gattani & Shri Harshil Nuwal during the year under review, the Committee met twice on 29.10.2012 & 04.02.2013 to deliberate on various matters referred above.

vi. Remuneration Committee

i) The Company has a Remuneration Committee of Directors comprising of Three Directors under the Chairmanship of Shri R.R.P. Nuwal, and Directors Smt. Ranjana Gattani, & Shri Shanti Lal Rathi.

ii) The broad terms of reference of the Remuneration Committee are as under:

- a) To approve the Annual Remuneration Plan of the Company;
- b) To approve the remuneration and commission/incentive remuneration payable to the Executive Director for each financial year;
- c) Such other matters as the Board may from time to time request the Remuneration Committee to examine and recommend/approve.

Remuneration of Executive Directors

All decisions relating to the remuneration of the Directors are taken by the Board of Directors of the Company in accordance with the Shareholders’ approval, wherever necessary.

Shri Subhash Nuwal and Shri Naresh Kumar Gattani are the Managing Director and the Whole-time Director of the Company, respectively, and as such no sitting fee is payable to them.

S. No.	Managing Director / Whole-time Director	Business Relationship With the Company	Salary	Perquisites & other benefits	Total
1	Shri Subhash Nuwal	Managing Director & CEO	576000	28800	604800*
2	Shri Naresh Kumar Gattani	Whole-time Director	672000	110940	782940

*Includes Salary payments Rs. 309677 / - as CEO.

Managing Director and Whole – time Director’s appointment is subject to termination by three months’ notice in writing on either side.

6. Means of Communication

The quarterly results of the Company are published in regional language i.e. Hindi newspaper.

7. Details of last three Annual General Meetings:

Year	Location	Date	Time
2012	12 th KM Stone, Chittorgarh Road, Guwardi, Bhilwara 311 025 (Raj.)	28.06.2012	10.00 A.M.
2011	- do -	02.07.2011	10.00 A.M
2010	- do -	02.07.2010	10.00 A.M

8. Extra Ordinary General Meeting

During the year Three Extra Ordinary General meeting was held on 01.08.2012, 03.12.2012 & 28.02.2013.

9. Disclosures

(A) Basis of related Party Transactions:

No material transaction has been entered into by the Company with the Promoters, Directors or the Management, their subsidiaries or relatives, etc., that may have a potential conflict with the interest of the Company.

A comprehensive list of related party transaction as required by the Accounting Standard(AS) 18 issued by the institute of Chartered Accountants of India, forms part of the Point No. 10 at Page No. 41 & 42 of the Financial Statements to the Accounts in the Annual Report. These transactions are not likely to have any conflict with the interests of the Company at large.

(B) Risk Management

Your Company has a comprehensive risk management policy. Your Company has laid down procedures to inform Board members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management controls the risks through properly defined framework.

The Audit Committee, which has been designated by the Board for the purpose, reviews the adequacy of the risk management framework of the Company, the key risks associated with the businesses of the Company and the measures and steps in place to minimize the same, and thereafter the details are presented to and discussed at the Board Meeting. The risk management issues are discussed in the Management Discussion and Analysis Report.

(C) Proceeds from Public Issues, Right issues, Preferential issues, etc.

During the year under review, the Company has not raised any proceeds from public issue, right issue or preferential issue.

(D) Management Discussion and Analysis Report /Disclosure of Accounting Treatment

i) Management Discussion and Analysis Report forms part of the Annual Report and is in accordance with the requirements laid out in the Listing Agreement.

ii) Your Company follows all relevant Accounting Standards while preparing the Financial Statements.

- i. There has been no non-compliance penalties/strictures imposed on the Company by the Stock Exchange(s) or SEBI or any other statutory authority, on any matter related to capital marketing, during the last three years.
- ii. There are significant related party transactions, which may have conflict with the interest of the Company.
- iii. There may be pecuniary relationship otherwise as stated at point no. 10 at Page No. 41 & 42 among director's non-executive independent directors in relation to transaction with the company.

10. Additional Information for Shareholders

1. Annual General Meeting:

Date	20 th July 2013
Time	10.00 A.M.
Venue	2, Sangam Towers, Near Old RTO Road Gandhi Nagar, Pur Road, Bhilwara – 311001.
Book Closure Date	From 26 th June 2013 to 18 th July 2013, (both days inclusive.)

Financial Calendar

Sona Processors (India) Ltd follows the financial year April to March. The Unaudited Financial Results for the first three quarters and the Audited Financial Results for the year ended March 31, 2013 were taken on record and approved by the Board in its meetings held on following dates:

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Quarter Ended :	Date of Board Meetings
June 2012	30.07.2012
September 2012	29.10.2012
December 2012	31.01.2013
Year ended	
March 31, 2013	30.05.2013

2. Registrars and Share Transfer Agent (Physical Segments only)

The company has no Registrar or Share Transfer Agent and it is doing the work in-house.

3. Investors Correspondence

Shareholders / Beneficial Owners are requested to quote their Folio No. in all correspondence with the Company.

All Correspondence regarding physical shares should be addressed to the Share Department of the Company at this Registered Office at Sona Processors (India) Limited, 2, Sangam Towers, Near Old RTO, Gandhi Nagar, Pur Road, Bhilwara 311 001 (Raj.) Phone + 91 1482 - 246530 Fax + 91 1482 249044, E-Mail: sonaprocess@gmail.com

4. Listing on Stock Exchanges

Stock Exchange	Code
Jaipur Stock Exchange Limited	998

5. Shareholding Pattern of the Company as on 31st March, 2013

Category	No. of shares held	%age shareholding of
A.PROMOTOR'S HOLDING		
a. NRI Promoters (Including OCBs)	0	0
b. Indian promoters, relatives and associates	3855900	76.33
Sub Total	3855900	76.33
B.NON-PROMOTERS HOLDING		
Institutional Investors:-		
a. Banks & Financial Institutions	NIL	NIL
Sub Total	NIL	NIL
Others:		
a. Corporate Bodies	517700	10.25
b. Indian Public	677800	13.42
Sub Total	1195500	23.67
GRAND TOTAL	5051400	100.00

6. Distribution of Shareholding as on March 31, 2013

Range	Shareholders		Shares	
	No. of shares	Number	% to total holders	Number
Upto - 500	834	92.06	416600	8.25
501 - 1000	26	2.87	22600	0.45
1001 - 2000	8	0.88	12800	0.25
2001 - 4000	2	0.22	7010	0.14
4001 - 5000	2	0.22	10000	0.20
5001 - 10000	8	0.88	68200	1.35
10001 - and above	26	2.87	4514190	89.36
Total	906	100	5051400	100

7. Share Transfer System

Share transfers in physical form are registered and returned within a period of 15 days from the date of receipt, if the documents are clear in all respects. Officers of the Company have been authorized to approve transfers up to 1000 shares in physical form under one transfer deed. One Director jointly with two Officers has been authorized to approve the transfers exceeding 1000 shares under one transfer deed. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance as required under Clause 47(c) of the Listing Agreement with the Stock Exchanges.

11. Market Price Data (Rs.)

During the year no transaction has been reported through above named Stock Exchange and accordingly the high and low prices of the shares are not known.

12. Plant Location of the Company

12th K.M. Stone, Chittorgarh Road, Village - Guwardi, Bhilwara 311 025,
Tel. 91 - 1482 - 249040 to 249043, Fax 91-1482 – 249044

13. Unclaimed Dividends:

Pursuant to Section 205A of the Companies Act, 1956 there was no unclaimed dividend as the company has not declared any dividend since inception.

14. Bank Details:

Share Holders holding shares in physical form are requested to notify / send the following to the company to facilitate better services:

- a) Any change in their address / bank details
- b) Particulars of their Bank account.

15. Nomination Facility:

The companies Act, 1956 provides facility for making nominations by shareholders in respect of their holdings of shares and several shareholders have opted to avail of such facility. However, a large number of shareholders are yet to make nominations in respect of their holdings in physical form. Such nomination generally facilitates transmission of shares from the deceased shareholder to his/her nominee without having to go through the time consuming and cumbersome process of obtaining Succession Certificate/Probate of the Will. It would, therefore, be in the best interest of the shareholders holding shares in physical form as sole registered holders to make such nominations without any delay.

Share holders holding shares in physical form and desirous of making a nomination in respect of their shareholding in the company, as permitted under Section 109A of the Companies Act, 1956 are requested to submit to the Company the prescribed Form 2B for this purpose.

DECLARATION

As provided under Clause 49 of the Listing Agreement entered into with the Stock Exchange(s), it is hereby confirmed that all the Board Members and Senior Management Personnel of Sona Processors (India) Limited have affirmed the compliance with the Code of Conduct for the year ended March 31, 2013.

Bhilwara, May 30, 2013

**SUBHASH NUWAL
MANAGING DIRECTOR**

**CERTIFICATE ON COMPLIANCE WITH CLAUSE 49 OF THE LISTING AGREEMENT OF
SONA PROCESSORS (INDIA) LIMITED**

**To,
THE MEMBERS OF
SONA PROCESSORS (INDIA) LIMITED**

We have examined the compliance of conditions of Corporate Governance by Sona Processors (India) Limited (the Company) for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange in India.

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

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

We 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 S. Dad & Co.
Chartered Accountants
(Firm Regn. No. – 007534C)**

**SANJAY DAD
Partner
Membership No. 076334**

Bhilwara, May 30, 2013

CERTIFICATE OF EXECUTIVE OFFICERS

**To,
THE BOARD OF DIRECTORS
SONA PROCESSORS (INDIA) LTD.**

We, Shri Subhash Nuwal, Managing Director & CFO and Shri Naresh Kumar Gattani, Whole-time Director of the Company have certified to the Board that:

- (a) We have reviewed the financial Statements and the Cash Flow Statement for the year and that to the best of their 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; and
 - 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 their knowledge and belief, no transaction entered into by the Company during the years which are fraudulent, illegal or violative of the Company's Code of Conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that they have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and they have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We 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 they 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.

Bhilwara May 30, 2013

**SUBHASH NUWAL
MANAGING DIRECTOR & C.E.O.**

**NARESH KUMAR GATTANI
EXECUTIVE DIRECTOR**

**AUDITORS' REPORT TO THE MEMBERS OF
SONA PROCESSORS (INDIA) LIMITED**

1. We have audited the attached Balance Sheet of Sona Processors (India) Limited (“the Company”) as at March 31, 2013 and the Statement of Profit and Loss and the Cash Flow Statement of Company for the year ended on that date, both annexed thereto, we have signed under reference to this report. These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor’s report) Order, 2003 (as amended) (“the order”) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statements on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of those books and proper returns adequate for the purpose of our Audit have been received from the Division audited by branch Auditor; whose report has been forwarded to us and has been dealt with by us in preparing this report;
 - iii. The Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013.
 - b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date.
 - c) In the case of Cash Flow Statement, of the cash flows of the Company for the year ended on that date.
5. On the basis of the written representations received from the directors, as on March 31, 2013, and taken on record by the Board of Directors, we report that none of the directors is 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 S. DAD & CO.
Chartered Accountant
(Firm Regn. No. 007534C)**

**SANJAY DAD
Partner
Membership No. 076334**

Bhilwara, May 30, 2013

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results, clauses (x) regarding cash loss incurred by the Company, (xiii) regarding chit fund, nidhi / mutual benefit fund / societies and (xiv) regarding dealing or trading in shares, securities, debentures and other investments, of CARO are not applicable.
- (ii) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a program of verification, which in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
 - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the company.
- (iii) In respect of its inventories:
 - (a) As explained to us, the inventories were physically verified during the year by the management.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of inventory and no material discrepancies were noticed on physical verification.
- (iv) In respect of the loans, secured or unsecured, granted or taken by the Company to / from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956:
 - (a) The Company has not granted any loans.
 - (b) The Company has taken Rs.25.00 lacs loan during the year from one party, covered in the Register maintained under Section 301 of the Companies Act, 1956. In our opinion and according to the information and explanations given to us, the rate of interest, where ever applicable and other terms and conditions are not prima fascia prejudicial to the interest of the Company.
 - (c) In our opinion and according to the information and explanations given to us, the rate of interest, where ever applicable and other terms and conditions are not prima fascia prejudicial to the interest of the Company.
 - (d) The principal amounts, are repayable on demand and there is no repayment schedule. The interest, where applicable, is payable on demand.
 - (e) In respect of the said loans, the same are repayable on demand and therefore the question of overdue amounts does not arise. In respect of interest, where applicable, there are no overdue amounts.
- (v) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) To the best of our knowledge and belief and according to the information and explanations given to us, there were contracts or arrangements that needed to be entered in the Register maintained under Section 301 of the Companies Act, 1956.

Sona Processors (India) Limited – Annual Report 2012 – 2013

- (vii) According to the information and explanation given to us, the Company has not accepted any deposit from the public in terms of the provisions of Sections 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (viii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of the Company's Business.
- (ix) 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 cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (x) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Employees' State Insurance, and Income –tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of the above mentioned statutory dues in arrears as at 31st March 2013 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income- Tax, Value Added Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, and Cess, to the extent applicable, which have not been deposited as on 31st March, 2013 on account of disputes and the forum where the dispute is pending are given below :

Name Of The Statute	Nature Of Dues	Amount (Rs.in lacs)	Forum Where Dispute is Pending	Related Period
Textile Committee Act 1963	Textile Cass	34.64	H'ble High Court of Mumbai	1999 To 2004
Entry of Goods into Local Areas Act.	Entry Tax	99.36	Hon' ble High Court of Rajasthan	2006-07, to 2012-13
Income Tax Act, 1961	Income Tax	12.15 4.10	CIT (Appeal) Ajmer ----- do -----	2008 – 2009 2009 - 2010
Central Excise Act, 1944	Excise Duty	105.15	H'ble High Court of Rajasthan	April to June 1999

- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks during the year.
- (xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of securities by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for Loans taken by other from banks and financial institutions are not prima facie prejudicial to the interests of the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
- (xv) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have not been used for long term basis.
- (xvi) According to the information and Explanations given to us, during the period covered by our audit report, the company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (xvii) According to the information and Explanations given to us, during the period covered by our audit report, the company has not issued debentures.

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- (xviii) According to the information and Explanations given to us, the company has not raised any money by way of public issue during the year.
- (xix) During the course of our examination of the books and records of the company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanation given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year nor have we been informed of such case by the management.

**For S. DAD & CO.
Chartered Accountants
(Firm Regn. No. - 007534C)**

Bhilwara, May 30, 2013

**SANJAY DAD
Partner
Membership No. 076334**

Balance Sheet as at 31st March, 2013		(Rs. in Lacs)	
Particulars	Note	As at 31st March, 2013	As at 31st March, 2012
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	2	505.14	505.14
Reserves and Surplus	3	695.14	631.50
		1200.28	1136.64
Non-Current Liabilities			
Long-term borrowings	4	693.42	716.64
Deferred tax liabilities (Net)	5	137.83	124.30
Other Long term liabilities	6	171.03	126.64
Long term provisions	7	13.70	14.36
		1015.98	981.94
Current Liabilities			
Short-term borrowings	8	582.96	567.48
Trade payables	9	230.99	279.14
Other current liabilities	10	222.29	192.38
		1036.24	1039.00
TOTAL		3252.50	3157.58
ASSETS			
Non-Current Assets			
<i>Fixed assets</i>			
Tangible assets	11	1553.43	1404.65
Capital work-in-progress	12	0.00	105.05
Long term loans and advances	13	61.49	54.37
		1614.92	1564.07
Current assets			
Current investments	14	1.00	1.00
Inventories	15	480.24	484.96
Trade receivables	16	797.08	794.61
Cash and cash equivalents	17	24.11	81.52
Short-term loans and advances	18	335.15	231.42
		1637.58	1593.51
TOTAL		3252.50	3157.58
Significant Accounting Policies.	1		
The accompanying notes are an integral part of the financial statements	26		
As per our Report of even date			
For S. DAD & CO.		FOR AND ON BEHALF OF THE BOARD	
Chartered Accountants			
(Reg. No.-07534C)			
R R P NUWAL	SUBHASH NUWAL	NARESH KUMAR GATTANI	
Chairman	Managing Director	Executive Director	
SANJAY DAD			
Partner			
M.No.076334	KEERTI ACHARYA	SHIV K. RATHI	SHANTI LAL RATHI
Place:-Bhilwara	Company Secretary	Director	Director
Date:- 30th May,2013			

Statement of Profit and Loss for the year ended 31st March, 2013			
(Rs. in Lacs)			
Particulars	Note	For the year ended 31st March, 2013	For the year ended 31st March, 2012
INCOME :			
Revenue from operations	19	4319.83	3866.81
Other Incomes	20	7.41	9.10
TOTAL		4327.24	3875.91
Operating Expenditure :			
Cost of materials consumed	21	2291.77	2101.18
Changes in inventories of finished goods & work-in-progress	22	(-) 8.63	(-) 44.06
Employee benefit expenses	23	455.93	484.46
Financial costs	24	163.54	132.88
Depreciation & amortisation	11	229.06	181.58
Other expenses	25	1101.60	940.87
TOTAL		4233.27	3796.91
Profit before exceptional and extraordinary items and tax		93.97	79.00
Exceptional & Extraordinary Items		5.00	0.00
Profit Before Tax		88.97	79.00
Tax expenses			
Current tax (MAT)		16.95	15.05
Deferred tax Liabilities		13.53	9.68
MAT credit entitlements		5.15	15.05
Profit After Tax		63.64	69.32
Earning per equity share of Rs 10/- each			
Basic (in Rs.)		1.26	1.37
Significant Accounting Policies.	1		
The accompanying notes are an integral part of the financial statements	26		
As per our Report of even date			
FOR S. DAD & CO.		FOR AND ON BEHALF OF THE BOARD	
Chartered Accountants			
(Reg. No.-07534C)			
	RRP NUWAL	SUBHASH NUWAL	NARESH KUMAR GATTANI
	Chairman	Managing Director	Executive Director
SANJAY DAD			
Partner			
M.No.076334	KEERTI ACHARYA	SHIV K. RATHI	SHANTI LAL RATHI
Place:-Bhilwara	Company Secretary	Director	Director
Date:- 30th May 2013			

CASH FLOW STATEMENT

(Rs. In Lacs)

A) CASH FLOW FROM OPERATING ACTIVITIES	2012 -13	2011 -12
Net Profit before Taxes & Extraordinary Items	93.97	79.00
Adjustment for: (Non Cash and Non operating items)		
Add : Depreciation	229.06	181.58
Add : Interest Paid	163.54	132.88
Add : MAT Credit entitlement	5.15	15.05
Less : Other Income	- 6.89	- 9.10
Less : Profit on Sale of Fixed Assets	- 0.53	0.60
Less : Provision for Gratuity & Leave encashment	- 0.66	1.84
Operating Profit before working capital change	483.65	401.85
Adjustment for:		
(Increase)/Decrease in Trade & other receivable	- 2.47	- 278.46
(Increase)/Decrease in inventories	4.71	- 2.54
Increase/(Decrease) in Trade Payables & other Current Liabilities	- 94.48	200.46
(Increase)/Decrease in Short term Loans & Advances	- 103.73	129.86
Cash Generated from Operation before Extra-Ordinary items	287.68	451.17
Less : Extra – ordinary Expenses	- 5.00	0.00
Cash Generated from Operation before Tax	282.68	451.17
Less : Income Tax Paid	- 16.95	15.05
Net Cash From Operating Activities (A)	265.73	436.12
B) CASH FLOW FROM INVESTING ACITIVITY		
Purchase of Fixed Assets	- 284.42	- 510.18
Sale Consideration of Fixed Assets	12.15	8.72
Other Income	6.89	9.10
Net Cash use in Investing Activity (B)	- 265.38	- 492.36
C) CASH FLOW FROM FINANCING ACTIVITES		
(Increase)/Decrease in Long term Borrowing	53.03	300.45
(Increase)/Decrease in Other Long term Borrowing	44.39	- 20.00
(Increase)/Decrease in Short term Borrowing	15.47	- 28.08
(Increase)/Decrease in Long term Loans & Borrowing	- 7.11	- 0.88
Interest Paid	- 163.54	- 132.88
Net cash used in Financing Activities (C)	- 57.76	118.61
Net change in Cash & Cash Equivalents (A+B+C)	- 57.41	62.37
Cash & Cash Equivalents – Opening Balance	81.52	19.14
Cash & Cash Equivalents – Closing Balance	24.11	81.51

- Notes:** 1. The Cash Flow Statements has been prepared under the Indirect method as set out in Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
 2. Previous year's figures have been regrouped where necessary to confirm to the current year's classification.
 3. Figures in brackets represents cash outflow

For and On behalf of the Board

RRP NUWAL Chairman	SUBHASH NUWAL Managing Director	SHANTI LAL RATHI Director	NARESH GATTANI Executive Director	SHIV K. RATHI Director	KEERTI ACHARYA Company Secretary
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AUDITORS CERTIFICATE

We have examined the above Cash Flow Statement of SONA PROCESSORS (INDIA) LTD. for the year ended March 31, 2013. The statement has been prepared in accordance with the requirement of Clause 32 of listing agreements with various Stock Exchanges and in agreement with the corresponding statement of Profit & Loss Account and Balance Sheet of the Company covered by our report of 30th May, 2013 to the Members of the Company.

For S. DAD & CO.
Chartered Accountants
(Reg. No. – 007534C)

SANJAY DAD
Partner
Membership No.076334

Bhilwara, May 30, 2013

GENERAL INFORMATION

Sona Processors (India) Limited (the “Company”) is engaged primarily in two business, Textile and Wind Power. The Company is a public limited company and its share is listed on the Jaipur Stock Exchange.

NOTE - 1

SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Preparation of Financial Statement:

The Financial statements have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) in India under historical cost convention on accrual basis and comply in all material aspects with the Accounting Standards (AS) and the relevant provision prescribed in the Companies Act, 1956, besides the pronouncements / guidelines of the Institute of Chartered Accountants of India and of the Securities and Exchange Board of India.

1.2 Use of estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Although these estimates are based on the management’s best knowledge of current events and actions, the actual outcome may be different from the estimates. Difference between actual results and estimates are recognized in the period in which the results are known / materialize.

1.3 Government Grants :

Any government grant is recognized when there is reasonable assurance of its receipt. A capital grant relating to specific assets is reduced from the gross value of the fixed assets. Revenue grant is recognized in the Statement of Profit and Loss.

1.4 General Reserve :

General Reserve is created by appropriation from profits of the current year and / or undistributed profits of previous years. The General Reserve is a free reserve and can be utilized in accordance with the provisions of the Companies Act, 1956.

1.5 Fixed Assets:

Fixed Assets (Tangible and Intangible) are stated at cost, less accumulated depreciation / amortization. Cost comprises the purchases price and any attributable cost of bringing the asset to its location and working condition for its intended use.

1.6 Treatment of Expenditure during Construction Period:

Expenditure during construction period is included under capital work – in-progress and the same is allocated to the respective fixed assets on the completion of construction.

1.7 Impairment of Assets:

Carrying amount of assets is reviewed at the Balance Sheet date if there is any indication of impairment based on the internal and external factors.

The assets are treated as impaired when the carrying amount of the asset exceeds its recoverable amount. An impairment loss, if any, is charged to the Statement of Profit and Loss as and when it arises. Impairment loss recognized in prior years is reversed when there is an indication that impairment loss recognized for the asset no longer exists or may have decreased.

1.8 Classification of Assets and Liabilities as Current and Non – Current:

All assets and liabilities are classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, 12 months has been considered by the Company for the purpose of current – non – current classification of assets and liabilities.

1.9 Investment:

Investments are classified as Current and Non-Current. Current Investments are those investments which are readily realizable, and are intended to be held for not more than one year from the date of investment. All other investments are classified as long-term investments.

Current Investments are stated at lower of cost and fair value determined of investment.

1.10 Inventories:

Inventories are valued at the lower of cost and net realizable value. The cost of computed on weighted – average basis. In case of sale of raw material / stores the proceeds are credited to their respective heads.

Cost of Finished goods and process stock include cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimated Processing price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the processing charges. In the absence of cost, waste/scrape is valued at estimated net realizable value.

Obsolete, defective, slow moving and/or unserviceable inventories, if any, are duly provided for.

1.11 Provision for Current and Deferred Tax:

Income –tax expenses comprises current tax and deferred tax charge or credit. The current tax is determined as the amount of tax payable in respect of the estimated taxable income for the year. The deferred tax charge or credit is recognized using prevailing enacted or substantively enacted tax rates. Where there is unabsorbed depreciation or carry forward losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Other deferred tax assets are recognized only to the extent there is reasonable certainty of realization in future. Deferred tax assets/liabilities are reviewed at each Balance Sheet date based on development during the year available case laws, to reassess realization/ liabilities.

1.12 Provisions / Contingencies:

A provision is recognized when there is a present obligation as a result of past event, and it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions are determined (as provided / charged to the Statement of Profit and Loss) based on estimate of the amount required to settle the obligation at the Balance Sheet date and are not discounted to present value.

Contingent liabilities are not recognized but are disclosed in the financial statements. Claims against the Company where the possibility of materialization is remote are not considered as contingent liabilities.

Contingent assets are neither recognized nor disclosed in the financial statements.

1.13 Minimum Alternate Tax (MAT) Credit:

MAT is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in the Guidance Note issued by the ICAI, the said assets is created by way of a credit to

the Statement of Profit and Loss and is shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

1.14 Sundry Debtors and Receivables:

Sundry debtors and loans and advances are stated after making adequate provision for doubtful debts / advances.

1.15 Earning Per Share:

The basic earning per share is computed by dividing the net profit attributable to the equity shareholders for the year by the number of equity shares during the reporting year.

1.16 Prior Period Items:

Prior period expenses / income are accounted under respective heads material item, if any, are disclosed separately by way of note.

1.17 Excise Duty:

The company has been accounting liability for excise duty in respect of finished fabric goods of third party lying in trust at factory premises as and when they are cleared and accordingly liability in respect of such Customer's fabric at the end of the year is Rs.1.67 lacs (Previous year Rs.NIL). However there is no impact on the profit even if not provided in books of account. In the year under review Excise Duty on un-cleared finished fabrics forms the part of finished stocks value.

1.18 Revenue Recognition:

Sales revenue is recognized on transfer of the significant risks and rewards of ownership of the goods to the buyer and stated net of claim and rebates.

Income from services is recognized as they are rendered (based on agreement / arrangement with the concerned customers).

Dividend income on investments is accounted for as and when the right to receive the payment is established.

Interest income is recognized on time proportion basis.

Income against claims of the Company, viz., export incentives, & insurance, etc. is recognized on accrual / right to receive basis.

1.19 Employee Benefits:

Short-term employee benefits and contribution to defined contribution plans are recognized as an expense on accrual at the undiscounted amount in the Statement of Profit and Loss.

The Provident Fund contribution as specified under the law is paid to the Regional Provident Fund Commissioner.

Long – term employee benefits, including deferred post – employment benefits, are recognized as an expense, at the present value of the amounts payable determined using estimated.

1.20 Foreign Currency Transaction:

Foreign currency transactions are recorded at the exchange rate prevailing on the date of transaction. Monetary assets and liabilities in foreign currency if existing at the Balance Sheet date are restated at the year-end exchange rates.

The premium or discount on forward exchange contracts entered into to hedge an existing asset / liability is amortized as expense or income over the life of the contract. Any profit or loss arising on

Cancellation or renewal of such a forward exchange contract is recognized as income or as expenses as the case may be on such occurrence.

Forward exchange contracts, outstanding as at the year end on account of firm commitment are marked to market. In accordance with the announcement by the institute of Chartered Accountants of India on 'Accounting for Derivatives' the losses, if any, are recognized in the Statement of Profit and Loss while gains are ignored.

Exchange difference, including, premium or discount on forward exchange contracts, arising are recognized in the Statement of Profit and Loss.

1.21 Operating Leases:

Leases, where risk and reward of ownership, are significantly retained by the lessor are classified as operating leases, and lease rentals thereon are charged to the Statement of Profit and Loss at end of the period of the lease.

1.22 Borrowing Cost:

Interest and other costs in connection with the borrowing of funds to the extent attributable to the acquisition or construction of a qualifying fixed asset are capitalized as part of the cost of such asset till such time the asset is ready for its intended use. All other borrowing costs are recognized in the Statements of Profit and Loss in the period in which they are incurred.

1.23 Depreciation / Amortization:

A depreciation / Amortization charge is provided on fixed assets on written-down-value method in respect of fixed assets. For provision of Depreciation / Amortization the rates / useful life specified in Schedule XIV of the Companies Act, 1956 are applied, is used.

Individual assets costing less than Rs. 5,000 are depreciated in full in the year of acquisition.

In respect of fixed assets added / disposed off during the year depreciation is provided on pro-rata basis with reference to the month of addition / deduction is charged to the Statement of Profit and Loss.

Notes Forming part of the Financial Statements
Note 2 Share Capital **(Rs. In Lacs)**

Particulars	As at 31st March, 2013		As at 31st March, 2013	
	Number of shares	Rs.	Number of shares	Rs.
Authorises Equity Shares of Rs. 10/- each	5500000	550.00	5500000	550.00
Issued Equity Shares of Rs. 10/- each	5051400	505.14	5051400	505.14
Subscribed & Paid up Equity Shares of Rs. 10/- each fully paid-up	5051400	505.14	5051400	505.14
TOTAL	5051400	505.14	5051400	505.14

Shareholder holding more than 5% Equity shares of the Company :

Name of Shareholder	As at 31st March, 2013		As at 31st March, 2013	
	Number of shares	% holding	Number of shares	% holding
S. K. S. Securities Pvt. Ltd.	420900	8.33	420900	8.33
Brijeswari Marketing Pvt. Ltd.	409750	8.11	409750	8.11
Infini Securities Pvt. Ltd.	586700	11.61	586700	11.61
Fate Electronics Pvt. Ltd.	447300	8.85	447300	8.85
Scropio Agrotech Pvt. Ltd.	491000	9.72	491000	9.72
Shri Nuwal Harshil	352250	6.97	352250	6.97

Note 3 Reserves and Surplus

Particulars	As at 31st March, 2013	As at 31st March, 2013
General Reserve Balance at the beging and end of the year	15.00	15.00
Surplus Balance at the beging of the year	616.50	547.18
Add : Profit during the year	63.64	69.32
Balance at end of the year	680.14	616.5
TOTAL	695.14	631.50

Notes forming part of the Financial Statements		
Note 4 Long-term borrowings		(Rs. in Lacs)
Particulars	As at 31st March 2013	As at 31st March 2012
Secured		
Term loans		
from State bank of Bikaner & Jaipur	548.42	611.23
Vehicles Loan From HDFC Bank Ltd.	70.00	30.41
Unsecured Loan		
Body Corporates	50.00	75.00
Directors Relative	25.00	0.00
TOTAL	693.42	716.64
Notes :-		
<p>1. Term Loan : Term Loan facility from State Bank of Bikaner & Jaipur comprises of 2 term loans. Both the Term loans are secured by way of first charge over entire Fixed assets (Present & Future) of the company including equitable mortgage of Factory Land & Building situated 12th K.M. Stone, Chittor Road, Guwardi, Bhilwara in the name of M/s Sona Processors (India) Limited & personally guaranteed by 4 directors of the Company, viz Ram Rich Pal Nuwal, Naresh Gattani, Shiv K Rathi & Shanti Lal Rathi. In addition to the above security extension of First Exclusive Charge by way of hypothecation over raw materials, semi finished goods, finished goods, stores, book debts & other current assets of the company, present & future & equitable mortgage over shop No. 3-4, Ground floor, Sangam Tower, Old RTO Road, Bhilwara in the name of Shri Naresh Kumar Gattani.</p> <p>Term Loan 1 disbursed of Rs. 461.97 Lacs bearing interest rate of 13.00% p.a. is repayable in 27 equal quarterly installments. First 26 installments of Rs. 17.60 Lacs each & last installment of Rs. 4.37 Lacs. The 1st installment commence from 01.01.2012, Term Loan 2 disbursed of Rs. 311.25 Lacs bearing interest rate of 13.50% p.a. is in 19 equal quarterly installments. First 18 installments of Rs. 16.60 Lacs each & last installment of Rs. 12.45 Lacs. The 1st installment will commence from 01.04.2013</p> <p>2. Vehicle Loans : Vehicle loans are taken from HDFC bank Ltd., repayable in next 1 to 3 years. Loan from HDFC current maturities are secured by way of hypothecation over vehicles. Out of the outstanding Loans of Rs. 70 Lacs, Rs. 38.98 Lacs will due in next 1 year.</p> <p>3. Unsecured Loans are taken from directors, Friends, relatives & others. As Explained the same will become due after of 1 year.</p>		
Note 5 Deferred tax liabilities		
Particulars	As at 31st March 2013	As at 31st March 2012
Balance at beginning of the year	124.30	114.62
Add :- Provision during the year	13.53	9.68
Balance at end of the year	137.83	124.30
Defferd Tax Liability on account of timing difference of Depreciation of Rs. 567.39 Lacs (Previous year Rs. 515.46 Lacs) less brought forward losses and available MAT credit		
Note 6 Other Long-term Liabilities		
Particulars	As at 31st March 2013	As at 31st March 2012
Deffered Trade Payables	157.00	70.00
Creditors for capital Expenditure	14.03	56.64
Note 7 Long-term Provisions		
Particulars	As at 31st March 2013	As at 31st March 2012
Provision for employee benefits (unfunded)		
Gratuity	10.86	11.32
Leave Encashment	2.84	3.04
TOTAL	13.70	14.36

Notes forming part of the Financial Statements		
Note 8 Short-term borrowings (Rs.In lacs)		
Particulars	As at 31st March 2013	As at 31st March 2012
Secured Loans		
Loans repayable on demand		
from State Bank of Bikaner & Jaipur	582.96	567.48
TOTAL	582.96	567.48
<p>1) Working Capital Facility worth Rs. 6.00 crore taken from State Bank of Bikaner & Jaipur is secured by way of hypothecation created in favour of Bank on stocks of raw materials, semi finished & finished goods (to the extent of , processing cost) stores and spares parts, book debts & other current assets of the company lying in factory premises or elsewhere in the name of M/s Sona Processors (India) Limited. The Loan is repayable on demand.</p> <p>2) In addition to the above security extention of First Exclusive Charge by way of hypothecation over raw materials, semi finished goods, finished goods, stores, spares, book debts & other current assets of the company, present & future & equitable mortgage over Shop No. 3-4, Ground Floor, Sangam Tower, Old RTO Road, Bhilwara in the name of Shri Naresh Kumar Gattani.</p>		
Note 9 Trade payables		
Particulars	As at 31st March 2013	As at 31st March 2012
Others due within normal operating cycle	230.99	279.14
Note 10 Other current liabilities		
Particulars	As at 31st March 2013	As at 31st March 2012
From State Bank of Bikaner & Jaipur *	136.80	70.40
From HDFC Bank Ltd. *	38.98	29.14
Interest accrued but not due on borrowings	7.11	7.87
Other payables	30.80	58.44
Statutory remittances	5.71	8.17
Contractually reimbursable expenses	0.66	11.02
Advances from customers	2.23	7.34
TOTAL	222.29	192.38
* Maturing in next one year		

Note 11 Fixed Assets

(Rs. In Lacs)

Particulars	GROSS BLOCK				ACCUMUCATED DEPRECIATION				NET BLOCK	
	As at 01.04.12	Addition	Deduction	As at 31.03.13	As at 31.03.12	Provided For the Year	Written Back	Upto 31.03.13	As at 31.03.13	As at 31.03.12
Lease Hold Land	9.76	0.00	0.00	9.76	0.00	0.00	0.00	0.00	9.76	9.76
Free hold land & site developments	8.67	0.00	0.00	8.67	0.00	0.00	0.00	0.00	8.67	8.67
Factory Building	411.85	38.26	0.00	450.11	254.22	18.10	0.00	272.32	177.79	157.63
Plant & Machinery	2172.69	241.48	6.63	2407.54	1057.38	171.12	6.07	1222.43	1185.11	1115.31
Office Equipments	20.30	0.00	0.00	20.30	10.14	1.42	0.00	11.56	8.74	10.16
Vehicle	171.00	108.56	16.90	262.66	78.74	36.02	5.84	108.92	153.74	92.26
Furniture & Fixture	12.45	0.00	0.00	12.45	8.53	0.71	0.00	9.24	3.21	3.92
Electrical Installation	34.23	0.00	0.00	34.23	28.74	0.76	0.00	29.50	4.73	5.49
Computers	12.19	1.16	0.00	13.35	10.74	0.93	0.00	11.67	1.68	1.45
TOTAL	2853.14	389.46	23.53	3219.07	1448.49	229.06	11.91	1665.64	1553.43	1404.65
Previous year	2493.46	408.56	48.88	2853.14	1306.47	181.58	39.56	1448.49	1404.65	1186.99

Note 12 Capital work in Progress

Particulars	As at 31st March,2013	As at 31st March, 2012
Building	0.00	13.64
Plant & Machinery	0.00	91.41
TOTAL	0.00	105.05
Previous year	105.05	3.43

Notes forming part of the financial Statements		
Note 13 Long-term loans and advances		(Rs. in Lacs)
Particulars	As at 31st March, 2013	As at 31st March, 2012
Security Deposit (Unsecured, Considered goods)	25.60	15.05
Excise Duty Receivable (Unsecured, Considered goods)	35.89	39.32
TOTAL	61.49	54.37
Note 14 Current investments		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Investment in SBI Mutual Fund	1.00	1.00
Aggregate amount of quoted investments, Market value Rs. 112765/- (Previous Year Rs. 113400/-)		
Note 15 Inventories		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Raw Materials		
Dyes & Chemicals	129.50	140.6
Coal & Fuel	13.33	22.23
	142.83	162.83
Work-in-progress (To the extend of Processing Cost)	76.03	59.52
Own Fabrics	29.93	0.00
Finished goods (To the extend of Processing Cost & Excise duty on unclare fabric) 205.76		
Less: Excise duty on unclare fabrics <u>1.67</u>	204.09	243.58
Stores and spare parts	27.36	19.03
TOTAL	480.24	241.38
Note 16 Trade receivables		
Particulars	As at 31st March, 2013	As at 31st March, 2012
Trade receivables (outstanding for a period exceeding six months from the date they were due for payment, Secured, Considered good)	54.51	30.37
Other Trade receivables (Secured, considered good)	742.57	764.24
TOTAL	797.08	794.61

Notes forming part of the Financial Statements		(Rs. in Lacs)	
Note 17 Cash and cash equivalents			
Particulars	As at 31st March, 2013	As at 31st March, 2012	
Cash on hand	1.12	2.80	
Balances with banks	0.00	0.00	
In current accounts	8.92	64.50	
In deposit accounts	14.07	14.22	
TOTAL	24.11	81.52	
Balances with banks include deposits Rs. 12.52 lacs (Prev. year Rs.14.22 Lacs) with maturity of more than 12 Months.			
Note 18 Short-term loans and advances			
Particulars	As at 31st March, 2013	As at 31st March, 2012	
(UnSecured, considered good)			
Loans and advances to employees	2.81	2.02	
Prepaid expenses	3.30	2.80	
Balances with government authorities			
Minimum Alternate Tax (MAT)	37.49	32.34	
Value Added Tax & Excise duty	82.87	69.50	
Service Tax	0.16	0.06	
Income Tax	118.05	78.90	
Entry Tax	26.75	19.91	
Others - Material & Services	63.72	25.89	
TOTAL	335.15	231.42	
Note 19 Revenue from operations			
Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012	
Sale of products comprises Manufactured goods			
Fabric Job Processing	4156.45	3704.17	
Fabric Export	151.49	149.00	
Wind Power Generation	10.01	12.88	
	4317.94	3866.05	
Other operating revenues			
Fabric Waste	1.88	0.76	
TOTAL	4,319.83	3,866.81	

Notes forming part of the Financial Statement		
Note 20 Other Incomes		(Rs. In Lacs)
Particulars	For the year ended 31st March 2013	For the year ended 31st March 2012
Interst Income	5.81	8.21
Other non-operating	0.53	0.09
SBI Mutual Fund Dividend	0.14	0.00
Scrap Sale	0.93	0.80
Total	7.41	9.10
Note 21 Cost of materials consumed		
Particulars	For the year ended 31st March,2013	For the year ended 31st March,2012
Openinbg stock	162.83	201.29
Add: Purchases	2271.77	2062.72
	2434.60	2264.01
Less:Closing stock	142.83	162.83
Cost of material consumed *	2291.77	2101.18
*100% Indigenous Material consumed comprises:		
Dyes & chemicals	1524.21	1312.74
Synthetic Yarn & Fabrics	113.13	80.86
Coal & Fuel	654.43	707.58
Total	2291.77	2101.18
Note 22 Changes in inventories of finished goods & work-in-progress		
Particulars	For the year ended 31st March,2013	For the year ended 31st March,2012
Inventories at the end of the year:		
Finished goods (Job)	205.76	243.58
Work-in-progress (Job)	76.03	59.52
Finished goods	8.62	0.00
Grey Fabrics	21.32	0.00
	311.73	303.10
Investories at the beginning of the year:		
Finished goods (Job)	243.58	211.35
Work-in-progress (Job)	59.52	47.69
	303.10	259.04
Net increase / (decrease)	8.63	44.06
Note 23 Employee Benefits Expenses		
Particulars	For the year ended 31st March,2013	For the year ended 31st March,2012
Salaries and Wages, Allowances, Bonus etc.	410.75	442.68
contribution to provident and other funds	22.27	19.64
Staff welfare expenses	22.91	22.14
	455.93	484.46

Notes forming part of the Financial Statements		
Note 24 Finance Costs		(Rs. in Lacs)
Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Interest expense on:		
Borrowings	163.54	141.37
Less:- Interest Capitalised	0.00	8.61
TOTAL	163.54	132.76
Note 25 Other expenses		
Particulars	For the year ended 31st March, 2013	For the year ended 31st March, 2012
Manufacturing Expenses		
Job Weaving Charges	12.58	14.63
Consumption of stores and spare parts	321.41	310.03
Power	352.67	301.41
Effluent Treatment & Water	91.90	76.77
Repairs and maintenance - Buildings	11.47	1.45
Repairs and maintenance - Machinery	31.34	27.26
Excise Duty on unclared Goods	1.67	0.00
	823.04	731.55
Establishment Expenses		
Rent	12.46	9.00
Insurance	4.95	4.83
Donation	0.96	0.69
Repairs and maintenance - Others	1.79	4.23
Communication	7.22	7.18
Travelling and conveyance	12.82	16.15
Printing and stationery	4.58	4.21
Legal and professional	6.20	4.94
Payments to auditors	0.42	0.43
Miscellaneous expenses	10.17	5.53
	61.57	57.19
Selling and Distribution Expenses		
Freight and forwarding	74.34	60.52
Cash discounts	34.55	29.91
Consumption of packing materials	108.10	61.70
	216.99	152.13
TOTAL	1101.60	940.87

NOTE – 26

NOTES TO THE ACCOUNTS:

(Rs. In Lacs)

1. Contingent Liabilities not acknowledged as debts in respect of:	For Year ended	For Year ended
	<u>31.03.2013</u>	<u>31.03.2012</u>
A) T.C. Cess Pending under appeal	34.64	34.64
B) In respect of income tax matters under Appeal(A.Y. 2009-10)	12.15	12.15
(A.Y. 2010-11)	04.10	0.00
C) Entry Tax Pending under appeal	99.36	83.45
D) Central Excise Act, 1944	105.15	0.00
2. Processing Charges are reported net of rates differences/adjustments etc. as and when settled.		
3. Certain Debtors, Creditors, Receivables, and Unsecured Loan & Advances are subject to confirmation, reconciliations and adjustments, if any.		
4. In the opinion of the management current assets, loans and advances have a value of at least equal to the amounts shown in the balance sheet, if realized in the ordinary course of business. The provision for all the known liabilities is adequate and not in excess of the amount reasonably necessary. There are no contingent liabilities other than those stated in note no. 1.		
5. Purchases include insurance and all procurement expenses incurred upto arrival of material at plan site.		
6. Remunerations are paid during the year to Managing Director Rs. 2.66 Lacs (P.Y. Rs. 0.00) and Remunerations are paid during the year to Executive Director Rs. 7.83 lacs (P. Y. Rs.7.74 lacs) and contribution towards Provident Fund Rs.0.81 lacs (P. Y.Rs.0.67 lacs).		
7. Payments to Auditors:	<u>31.03.2013</u>	<u>31.03.2012</u>
a) Statutory Audit Fees	30000	30000
b) Tax Audit Fees	5000	5000
c) Certification	5000	5000
d) Out of Pocket expenses	<u>2400</u>	<u>2450</u>
	<u>42400</u>	<u>42450</u>
8. The company is repaying regularly stipulated principal amount and interest dues thereon to bank.		
9. The company has initiated the process of obtaining confirmations from the suppliers who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006. Based on the information available with the Company, no balance is due to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as on March 31, 2013. Further during the year no interest has been paid / payable under the terms of the said Act, as per guideline issued by the institute of chartered accountants of India.		
10. Related Party Disclosure as per accounting standard 18 issued by the ICAI are as follows:		
A) (I) Entities having significant influence:		
<ul style="list-style-type: none"> • Sona Tex Fab Pvt. Ltd. (STFPL) • Star net Business Ltd. (SNBL) 		
(II) Others:		
(1) <u>Promoters</u> :		
(a) SKS Securities Pvt Ltd	(SSPL)	
(b) Scorpio Agrotech Pvt Ltd	(SAPV)	
(c) Fate Electronics Pvt. Ltd.	(FEPL)	
(d) Infini Securities Pvt. Ltd.	(ISPL)	
(e) Brijeshwari Marketing Pvt. Ltd. (BMPL)		
(2) <u>Key Management Personnel</u> :		
<ul style="list-style-type: none"> (a) Shri Subhash Nuwal, MD (b) Shri Naresh Gattani, ED (c) Shri Shanti lal Rathi (d) Shri Shiv K. Rathi (e) Shri Harshil Nuwal 		

(3) Associates:

Heritage Suppliers Pvt. Ltd.	(HSPL)
Diva Industries Ltd.	(DIL)
Shorya Business (India) Ltd.	(SBIL)
Siddharth Tax Fab	(STF)

(4) Relatives of Key Management Personnel

- (a) Smt. Prem Devi Gattani, (M/o. Shri Naresh Gattani)
- (b) Smt. Ranjana Gattani, (W/o. Shri Naresh Gattani)
- (c) Shri Shiv Prasad K Rathi, (B/o. Shri Shanti lal Rathi)

B) Disclosure of Transactions during the period between the company and related parties and the status of outstanding balance as on 31.03.2013:-

- a) Shri Naresh Gattani has been paid office rent beside salary Rs. 1.80 lacs (Previous year Rs.1.80 Lacs)
- b)
- c) Shri Ram Rich Pal Nuwal has been paid Two truck freight Rs. 1.54 Lacs (Previous year Rs.2.16 Lacs)
- d) Shri Subhash Nuwal has been paid salary as an employee Rs. 3.24 Lacs (Previous year Rs. 4.46)
- e) Star Net Business Ltd. Processing Charges Rs. 0.00 Lacs (Previous year Rs. 10.13 Lacs)
- f) Sona Tax Fab. Pvt. Ltd. Processing Charges Rs. 5.04 Lacs (Previous year Rs. 45.61).

Unsecured Loan Transaction With related parties (Body Corporate):	(Rs. in Lacs)			
	HSPL	DIL	STF	SBIL
Taken Current year	00.00	15.00	00.00	25.00
(Previous year)	(00.00)	(50.00)	(10.00)	(00.00)
Repaid Current year	15.00	65.00	00.00	10.00
(Previous year)	(00.00)	(00.00)	(00.00)	(01.50)

13. Figures for the previous year have been regrouped wherever necessary to conform to the current year's classification.

14 Figures have been rounded off to nearest thousand rupees.

15. Earning per share (EPS) –

The numerators and denominators used to calculate basic earning per share:

	<u>Current Year</u>	<u>Previous Year</u>
Profit attributable to equity share holders	Rs. 63.64 Lacs	Rs. 69.32 Lacs
Basic number of shares during the year	5051400	5051400
Total Shares issued	5051400	5051400
Nominal value of Equity shares (Rs.)	10	10
Basic EPS (Rs.)	1.26	1.37

16. The Company has given Bank Guarantee of 14.07 Lacs by way of term deposit & executed EPCG bond under the Export Promotion Capital Goods scheme in favor of the Commissioner of Custom, Govt. of India against import of Capital Goods at concession rate of Custom duty for which it has to fulfill balance export obligation of stipulated Amount of Rs. 281.98 lacs (Previous year Rs. 459.43 lacs)

Non fulfillment of Export obligation will attract repayment of custom duty saved along with penal interest which may adversely affect the profitability of the Company

17. Additional information:

a. Turnover and Stocks:

(Rs. in lacs)

	For the year ended <u>31.03.2013</u>	For the year ended <u>31.03.2012</u>
Opening Stock	243.58	211.35
Turnover:		
Processing Charges (Job)	4156.45	3704.17
Fabric Sales	151.49	149.00
Wind Power Generation	10.01	12.88
Closing Stocks	205.76	243.58

b. Value of Raw Material, Stores and spare and Components consumed:

Yarn	113.13	80.86
Dyes & Chemicals	1524.21	1312.74
Stores, Spare Parts and Components	321.41	310.03

Raw Material, Components, Stores & spare parts consumed are 99.93% indigenous.

(Rs. in lacs)

	For the year ended <u>31.03.2013</u>	For the year ended <u>31.03.2012</u>
c. CIF Value of imports		
Components, stores and spare parts	1.83	8.13
Capital goods	23.19	243.35
d. Expenditure in foreign currency		
Machinery	23.19	243.35
Store & Spares	1.83	8.13
e. Earning in foreign currency	138.25	138.41

18. The Amount payable to sum of suppliers which are likely to pay even after six months are treated as deferred trade payables and group under other long term liability on which no interest is payable.

19. Segment Accounting Policy

The company primarily operates in Textile Segment and Wind Power Generation Reporting as required under accounting standard 17 issued by Institute of Chartered Accountants of India is as under. There is no reportable geographical segment either.

Segment Wise Report

(Rs In Lacs)

Sr.	Particulars	2012- 2013			2011 – 2012		
		Textile	Power	Total Consolidated	Textile	Power	Total Consolidated
1	Segment Revenue	4307.94	10.01	4317.95	3853.93	12.88	3866.81
	Other Income			7.41			9.10
				<u>4325.36</u>			<u>3875.91</u>
2	Segment Results						
	Profit before tax & Interest						
	Interest	239.42	1.29	240.71	207.48	4.40	211.88
	Less : Interest	163.54	0.00	163.54	132.88	0.00	132.88
	Total Profit before Tax			88.97			79.00
	Income Tax (MAT)			16.95			15.05
	Profit after Tax excl. DTL.			72.02			63.95
3	Other Information						
	Segment Assets	1537.55	15.88	1553.43	1487.69	22.01	1509.70
	Segment Liabilities	794.20	0.00	794.20	741.18	0.00	741.18
	Capital Employed	743.35	15.88	759.23	746.51	22.01	768.52
4	Depreciation	222.94	6.12	229.06	173.10	8.48	181.58

For and On Behalf of the Board

As per our report of even date

For S. DAD & CO.

**Chartered Accountants
(Registration No.-007534C)**

**R.R.P. NUWAL
Chairman**

**SUBHASH NUWAL
Managing Director**

**NARESH KUMAR GATTANI
Executive Director**

**SANJAY DAD
Partner
M. No. 076334
Bhilwara May 30, 2013.**

**Ms. KEERTI ACHARYA
Company Secretary**

**SHIV K RATHI
Director**

**SHANTI LAL RATHI
Director**

TEXTILE BUSINESS

Shri Subhash Nuwal
Chief Executive Officer

Shri Ravi Shankar Singh
President Technical

Shri Sushil Kumar Surana
President Engineering

Shri Siddhartha Kumar
Chief Financial Officer

Shri Rajnikant Saraswat
Chief Commercial Officer

Shri Arun Singh Ranawat
Chief People Officer

WIND POWER BUSINESS

Shri Naresh Kumar Gattani
Chief Executive Officer

Shri Sushil Kumar Surana
President Engineering

Company Secretary
Ms. Keerti Acharya

Statutory Auditors
M/s S. DAD & CO., Bhilwara

Internal Auditors
M/s Arun Kabra & Co., Bhilwara



SONA PROCESSORS (INDIA) LIMITED

Registered Office : 2, Sangam Towers,
Near Old RTO, Gandhi Nagar, Pur Road, Bhilwara 311 001

ATTENDANCE SLIP

1. Name of the attending member (In Block Letters)
2. Registered Folio No.
3. Name of Proxy (In Block Letters) (To be filled if the Proxy Attends instead of the member)

No of Shares held

I hereby record my presence at the 20th ANNUAL GENERAL MEETING of the company at 2, Sangam Towers, Near Old RTO Road Gandhi Nagar, Pur Road, Bhilwara – 311001. On Saturday, the 20th July, 2013. at 10.00 A.M.

Member's / Proxy's Signature

Note: - Please fill up this attendance slip and hand it over at the entrance of the meeting hall. Members are requested to bring their copy of the Annual Report.



SONA PROCESSORS (INDIA) LIMITED

Registered Office: 2, Sangam Towers,
Near Old RTO, Gandhi Nagar, Pur Road, Bhilwara 311 001

FORM OF PROXY

Proxy No. :

I/We of being a member / members

of SONA PROCESSORS (INDIA) LIMITED hereby appoint Of
or failing him of as my/our proxy to vote for me / us on my / our
behalf at the 20th Annual General Meeting of the Company to be held at the Registered Office of the Company on Saturday,
the 20th July 2013 at 10.00 A.M. and at any adjournment thereof.

Signed this.....
Day of2013

Folio No.

No. of Shares held

Affix Rs.1/- Revenue Stamp

(Please sign across the stamp)

(Signature)

Note(s):

1. The proxy need NOT be a member of the Company.
2. This form of proxy, in order to be effective, should be duly stamped, completed, signed and deposited at the Registered Office of the Company, not less than 48 hours before the time fixed for commencement of the Meeting.