



BANARAS BEADS LIMITED

AN EXPORT HOUSE RECOGNISED BY GOVERNMENT OF INDIA



33rd
ANNUAL REPORT
2012-13



PIONEER OF GLASS BEADS AND FOUNDER OF ORGANIZATION



Late Kanhaiya Lal Gupta Ji
(1925-1992)

From Chairman



Ashok Kumar Gupta
CMD

Dear Shareholders,

It is my privilege to report the Annual results for the F.Y. 2012-2013.

You are aware the global economic down fall, fluctuation in foreign currency and dumping by China

are major concerns for exporters. Being an exporter during this year your company has also faced much challenges and competition about pricing with Chinese products and ultimately resulting into decline in Turnover and Net Profit of the Company.

The MSME, Government of India had sanctioned project of establishment of Common Facility Centre under its Cluster Scheme in Varanasi to develop infrastructure, skill and technology in Glass Beads manufacturing and your company was also to be benefited by this project.

But due to bureaucratic approach of local Government officers in clearance the project could not be established and the Government of India has cancelled the same. No other project is also sanctioned for development of Glass Bead Industry in Varanasi. Due to changing environment of competition and use of advance technology in Bead manufacturing the company has decided to build

these infrastructure of its own and invested Rs. 9 Crore (including Rs. 4 Crore of last year) and Rs. 4 Crore may be invested in future. The company hopes to get its result in coming years.

With the efforts being made by the Company, we hope that the company will be in a position to participate in the growth that is happening in the competitor countries and others.

The shares of your company are being traded in BSE and NSE between Rs. 27/- to Rs. 60/- against book value around Rs. 56/-. During this financial year, board has paid interim dividend of Rs. 2.50 per Share.

The Future of the Company is bright and hopes that you will get good returns in coming years from the Company barring unforeseen circumstances. We hope that you will continue to support us in the same way that you have stood by us over the years.

I am grateful to the Board for their co-operation and support and shareholders who have extended their constant support.

With best wishes to all

(Ashok Kumar Gupta)
Chairman & Managing Director



BOARD OF DIRECTORS

Ashok Kumar Gupta : Chairman & Managing Director
Siddharth Gupta : Executive Director
Ashok Kumar Kapoor : Independent and Non-executive Director
Praveen Singh : Independent and Non-executive Director
Tanmay Deva : Independent and Non-executive Director

Company Secretary

R.K. Singh

REGISTERED OFFICE

A-1, Industrial Estate
Varanasi -221 106 U.P.
Tel.# : 0542-2370161 - 2370164
Fax.# : 0542-2370165 / 2370214
E-mail info@banarasbead.com
Website: www.banarasbead.com

E-MAIL & WEBSITE FOR INVESTOR

E-mail : investor@bblinvestor.com
Website : www.bblinvestor.com

CORPORATE IDENTITY NUMBER (CIN)

L01131UP1980PLC004984

AUDITORS

Kamal Kishore & Co.
Chartered Accountants,
Firm No. 007424C
Varanasi

UNITS

A-1, A-5 Industrial Estate, Varanasi
Tandia, G.T. Road, Varanasi

BANKERS

Bank of Baroda
Kotak Mahindra Bank Ltd.

REGISTRAR & SHARE TRANSFER AGENTS

Mas Services Limited

T-34, 2nd Floor, Okhla Industrial Area,
Phase - II,
New Delhi - 110 020
Ph: - 26387281/82/83 Fax:- 26387384

email:- info@masserv.com
website : www.masserv.com

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NOTICE

NOTICE is hereby given that 33rd Annual General Meeting of the Members of Banaras Beads Limited will be held at Registered Office of the Company at A-1, Industrial Estate, Varanasi - 221106 on Thursday the 18th July, 2013 at 3.00 P.M. to transact the following **Ordinary Business**:

Item No. 1 - Adoption of accounts

To receive, consider and adopt the Audited Balance Sheet as at 31st March 2013 and Profit and Loss Account for the year ended on that date and the Reports of the Directors and Independent Auditors thereon.

Item No. 2 – Confirmation of interim dividend

To confirm the payment of Interim Dividend on Equity Shares for the year 2012-2013.

Item No. 3 – Re-appointment of Director

To appoint a director in place of Mr. Ashok Kumar Kapoor, who retires by rotation and being eligible, offers him self for re-appointment.

Item No. 4 – Appointment of Statutory Auditors

To appoint the Auditors to hold office from the conclusion of this Annual General meeting, until the conclusion of the next annual General Meeting and to fix their remuneration.

By Order of the Board of Directors
For **BANARAS BEADS LIMITED**,

Sd/-

Place : VARANASI
Date : 30.05.2013

(**R.K.SINGH**)
Company Secretary

NOTES:

1. **MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF. THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The proxy form duly completed and signed must be deposited with the Company at its Registered Office not later than forty-eight hours before the time of commencement of the meeting.

2. The Register of Members and Share Transfer Books of the Company will be closed from Monday, the 1st July, 2013 to Thursday 18th July, 2013 (both days inclusive).
3. Members / Proxies should bring copy of Annual Report and their attendance slip duly filled & signed at the meeting.
4. The Interim Dividend dated 20.2.2013 @ 2.50 per Equity share as declared and paid by Board for the year 2012-2013, will be confirmed.
5. Members who hold shares in dematerialised form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the attendance slip and proxy form for attending the Meeting.
6. The INE number of the company is 655B01011. The members holding shares in physical form are requested to dematerialise their holdings through a recognized Depository participant, by forwarding their request to the REGISTRAR-

M/s Mas Services Limited (RTA of Banaras Beads Limited)
T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020
Ph:- 26387281/82/83 Fax:- 26387384
email:- info@masserv.com, website : www.masserv.com.

7. **Members are requested to make all query /correspondence directly with above Registrar of the company for transfer, transmission of shares, duplicate issue of share certificates, record in change of address and or other purposes.**
8. Members holding shares in dematerialised form are requested to intimate all changes pertaining to their bank details, National Electronic Clearing Service (NECS), Electronic Clearing Services (ECS), mandates, nominations, power of attorney, change of address, change of name and e-mail address, etc., to their **Depository Participant** only and not to the Company's Registrars and Transfer Agents, M/s Mas Services Limited. Changes intimated to the Depository Participant will then be automatically reflected in the Company's records which will help the Company and Transfer Agent to provide efficient and better services.
9. The members holding shares in physical form are requested to send their change of address and other detail to the above RTA of the company or at Registered office of the company / **E-mail- investor@bblinvestor.com OR rksingh@banarasbead.com**.
10. The pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules 2012, the Company has uploaded the details of unpaid and unclaimed amounts of dividends lying with the Company for F.Y. 2011-12 (upto last AGM) with company's website and Ministry of Corporate Affairs website.



11. Members wishing to claim their unpaid Interim and Final dividends for F.Y. 2011-2012 and Interim Dividend 2012-2013 are requested to correspond with Company Secretary of the Company, at the Company's registered office. Members are requested to note that dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will, as per Section 205A of the Companies Act, 1956, be transferred to the Investor Education and Protection Fund.
12. The Company is concerned about the environment and utilizes natural resources in a sustainable way. We request you to register/update their e-mail addresses, in respect of shares held in dematerialised form **with their respective Depository Participants** and in respect of shares held in physical form **with above RTA directly**.
13. Detail of Director Shri Ashok Kumar Kapoor, who retires by rotation and seeking re-appointment (In pursuance of Clause 49 of listing agreement)

Name	:	Shri Ashok Kumar Kapoor
Fathers name	:	Late Ram Krishna Kapoor
Date of Birth	:	15.10.1951
Nationality	:	Indian
Qualifications	:	Graduate.
Date of appointment on the board	:	29.01. 1999
PAN No.	:	ADUPK1929M
DIN No.	:	00142499

List of directorship held in other Company(s)	:	i) M/s R.K. Impex (P) Limited
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Chairmanship/membership of Committees in Public Companies	:	i) Chairman Audit Committee of Banaras Beads Ltd. ii) Member Shareholders/ Investor Grievance Committee of Banaras Beads Ltd.
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EXPERIENCE:

Mr. Ashok Kapoor is having experience in Carpet, Handicrafts and other related items business, more than three decades.

By Order of the Board of Directors
For BANARAS BEADS LIMITED,

Sd/-

Place : VARANASI
Date : 30. 05. 2013

(R.K.SINGH)
Company Secretary

DIRECTORS REPORT

Dear Shareholders,

Your Directors are pleased to present the **33rd Annual Reports** together with the Audited Accounts of the Company for the year ended on 31st March' 2013.

FINANCIAL RESULTS:

	2012-2013	2011-2012
	(Rs. in lacs)	(Rs. in lacs)
Revenue from Operations	2768.27	3386.20
Net Profit Before Taxation	402.67	596.74
Net Profit after taxation	330.75	473.41
Balance of Profit & Loss Account B/F	753.95	636.55
APPROPRIATIONS:		
Transfer to General Reserve	50.00	47.50
Interim Dividend Paid @ 2.5 per Share	165.91	165.91
Final Dividend Proposed @ 1.5 per Share	0	99.54
Tax on Dividend	26.91	43.06
Taxes of earlier Years	23.63	0.00
Balance of Profit & Loss Account C/F	818.25	753.95

DIRECTORS RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, the Directors hereby state and confirm -

- a) That in preparation of Annual Accounts for the F.Y. ended on 31.03.2013, the applicable accounting standards have been followed ;
- b) That the directors selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the Profit & Loss Accounts of the Company.
- c) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- d) That the Directors have prepared the Annual Accounts on a "going concern" basis.

OPERATION:

During the year the turnover of the Company has declined by 16.92% as the export industry is also facing consequential effect of global slowdown.

DIVIDENDS:

Based on the Company's performance during the year 2012-2013, the Board of Directors decided to make payment an interim dividend of Rs. 2.50/- per share and not recommend for final dividend.

TRANSFER TO RESERVES

The Board of the directors has proposed to transfer Rs. 50.00 Lakhs to the General Reserve out of the amount available for appropriations and an amount of Rs 64.30 lakhs after adjustment of Rs.23.63 Lakhs of Earlier year taxes is proposed to be retained in the Profit and Loss Account.

SETTLEMENT OF MANAGEMENT DISPUTES:

As already reported that the decade old disputes between the two Groups of Shareholders namely Raj Kumar Gupta Group and Ashok Kumar Gupta Group stands resolved by order dated 04.07.2007 read with order dated 03.08.2007 passed by the Hon'ble Company Law Board in C.P. No. 14/99. The directions given by the CLB vide the aforesaid two orders were implemented and communicated to the Shareholders as part of Annual Report forming part of published Accounts for the F.Y.2006-2007 and onwards. However in this regard the Special Leave Petition vide no. 25165-25166/2007 filed by Shri Ajit Kumar Gupta and others is still pending before Hon'ble Supreme Court for appropriate order.

DIRECTORS:

Shri Ashok Kumar Kapoor retires from Board of Directors by rotation in accordance with the provisions of the Companies Act and being eligible, offers himself for re-appointment.

RE-APPOINTMENT OF AUDITORS:

M/s Kamal Kishore & Co., Chartered Accountants, the Auditors of the Company, who hold office upto the conclusion of the Annual General Meeting, are eligible for re-appointment and have expressed their willingness to accept the office if re-appointed as Auditors of the Company. M/s Kamal Kishore & Co., Chartered Accountants have under Section 224(1) of the Companies Act, 1956 furnished a Certificate of their eligibility for re-appointment and they hold valid certificate of having Peer Reviewed of their firm.

PARTICULARS OF EMPLOYEES:

The company did not have any employee covered by the provisions of Section 217(2A) of the Companies Act' 1956, read with Companies (Particulars of Employee) Rules 1975 for F.Y. 2012-2013.



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

Information as per Section 217 (1) (e) of the Companies Act, 1956 read with Companies (disclosure of particulars in the Report of Board of Directors) Rules, 1988 are furnished as under:

a) **Conservation of Energy :**

The operations of the Company involve low energy consumption. Adequate measures have been taken to conserve the energy.

b) **Technological Absorption:**

The Company has imported machines from China and Check Republic to upgrades its technological inputs for its products. However presently company has no collaboration arrangement with any foreign organization.

c) **Foreign Exchange Earning and Outgo:**

The foreign exchange earnings of the Company during the financial year has been Rs 2013.30 lakhs from Exports of Glass Beads, Hand knotted Carpets, Handicrafts and other items. The foreign Exchange Outflow during the year has been Rs. 423.71 lakhs for the import of materials, foreign traveling expenses and other sales promotional activities.

CORPORATE GOVERNANCE:

Corporate Governance Report, Management Discussion and Analysis statement and Business Responsibility Report and a certificate from the Auditors confirming compliance are attached to this report.

FIXED DEPOSITS :

The Company has not accepted any fixed deposits during the year.

FINANCE

The Company had availed loans of Rs. 480.67 Lacs from Bank during the F.Y. ended on 31.03.2013.

CREDIT RATING :

The company has been recognized/rated as “ICRA SME 2” by ICRA Ltd.

TRADING OF SHARES UNDER “B” GROUP:

The shares of your Company are presently being traded with BSE and NSE Stock Exchanges under “B” Group on Periodic Call Auction basis.

ACKNOWLEDGMENT:

The Directors wish to place on record their sincere appreciation of the devoted and efficient services rendered by all officers, employees and others associated with the Company.

By order of the Board of Directors
For BANARAS BEADS LTD.

Sd/-

(Ashok Kumar Gupta)
Chairman & Managing Director

Place : VARANASI
Date : 30. 05. 2013

MANAGEMENT DISCUSSION & ANALYSIS OVERVIEW

INDUSTRIAL STRUCTURE AND DEVELOPMENT:

OPPORTUNITIES & THREATS:

The Company is Manufacturer and Exporter of Glass Beads, Necklaces, imitation Jewellery, handicrafts and other related items and has made it's credibility and reputation in international market by providing better quality's on competitive price within committed period.

The company has started business in indigenous market through Retail Counters, Shop, Stores, Franchise and others under arrangement / agreement with various parties. Out of which some has been closed due to on going losses and some stores are giving profit.

The company's product is fashionable items and having much business scope in indigenous and international market. But the China has dumped its products at low price. Resultantly competition has increased and the Company is forced to reduce it's price.

The Company has imported various machines from China and other countries during the year and hope in coming years company will be able to compete price with China.

The management has taken appropriate steps to meet the threats and making extensive efforts on quality control, cost reduction and widen it's marketing net work.

SEGMENT:

The Company's main business is Manufacturing and export of Handicraft items like Glass Beads; Necklaces, Imitation Jewellery etc. all those items form just one Segment. The sale of minor items such as carpets and other items is less than 10% of total sales. As the company has its commercial activity mainly at Varanasi, hence separate geographical segment wise reporting is not required.

FINANCIAL / OPERATIONAL PERFORMANCE:

	2012-2013	2011-2012
	(Rs. in lacs)	(Rs. in lacs)
Revenue from Operations	2768.27	3386.20
Net Profit Before Taxation	402.67	596.74
Net Profit after taxation	330.75	473.41
Balance of Profit & Loss Account B/F	753.95	636.55
APPROPRIATIONS:		
Transfer to General Reserve	50.00	47.50
Interim Dividend Paid @ 2.5 per Share	165.91	165.91
Final Dividend Proposed @ 1.5 per Share	0	99.54
Tax on Dividend	26.91	43.06
Taxes of earlier Years	23.63	0.00
Balance of Profit & Loss Account C/F	818.25	753.95

OUTLOOK :

The company is in process to develop its skill and technology in manufacturing by imported machines. The installation of imported machines and partly production is started. In coming year demand of company products i.e. Glass Beads and fashionable jewelry will increase in international and indigenous market. Thus future of your company is bright.

RISK & CONCERNS:

The main business of your Company is Export business, thus uncertainties in Global economy / international market is major risk for your company.

Any further change in duty draw back, DEPB and Exchange Rate policies would have a direct effect on the profitability of the Company. The management of your Company is hopeful on offsetting any adverse impact by better management abilities.

INTERNAL CONTROL SYSTEMS:

The Company is having an adequate internal control system covering all areas of operations. There is proper safeguard of assets through internal control system, which prevents any wastage, loss and unauthorized use of any assets.

HUMAN RESOURCES & INDUSTRIAL RELATIONS:

The Industrial Relations were very cordial through out the year. Measures for safety of employees, training, welfare and development continued to receive top priorities.

For BANARAS BEADS LTD.,

Sd/-

(Ashok Kumar Gupta)
Chairman & Managing Director

Place : VARANASI
 Date : 30.05.2013

CORPORATE GOVERNANCE

The detailed report on Corporate Governance as per the format prescribed by SEBI and in clause 49 of the Listing Agreement is set out below:

1. COMPANY'S PHILOSOPHY:

The Company has made fair, transparent and ethical governance practices to maintain high level of transparency and accountability in its all area of functioning and relationship with suppliers, buyers, employees, bankers and proper regulatory compliances. The company also believes that its systems and procedure will enhance Corporate performance and maximize shareholders value in the long term.

2. BOARD OF DIRECTORS:

The company is having five directors including two executive and three independent directors. The Board's role, function responsibility, accountability and number of other Directorship and Chairmanship / Membership of Committees of each Director in various other Companies are as follows:

NAME OF DIRECTOR	Category	NUMBER OF OTHER DIRECTORSHIPS AND COMMITTEE MEMBER/CHAIRMANSHIP		
		Other Directorship	Committee Membership	Committee Chairmanship
1. Shri Ashok Kumar Gupta	Chairman & Managing Director	3	1	1
2. Shri Ashok Kumar Kapoor	Non-Executive and Independent Director	2	2	1
3. Shri Praveen Singh	Non-Executive and Independent Director	NIL	2	1
4. Shri Tanmay Deva	Non-Executive and Independent Director	1	2	NIL
5. Shri Siddharth Gupta	Executive Director	3	NIL	NIL

3. NUMBERS OF BOARD MEETING HELD:

Four Board Meetings were held during the F.Y. on 30th May' 2012, 26th July,2012,, 25th October ,2012 & 29th January, 2013.

4. ATTENDANCE OF EACH DIRECTORS:

The following is the attendance of each director at the Board Meetings and last Annual General Meeting:-

NAME OF DIRECTOR	ATTENDANCE PARTICULARS	
	Board Meeting	Last AGM
1. Shri Ashok Kumar Gupta	4	Yes
2. Shri Ashok Kumar Kapoor	4	Yes
3. Shri Praveen Singh	4	Yes
4. Shri Tanmay Deva	2	Yes
5. Siddharth Gupta	3	Yes

5. CODE OF CONDUCT :

The company has made Code of Conduct for its directors, senior management and employees. The said code of conduct is available on the Company's web-site. All the Board Members and senior management of the Company as on March 31, 2013 have affirmed compliance with their respective Codes of Conduct. A Declaration to this effect, duly signed by the Managing Director is annexed hereto.

6. AUDIT COMMITTEE:

In terms of the provisions of Sec. 292A of the Companies Act, 1956 read with Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors of the Company constituted an Audit Committee, comprising of three Non-Executive Directors viz. Shri Ashok Kumar Kapoor, Chairman, Shri Praveen Singh and Shri Tanmay Deva as its Members. The Company Secretary acts as Secretary to the Committee.

The meetings of the Audit Committee were held 29th May' 2012, 26th July,2012, 25th October ,2012 & 29th January, 2013 for reviewing the financial performance of the company on quarterly basis and for consideration of Annual Accounts for the year 2012-2013. All the members of the committee were present at the said meetings.

The terms of reference to this committee cover the matters specified for Audit Committee under Clause 49 of Listing Agreement.

7. REMUNERATION COMMITTEE:

The Board does not have a Remuneration Committee. No remuneration is paid to Non-executive and independent Directors. The Aggregate value of salary and perquisites paid for the year ended on 31st March' 2013 to the Chairman & Managing Director Shri Ashok Kumar Gupta is Rs.1680000/-and to Mr. Siddharth Gupta, Whole Time Director (Executive Director) is Rs.1344000/-.

8. COMMITTEE FOR THE SHAREHOLDERS:

a) SHARE TRANSFER COMMITTEE:

The Committee met nine times during the year 2012-2013 and approved or rejected demat (s) / transfer (physical) of shares request, details given below. The Minutes of the share transfer committee were laid before the Board of Directors of the Company for their ratification and they have ratified from time to time.

Particulars	Physical Transfer	Transmiss ion	Demat	Remat
No. of shares received	14160	660	1143450	0
No. of shares accepted	14160	660	1142940	0
No. of shares rejected due to signature difference / incomplete transfer deeds / DRF forms	0	0	510	

b) SHAREHOLDER / INVESTORS' GRIEVANCE COMMITTEE:

In terms of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board of Directors of the Company has constituted an Investor Grievance Committee comprising of three Non-executive and independent Directors viz. Shri Praveen Singh, Chairman, Shri Ashok Kumar Kapoor and Shri Tanmay Deva, as its members, specifically to look into the redressal of Grievances / Complaints of Shareholders and investors such as Transfer of Shares non-receipt of Balance Sheet, etc. The meetings of said Committee were held on 30th May' 2012, 26th July, 2012, 25th October, 2012 & 29th January, 2013.

c) COMPLIANCE OFFICER :

The Board has designated Shri R.K. Singh, Company Secretary as the Compliance officer. **But the investors will lodge their query, requests/complaints with the Registrar to the Company at-**

M/s Mas Services Ltd. (share transfer Registrar / agent)
 T-34, 2nd Floor, Okhla Industrial Area, Phase - II, New Delhi - 110 020,
 Ph:- 26387281/82/83, Fax:- 26387384, email:- info@masserv.com

In special case shareholder may write to the Company for any query at-

Banaras Beads Limited,
 A-1, Industrial Estate, Varanasi – 221106. Phone No. 0542-2370161-164, Fax No. 0542-2370165
 E-mail- investor@bblinvestor.com or rksingh@banarasbead.com

d) The status of total number of complaint received during the financial year 2012-2013 -

The Company has made policy to resolve / redress the complaint within 10 days by them self or through RTA. During the year company has received 80 complaints/request regarding non-receipt of dividend, demat/ transfer of shares and all complaints have been resolved timely. However after revocation of suspension of trading various queries / phone calls, letters and e-mail received from members in respect of code number of Company, future prospects, dividend position, non-receipt of dividend etc. The same have been replied timely. No complaint / query is pending for reply / redressal as on 31.3.2013.

9. GENERAL BODY MEETINGS:

Location and time for the last three Annual General meetings are as under –

Year	Location	Date	Time	Special resolutions passed
	A-1, Industrial Estate, Varanasi			
2009-2010	-Do-	05.08.2010	3.00P.M.	No special resolution passed
2010-2011	-Do-	04.08.2011	3.00P.M.	No special resolution passed
2011-2012	-Do-	19.07.2012	3.00PM	No special resolution passed

Postal ballots : For the year ended on 31st March' 2013 there have been no ordinary or special resolution passed by the shareholders of the Company through Postal ballot and there is no resolution proposed at the ensuing Annual General Meeting, which needs to be passed through Postal Ballot.

10. OTHER DISCLOSURES:

- None of the transactions with any of the related party is in conflict with the interest of the Company. The transactions with related parties have been disclosed in note No.27 of Notes on accounts in the Annual Report.**
- The Company has done all compliances timely. No penalties, strictures has been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the year.
- Mr. Raj Kumar Gupta, ex-director of the company had filed CP No. 14/99 against company and its directors in the year 1998-99. Mr. Raj Kumar Gupta was incharge of Delhi office of the company and had not complied various provision of Companies Acts. Resultantly ROC, UP has filed complaints against company and its directors in the year 2007. During the year Hon'ble Company Law Board, New Delhi has compounded four complaints against company and whole Time Director Shri Ashok Kumar Gupta, by way of compounding charges against company Rs. 10000/- and against director Rs. 5000/- in each case. Accordingly the compounding fee Rs. 40000/- paid by company and Rs. 20000/- by Managing Director Shri Ashok Kumar Gupta from his personal account. Further the Varanasi Court has disposed six complaints by making penalty Rs. 3800/- in each case against Shri Ashok Kumar Gupta, Managing Director of the Company. The said amount was also paid by Managing Director from his personal account. The two complaints are still pending against company and director and the same in process for compounding through CLB or dispose of through Varanasi Court.

MEANS OF COMMUNICATION:

The Annual, half yearly and Quarterly results are usually submitted to the Stock Exchanges in accordance with Listing Agreements and same are sent to the newspapers for publication. The Management discussion and Analysis Report is part of Annual Report, which is now included in the Annual Report.

11 (i) SHAREHOLDERS INFORMATION:

- | | | | |
|-------------------------------------------------------------------------|--------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Annual General Meeting | Date | : | 18.07.2013, |
| | Time | : | 3:00 P.M |
| | Venue | : | A-1, Industrial Estate, Varanasi |
| 2. Financial Calendar 2012-2013 | | : | (F.Y. 01/04/2012 to 31/03/2013) |
| 3. Dates of Books Closure | | : | From 1 st July, 2013 to Thursday, the 18 th July, 2013 (both days inclusive) |
| 4. Dividend payment | | : | Interim dividend paid on 20.02.2013 @ Rs.2.5 per share for F.Y.2012-2013. |
| 5. Listing on Stock Exchanges | | : | U.P. Stock Exchange, Kanpur
Bombay Stock Exchange
National Stock Exchange |
| 6. Listing Fees | | : | Fees paid for UP Stock exchange, BSE and NSE. |
| 7. Stock Code with BSE | | : | 526849 |
| 8. Demat ISIN Number in NSDL | | : | INE655B01011 |
| 9. Registered Office | | : | A-1, Industrial Estate, Varanasi |
| 10. Location of the Plant | | : | A-1, A-5, Industrial Estate and G.T. Road, Tandia, Varanasi |
| 11. Registrars for share transfer and demat purposes | | : | Mas Services Limited
T-34, 2nd Floor, Okhla Industrial Area,
Phase - II, New Delhi - 110 020
Ph:- 26387281/82/83 Fax:- 26387384
email:- info@masserv.com website : www.masserv.com |
| 12. Shareholders' Correspondence | | : | All correspondence / communications regarding shares related i.e. transfer, transmission, demat, Duplicate Share Certificates, Dividends, change of Address, etc. shall be addressed to the Registrar M/s Mas Services Limited directly. In case any problem shareholder(s) may write to the company. |
| 13. Compliance Officer | | : | Sri R.K. Singh, Company Secretary |
| 14. Designated Exclusive E-mail for investor service and Website | | : | investor@bblinvestor.com or www.bblinvestor.com |

The company has requested Ahmadabad Stock Exchange, Kolkata Stock Exchange & Delhi Stock Exchange to de-list our shares as the same are not being traded at there. The Ahmadabad Stock Exchange has not considered request of the company and sent statutory notice for payment of pending Listing fee.

11(ii) SHARE TRANSFER SYSTEM:

The company has appointed M/s Mas Services Ltd., New Delhi as the Registrar and Transfer Agent for all shares related works i.e. transfer/transmission of shares, duplicate issue of certificate, change of address /mandate etc. the transfer of shares in physical form and demat are normally processed within ten to twelve days from the date of receipt, if the documents are complete in all respects. The Share Transfer Committee is empowered to approve the shares related works done by RTA and officer(s) of the company.

11(iii) DISTRIBUTION OF SHAREHOLDINGS AS ON 31st MARCH' 2013:

Particular	No. of Shareholder	% of share holders	Number of Share held	% of share holding
001 – 500	6330	95.706	714801	10.771
501 – 1000	155	2.344	107151	1.615
1001 – 2000	47	0.771	67140	1.012
2001 – 3000	24	0.363	59536	0.897
3001 – 4000	16	0.242	54657	0.824
4001 – 5000	7	0.106	31347	0.472
5001 – 10000	16	0.242	112489	1.695
10001 – above	19	0.287	5489101	82.714
	6614	100.00	6636222	100.00

11(iv) CATEGORY WISE SHARE HOLDING AS ON 31.03.2013:

The category wise share holding of Members of the Company as on 31.03.2013 is as under –

Category	No. of Shares held	% of the Shares held
1- a) Promoters / Associates / Directors	3835592	57.798
b) Non Promoters and Independent Directors	600	0.009
2- Other Bodies Corporate	99786	1.504
3- Financial Institution / Bank	23084	0.348



4- Mutual Fund	20	0.000
5- Trust	1072000	16.154
6- Non resident Indian/OCB	14420	0.217
7- Clearing Member	1512	0.023
8- Employee	1030	0.016
9- Director's relative	6735	0.101
10- Indian Public	1581443	23.830
Total -	6636222	100.00

11(v) DEMATERIALIZATION OF SHARES:

The equity shares of the Company are being traded compulsorily in dematerialised form w.e.f. 26th March, 2001 and as on 31st March, 2013 total number of 5986403 equity shares representing 90.207 % of the Equity Share Capital have been dematerialized.

11 (vi) STOCK MARKET DATA:

BSE				NSE			
Period (Apr 2012 to Mar 2013)							
Month	High Price	Low Price	No. of Shares		High Price	Low Price	No. of Shares
Apr 12	34.00	30.50	38,421		33.60	31.00	250
May 12	33.05	28.25	33,517		-	-	-
Jun 12	39.25	30.40	63,131		-	-	-
July 12	35.80	27.75	56,431		31.50	28.00	660
Aug 12	31.60	28.05	9,261		31.35	29.90	1001
Sep 12	33.50	29.00	13,014		31.25	29.60	221
Oct 12	36.50	29.30	26,094		34.30	31.25	744
Nov 12	33.60	29.50	14,261		33.25	27.80	785
Dec 12	39.75	30.05	22,960		31.25	27.25	269
Jan 13	60.40	40.05	96,337		56.60	30.50	3257
Feb 13	53.00	37.25	12,142		54.85	36.10	355
Mar 13	40.70	30.10	16,706		36.10	31.00	213

11(vii) The Outstanding GDRs / ADRs / Warrants or any Convertible instruments, conversion date and likely impact on Equity: **Not Applicable.**

11(viii) Non-mandatory requirements – Not adopted.

12. CEO / CFO CERTIFICATION :

CEO / CFO Certificate in Compliance to Clause 49 of Listing Agreement is enclosed in respect of the financial year 2012-2013.

For BANARAS BEADS LTD.

Sd/-

Place : VARANASI
Date : 30. 05. 2013

(Ashok Kumar Gupta)
Chairman & Managing Director



DECLARATION BY THE CEO UNDER CLAUSE 49 OF THE LISTING AGREEMENT REGARDING ADHERENCE TO THE CODE OF CONDUCT.

In accordance with Clause 49 sub-clause I (D) of the Listing Agreement with the Stock Exchanges, I hereby confirm that, all the Directors and the Senior Management personnel of the Company have affirmed compliance to their respective Codes of Conduct, as applicable to them for the Financial Year ended March 31, 2013.

For Banaras Beads Limited

Sd/-

Place: VARANASI

Date : 30.05.2013

(Ashok Kumar Gupta)
Chairman & Managing Director

CEO / CFO CERTIFICATE

To,
The Board of Directors,
Banaras Beads Limited
Varanasi

We, Ashok Kumar Gupta Chairman and Managing Director (CEO) of Banaras Beads Limited to the best of our knowledge and belief, certify that:

1. We have reviewed the Balance Sheet and Profit and loss account (consolidated and standalone), and all the schedules and notes on accounts, as well as the Cash Flow statements, and the Director's report.
2. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statement made.
3. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/ or applicable laws and regulations.
4. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct.
5. We are responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company, and we have :
 - (a) Designed such disclosure controls and procedures to ensure that material information relating to the Company, is made know to us by others within those entities, particularly during the period in which this report is being prepared.
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Generally Accepted Accounting Principles (GAAP).
 - (c) Evaluated the effectiveness of the Company's disclosure, controls and procedures.
 - (d) Disclosure in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Company's internal over financial reporting.
6. We have disclosed based on our most recent evaluation, wherever applicable, to the Company's auditors and audit committee of the Company's Board of Directors (and persons performing the equivalent functions) :
 - (a) There were no deficiencies in the design or operation of internal controls, that could adversely affect the Company's ability to record, process, summarize and report financial data, and there have been no material weaknesses in internal controls over financial reporting including any corrective actions with regard to deficiencies.
 - (b) There were no significant changes in internal controls during the year covered by this report.
 - (c) All significant changes in accounting policies during the year, if any, and that the same have been disclosed in the notes to the financial statements.
 - (d) There were no instances of fraud of which we are aware, that involve the Management or other employees who have a significant role in the Company's internal control system.
7. In the event of any materially significant misstatements or omissions, we will return to the Company that part of any bonus or incentive or equity-based compensation, which was inflated on account of such errors.
8. We affirm that we have not denied any personnel, access to the audit committee of the Company (in respect of matters involving alleged misconduct) and we have provided protection to *whistleblowers* from unfair terminations and other unfair or prejudicial employment practices.
9. We further declare that all Board members and senior managerial personnel have affirmed compliance with the code of conduct for the current year.

For BANARAS BEADS LTD.

Sd/-

Place : VARANASI

Date : 30.05.2013

(Ashok Kumar Gupta)
Chairman & Managing Director



AUDITORS' CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

(As per clause 49 of the Listing Agreement with the Stock Exchanges)

To,
The Members
Banaras Beads Ltd.

We have examined the compliance of conditions of Corporate Governance by Banaras Beads Limited, for the 31st March' 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with the Stock Exchanges

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

In our opinion and to the best of our information and accordingly to the explanations given to us and based on representation made by the directors and the Management, we certify that the Company has complied with condition of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreements.

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

For Kamal Kishore & Co.
Chartered Accountants

Sd/-

(Kamal Kishore Srivastava)
Partner M. No. 71639

Place : VARANASI.
Date : 30. 05. 2013

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company : L01131UP1980PLC004984

1. **Name of the Company** : Banaras Beads Limited
2. **Registered address** : A-1, Industrial Estate, Varanasi-221106
3. **Website** : www.banarasbead.com, OR www.bblinvestor.com
4. **E-mail id** : info@banarasbead.com OR rksingh@banarasbead.com
5. **Financial Year reported** : April 1, 2012 to March 31, 2013
6. **Sector(s) that the Company is engaged in (industrial activity code-wise)**

The Company's main business is Manufacturing and export of Handicraft items like Glass Beads; Necklaces, Imitation Jewellery etc., which may be classified under following groups:

Industrial Group			Product Description
Group	Class	Sub-class	
231	2310	23109	Manufacturing of Glass Beads
321	3211	32119	Manufacturing of other articles of gold, silver and other precious and semi precious metal and stone.
321	3212	32120	Manufacture of imitation Jewellery, Handicrafts and other related items.

7. **List three key products/services that the Company manufactures/provides (as in balance sheet)**

As per clause 6 stated above

8. **Total number of locations where business activity is undertaken by the Company**

i. **Number of International Locations (Provide details of major 5)** : No International location

ii. **Number of National Locations**

Number of National Locations: 1 (Varanasi)

9. **Markets served by the Company –**

USA, South Africa, United Kingdom & Ireland, Europe, Middle East & Africa and India.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (INR)** : 661.35 Lacs
2. **Total Turnover (INR)** : 2507.04 Lacs
3. **Total profit after taxes (INR)** : 330.75 Lacs
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)** : 0.701%
5. **List of activities in which expenditure in 4 above has been incurred:-** Social work/improvement of art

SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company/ Companies?** : No.
2. **Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)** : NA
3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities?** [Less than 30%, 30-60%, More than 60%] : NA

SECTION D: BR INFORMATION

1. DETAILS OF DIRECTOR/DIRECTORS RESPONSIBLE FOR BR

- a) Details of the Director/Directors responsible for implementation of the BR policy/policies.
 - DIN Number - 0016661
 - Name - Shri Ashok Kumar Gupta
 - Designation – Chairman & Managing Director
- b) Details of the BR head

S.No.	Particulars	Details
1.	DIN Number (if applicable)	00342369
2.	Name	Shri Siddharth Gupta
3.	Designation	Executive Director
4.	Telephone number	0542-2370161-64
5.	e-mail id	siddharth@banarasbead.com

2. PRINCIPLE-WISE (AS PER NVGS) BR POLICY/POLICIES (REPLY IN Y/N)

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows.

P1	Business should conduct and govern themselves with ethics, Transparency and Accountability
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle
P3	Businesses should promote the wellbeing of all employees
P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
P5	Businesses should respect and promote human rights
P6	Business should respect, protect, and make efforts to restore the environment
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible Manner
P8	Businesses should support inclusive growth and equitable development
P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner.

S.No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	N	-	Y	N	Y	Y	-	-	-
4.	Has the policy being approved by the Board? Board? Is yes, has it been signed by MD/owner/CEO/appropriate Board Director?	Y	Y	-	-	Y	-	Y	-	Y
5.	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	N	N	N	N	N	N	N	N	N
6.	Indicate the link for the policy to be viewed online?	—								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	The Policy have been communicated to internal key stake holders of the company.								
8.	Does the company have in-house structure to implement the policy/policies.	Yes, the company has an in-house structure which is reviewed by the board.								
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	The Board of Directors undertakes the responsibility of addressing stakeholder concerns related to the BR policies.								
10.	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	NO								

2a. IF ANSWER TO S.NO. 1 AGAINST ANY PRINCIPLE, IS 'NO', PLEASE EXPLAIN WHY: (TICK UP TO 2 OPTIONS)

S.No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year	Y	Y	Y	Y	Y	Y	Y	Y	
6.	Any other reason (please specify)									

3. GOVERNANCE RELATED TO BR

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year: 3 - 6 Month
- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? : No

SECTION E: PRINCIPLE-WISE PERFORMANCE.

PRINCIPLE 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? : The Company and all associated are covered by this policy.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? *If so, provide details thereof, in about 50 words or so.*

During the year company has received 80 complaints/request regarding non-receipt of dividend, demat/ transfer of shares and all complaints have been resolved timely.

PRINCIPLE 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities. : The company products are not having any environmental risk and having much opportunities for small Karigars and villagers in cottage industries sector.
2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain.
 - ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year.
3. Does the company have procedures in place for sustainable sourcing (including transportation)? : If yes, what percentage of your inputs was sourced sustainably?

The Company's motto is to establish long term relationship with its vendors. In addition to techno-commercial aspects, emphasis also laid on factors like safe working conditions, prevention of child labour and general housekeeping.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? : Yes

If yes, what steps have been taken to improve their capacity and capability of local and small vendors? :

The Company gives preference to small firms, Karigar, organizations, particulars belonging to villages and schedule tribes. The company provide training to local Karigers for improving their skill and productivity.

5. Does the company have a mechanism to recycle products and waste? : Yes

If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so. : All wastages are either recycle or sold for recycling.

PRINCIPLE 3

1. Please indicate the Total number of employees. 284
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. 43
3. Please indicate the Number of permanent women employees. 74
4. Please indicate the Number of permanent employees with disabilities: 8
5. Do you have an employee association that is recognized by management? : NO
6. What percentage of your permanent employees is members of this recognized employee association? : NA
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year. NIL

S.No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1.	Child labour/forced labour/involuntary labour	NILL	NILL
2.	Sexual harassment	NILL	NILL
3.	Discriminatory employment	NILL	

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?

- Permanent Employees
- Permanent Women Employees
- Casual/Temporary/Contractual Employees : NIL
- Employees with Disabilities :

Time to time training were provided to all the concerned Employee including women.

PRINCIPLE 4

1. Has the company mapped its internal and external stakeholders? : Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders? : NO
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so. : NO

PRINCIPLE 5

Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others? : The company adheres to status of India's Factories Acts 1941, which embodies some of the human rights principal such as prevention of child labour, forced labour and compulsory labour.

How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? : None

PRINCIPLE 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others. : The Company and all associated are covered by this policy.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc. : NO
3. Does the company identify and assess potential environmental risks? : No potential environmental risks.
4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? : No.
5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc. : No.
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported? : NA
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. NIL

PRINCIPLE 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with: YES
 - a. Federation of Indian Export Organisation (FIEO)
 - b. Chemical and allied promotion Export Council India (CAPEXIL)
 - c. Indo American Chamber UP
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) : No.

PRINCIPLE 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof. NO.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization? : No.
3. Have you done any impact assessment of your initiative? : No.
4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken. No.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so. No.

PRINCIPLE 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year. : NIL
2. Does the company display product information on the product label, over and above what is mandated as per local laws? : Yes
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so: No.
4. Did your company carry out any consumer survey/ consumer satisfaction trends? : No.



REPORT OF THE INDEPENDENT AUDITORS

TO THE SHAREHOLDERS OF BANARAS BEADS LIMITED

We have audited the accompanying financial statements of Banaras Beads Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

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

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

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

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

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

- in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- in the case of the Profit and Loss Account, of the profit
- for the year ended on that date; and
- in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

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

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

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- 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
- the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this report are in agreement with the books of account.
- in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors 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 Kamal Kishore & Co.
Chartered Accountants
(Firm No 007424C)

Sd/-

Place: VARANASI
Date: 30.05.2013

(Kamal Kishore Srivastava)
Partner M. No. 71639

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

THE ANNEXURE REFERRED TO IN OUR REPORT OF EVEN DATE TO THE MEMBERS OF BANARAS BEADS LIMITED. ON THE ACCOUNTS OF THE COMPANY FOR THE YEAR ENDED 31ST MARCH, 2013.

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

- (a) The company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
- (b) As explained to us, fixed assets have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us, disposal of fixed asset during the year is not substantial so as to affect the going concern assumption.
- (a) As explained to us, inventories have been physically verified during the year by the management at reasonable intervals.
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and on the basis of our examination of the records, the Company is generally maintaining proper records of its inventories. The discrepancy noticed on physical verification of stocks as compared to book records to the book records were not material and have been properly dealt with in the books of accounts.
- (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Consequently, the provisions of clauses iii (b), iii(c) and iii (d) of the order are not applicable to the Company.
- (e) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not taken loans from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Thus sub clauses (f) & (g) are not applicable to the company.
- In our opinion and according to the information and explanations given to us, the internal control procedure with respect to the purchase of inventory and fixed assets and sale of goods and services need to be further improved to make it commensurate with the size of the company and the nature of its business. During the course of our audit, no major instance of continuing failure to correct any weaknesses in the internal controls has been noticed.
- a) Based on the audit procedures applied by us and according to the information and explanations provided by the management, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) As regards transaction exceeding value of Rupees five lakhs entered into during the financial year, we are unable to comment whether the transaction were made at prevailing market prices at the relevant time, because of the specialized nature of the items involved and absence of any comparable prices.
- The Company has not accepted any deposits from the public covered under section 58A and 58AA of the Companies Act, 1956.
- The company has an internal audit system commensurate with the size and nature of the company's business but in our opinion its scope and coverage require to be further strengthened.
- 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 records with a view to determining whether they are accurate or complete.
- (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2013 for a period of more than six months from the date they became payable.
- (b) The disputed statutory dues aggregating Rs.43.77 lakhs that have not been deposited on account of disputed matters pending before appropriate authorities are as under:

Particulars	Liability Raised by Assessing Officer (Rs. lakhs)	Amount not paid (Rs. in lakhs)	Forum where dispute is pending
Income Tax for A. Y. 2001-2002	15.00	15.00	CIT (Appeals), Varanasi
Income Tax for A. Y 2010-2011	76.02	24.58	CIT (Appeals), Varanasi
Related to Custom duty	4.19	4.19	Commissioner of Customs

- The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
- Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the



Company has taken only working capital loans from banks and has not defaulted in repayment of dues to the bank. The company does not have any borrowing from financial institution and has not issued debentures.

- According to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- The Company is not a chit fund or a nidhi /mutual benefit fund/society. Therefore, the provision of this clause of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable to the Company.
- According to information and explanations given to us, the Company is trading in Shares, Mutual funds & other Investments. Proper records & timely entries have been maintained in this regard & further investments specified are held in their own name.
- According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institution.
- Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
- Based on the information and explanations given to us and on an overall examination of the Balance Sheet of the Company as at 31st March, 2013, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- Based on the audit procedures performed and the information and explanations given to us by the management, we report that the Company has not made any preferential allotment of shares during the year.
- The Company has no debentures issued and outstanding during the period under audit.
- The Company has not raised any money by public issue during the year.
- Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

For Kamal Kishore & Co.
Chartered Accountants
(Firm No 007424C)

Sd/-

(Kamal Kishore Srivastava)
Partner, M. No. 71639

Place: VARANASI
Date : 30. 05. 2013



BANARAS BEADS LTD.

Balance Sheet as at 31st March, 2013

Particulars	Note No	Figures as at the end of current reporting period (Amount in Rs.)	Figures as at the end of previous reporting period (Amount in Rs.)
I. EQUITY AND LIABILITIES			
(1) Shareholder's Funds			
(a) Share Capital	1	66134720	66134720
(b) Reserves and Surplus	2	314488839	302876616
(2) Current Liabilities			
(a) Short-term borrowings	3	48067324	63699131
(b) Trade payables	4	6044999	4777506
(c) Other current liabilities	5	18986428	11321668
(d) Short-term provisions	6	8150000	22931816
Total		461872310	471741457
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	7	110514957	49275895
(ii) Intangible assets		162092	270152
(iii) Capital work-in-progress		17023755	28759334
(b) Non-current investments	8	1126499	1126499
(c) Deferred tax assets (net)	9	6682155	5724102
(d) Long term loans and advances	10	16215038	134998031
(2) Current assets			
(a) Current investments	11	69386	4571486
(b) Inventories	12	133138046	71824105
(c) Trade receivables	13	10075318	13282378
(d) Cash and cash equivalents	14	92256473	93741497
(e) Short-term loans and advances	15	73815270	67240455
(f) Other current assets	16	793321	927523
Total		461872310	471741457

For and on behalf of the Board of Directors

For Kamal Kishore & Co.
Chartered Accountants
Sd/-

(K.K. Srivastava)
Partner
Place : VARANASI
Date : 30.05.2013

Sd/-
(Ashok Kumar Gupta)

Chairman & Managing Director
Sd/-
(Jai Singh)
Manager (Accounts)

Sd/-
(Ashok Kumar Kapoor)

Director
Sd/-
(R.K. Singh)
Company Secretary



BANARAS BEADS LTD.

Statement of Profit and Loss for the year ended 31st March, 2013

Particulars	Note No	2012-13 (Amount in Rs.)	2011-12 (Amount in Rs.)
Revenue from operations	17	276827115	338620332
Other Income	18	16885904	15594193
Total Revenue		293713019	354214525
Expenses:			
Cost of materials consumed	19	145294277	151747286
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	20	-35664112	19158965
Manufacturing Expense	21	59103818	46727114
Employee benefit Expense	22	32167919	31937334
Financial Costs	23	7248191	2355675
Depreciation and Amortization Expense	7	8897940	8292887
Other expenses	24	36167901	34320797
Total Expenses		253215935	294540058
Profit before tax and extraordinary items		40497084	59674468
Extraordinary Items (Prior Period Expenses)		229663	-
Profit before Tax		40267421	59674468
Tax expense:			
Current tax		8150000	11362641
Deferred tax		-958053	970690
Profit for the Year		33075474	47341137
Earning per equity share of face value of Rs. 10 each :			
Basic & Diluted		4.98	7.13

For and on behalf of the Board of Directors

For Kamal Kishore & Co.
Chartered Accountants

Sd/-
(K.K. Srivastava)

Partner

Place : VARANASI.

Date : 30.05.2013

Sd/-

(Ashok Kumar Gupta)

Chairman & Managing Director

Sd/-

(Jai Singh)

Manager (Accounts)

Sd/-

(Ashok Kumar Kapoor)

Director

Sd/-

(R. K. Singh)

Company Secretary



BANARAS BEADS LTD.

Cash Flow Statement For the Year Ended 31st March, 2013

	Rs. in Lacs		Rs. in Lacs	
	<u>Current Year</u>		<u>Previous Year</u>	
<u>(A) Cash Flow from Operating Activities</u>				
Net Profit Before Tax and Extraordinary Items		404.97		596.74
Adjustment For :-				
Depreciation	88.98		82.93	
Profit/Loss on Sale of Fixed Assets	0.02		0.23	
Profit/(Loss) on Sale of Investment	0.00		0.00	
Interest/Dividend/ Rent	(154.62)		(73.85)	
Profit on Sales of Investment	0.00		(81.44)	
Other Non Cash Exp.	0.00	-65.62	0.00	-72.13
		339.35		524.61
Adjustment For :-				
Trade & Other receivables	32.08		(201.38)	
Inventories	(613.14)		227.25	
Trade Payable	89.31	-491.75	(150.38)	-124.51
Cash Generated From Operations		(152.40)		400.10
Interest Paid	9.43		23.56	
Direct Taxes	(201.67)	(192.24)	(107.33)	-83.77
Cash Flow Before Extraordinary Items		(344.64)		316.33
Extraordinary Items	(2.30)	-2.30		0.00
Net Cash From Operating Activities (A)		(346.94)		316.33
<u>(B) Cash Flow From Investing Activities :</u>				
Purchase of Fixed Assets	(583.54)		(226.00)	
Sale of Fixed Assets	0.61		4.30	
Purchase of Investments	(617.34)		(657.07)	
Sale of Investments	662.36		729.34	
Realisation of Long term Advance	1187.83		0.00	
Lease or Hire Charges	0.00		0.00	
Interest Received	148.44		65.87	
Rent Received	3.84		3.60	
Dividend Received	2.34		4.38	
Net Cash used in investing activities (B)	804.54	804.54	(75.58)	-75.58
<u>(C) Cash Flow From Financing Activities :</u>				
Amount Received against Calls in Arrear	1.82		1.78	
Proceeds from Short term borrowings	(156.32)		43.71	
Dividend & Interest Paid	(317.95)		(216.38)	
Net Cash used in financing activities (C)	(472.45)	(472.45)	(170.89)	-170.89
TOTAL (A+B+C)		(14.85)		69.86
Net Increase/Decrease in Cash & cash Equivalents		-14.85		69.86
Cash & cash Equivalents As at 01.04.2012		937.41		867.55
Cash & cash Equivalents As at 31.03.2013		922.56		937.41
As per our report of even date				
Sd/- (Ashok Kumar Gupta) Chairman & Managing Director	Sd/- (Ashok Kumar Kapoor) Director	Sd/- (R.K. Singh) Company Secretary		
	For Kamal Kishore & Co. Chartered Accountants Sd/- (K.K. Srivastava) Partner	Sd/- (Jai Singh) Manager (Accounts)		
Place : VARANASI. Date : 30.05.2013				

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. BASIS OF ACCOUNTING:

The accounts have been prepared on the basis of historical cost convention and as a going concern. Accounting policies not specifically referred to otherwise are consistent with generally accepted accounting policies. The company generally follows the mercantile system of accounting recognizing both income and expenditure on accrual basis.

2. FIXED ASSETS:-

Fixed Assets are stated at cost of acquisition less depreciation.

3. DEPRECIATION:-

Depreciation on fixed assets is provided on written down value method at the rates specified in Schedule XIV to the Companies Act, 1956 on single shift basis.

4. INVESTMENTS:

Long Term Investments are shown at cost and fluctuations in the market price of quoted shares are not provided for. Current Investments are valued at lower of cost or realizable value and any reduction in realizable value is debited to the Profit & Loss Account. If realizable value of current investment increases in subsequent years the increase in value of current investment to the level of the cost is credited to the Profit & Loss Account.

5. INVENTORIES:

Basis of valuation

Raw Materials	: At average cost
Finished / Semi-finished goods	: At cost or market value whichever is lower
Stores, spare parts	: At cost and in appropriate cases charged to manufacturing expenses in the year of purchase.

6. FOREIGN CURRENCY TRANSACTIONS :

Transactions in foreign currency are accounted for in accordance with AS-11 issued by the Institute of Chartered Accountants of India. Transactions in foreign currencies are recorded at the exchange rates prevailing on the dates of the transactions. Monetary items denominated in a foreign currency and outstanding at the Balance Sheet date are translated at the exchange rate prevailing at the year end and the difference arising on account of variation in exchange rate is recognized as income or expense in the year in which they arise. Non-monetary items denominated in foreign currency are carried at the exchange rate in force at the date of the transaction.

7. RETIREMENT BENEFITS:

- (i) Company's contribution to Provident Fund, Family Pension Fund, ESI etc. are charged to Profit & Loss Account on accrual basis.
- (ii) Liability for gratuity in respect of employees is covered under the Group Gratuity Policy taken by the company from Life Insurance Corporation of India. The premium payable under the Policy, are charged to Profit & Loss Account. The short fall in the Fund, as indicated by the L.I.C. is provided for by the Company as gratuity liability.
- (iii) The leave salary payable in respect of encashable leave is provided for according to the service rule of the Company. Unavailed leave, which is not encashable during the continuance of service is not provided for.

8. ACCOUNTING FOR DUTY CREDIT SCRIPT UNDER FOCUS PRODUCT/VISHESH KRISHI UDYOG YOJNA AND STATUS HOLDER INCENTIVE SCRIPT :

Duty Credit Script under Focus Product/VKUY and Status Holder Incentive Script Schemes are normally consumed in payments of custom duty against imports made. Entries for such consumption is made in respective purchase account on the amount of custom duty adjusted. Entries for scripts transferred are accounted for on realised value. Duty Credit Script under Focus Product and Status Holder Incentive Script Scheme receivable at the end of accounting year is accounted on estimated realizable value.

9. CONTINGENT LIABILITIES :

Contingent Liabilities are generally not provided for in the Accounts and are shown by way of Notes on Accounts.

10. SALES:

Sales include export sales whether made directly or through third parties.

11. The accounting policies have been consistently followed and there has been no significant change in such policies during the year.

B. NOTES TO ACCOUNTS

	Figures as at the end of current reporting period (Amount in Rs.)	Figures as at the end of previous reporting period (Amount in Rs.)
<u>1. SHARE CAPITAL</u>		
<u>AUTHORISED CAPITAL</u>		
Authorised		
1,20,00,000 Equity Share of Rs. 10/- Each	120000000	120000000
<u>ISSUED SUBSCRIBED & FULLY PAID UP SHARE CAPITAL</u>		
6636222 Equity Shares	66362220	66362220
Of Rs. 10/- Each Fully paid -up		
Less: Unpaid Calls	227500	227500
Total	66134720	66134720
Shareholders holding more than 5% shares		
	<u>No. of Shares</u> <u>(%)</u>	<u>No. of Shares</u> <u>(%)</u>
Ashok Kumar Gupta	1363402 (20.54)	1363402 (20.54)
Ashok Kumar Gupta (HUF)	544920 (8.21)	544920 (8.21)
Rekha Gupta	739830 (11.15)	739830 (11.15)
Ram Gulam Kanhaiya Lal Charitable Trust	1072000 (16.15)	1072000 (16.15)
Prashant Gupta/Ashok Kumar Gupta(Joint Holders)	472540 (7.12)	472540 (7.12)
Vaishali Gupta	350110 (5.28)	350110 (5.28)
<u>2. RESERVE AND SURPLUS</u>		
<u>A. GENERAL RESERVE</u>		
Opening Balance	4750000	-
Transferred During the Year	5000000	4750000
Sub- Total	9750000	4750000
<u>B. SECURITIES PREMIUM RESERVE</u>		
	224765500	224765500
Less : Unpaid Calls	1851750	2033750
Sub- Total	222913750	222731750
<u>C. SURPLUS OF PROFIT & LOSS</u>		
Balance as per Last Account	75394866	63654861
Net Profit After Tax	33075474	47341137
Less: Transferred to General reserve	5000000	4750000
Interim Dividend Paid (Interim Dividend @ Rs. 2.5 per share)	16590555	16590555
Proposed Final Dividend (Final Dividend @ Rs.1.5 per share)	-	9954333
Tax on Dividend	2691402	4306244
Taxes of Earlier Years	2363294	-
Sub Total	81825089	75394866
Total	314488839	302876616



	Figures as at the end of current reporting period	Figures as at the end of previous reporting period
	(Amount in Rs.)	(Amount in Rs.)
3. <u>SHORT TERM BORROWINGS</u>		
<u>Secured Loans from Bank</u>		
a) Bank of Baroda Packing Credit Foreign Currency Loan	17885000	59364179
b) Bank of Baroda Packing Rupee Loan (Both Secured against hypothecation of Stock, Book Debts & Plant and Machineries and Fixed Deposits of the Bank)	26000000	-
c) Bank Of Baroda O/D A/C (Secured against Fixed Deposits of the Bank)	4182324	4334952
Total	48067324	63699131
4. <u>TRADE PAYABLE</u>		
Trade Payable	6044999	4777506
Total	6044999	4777506
5. <u>OTHER CURRENT LIABILITIES</u>		
Customer Deposits	11841158	7599324
Other Liabilities	5177229	3198170
Unclaimed Dividend	1968041	524175
Total	18986428	11321668
6. <u>SHORT TERM PROVISIONS</u>		
Provision for Income Tax	8150000	11362641
Provision for Proposed Dividend	-	9954333
Provision for Tax on Proposed Dividend	-	1614842
Total	8150000	22931816

7. FIXED ASSETS AND DEPRECIATION

		GROSS BLOCK				DEPRECIATION				NET BLOCK	
NAME OF ASSETS	RATE	BALANCE ON 1.4.12	ADDITION	DEDUCTION	TOTAL	UPTO 31.3.12	During the year	DEDUCTION DUE TO SALE	TOTAL	AS ON 31.3.13	AS ON 31.3.12
TANGIBLE ASSETS											
LAND	0.00%	3501276	0	0	3501276	0	0	0	0	3501276	3501276
FACTORY BUILDINGS	10.00%	44124393	40177760	0	84302154	26627016	1768113	0	28395130	55907024	17497377
FURNITURE & FIXTURE	18.10%	9351721	1831412	0	11183133	6094462	648345	0	6742807	4440326	3257259
PLANT & MACHINERY	13.91%	28021771	22361233	273765	50109239	16139826	3050363	212369	18977820	31131420	11881945
ELECTRICAL EQUIPMENT	13.91%	6728253	5595567	0	12323820	4375411	465895	0	4841306	7482514	2352842
OFFICE EQUIPMENT	13.91%	756776	64654	0	821430	714557	12081	0	726638	94792	42219
VEHICLES	25.89%	18045175	30330	0	18075505	7841265	2645056	0	10486322	7589183	10203909
COMPUTER	40.00%	4572163	29381	0	4601544	4085373	198326	0	4283699	317845	486790
FURNACES	100.00%	1708349	0	0	1708349	1668309	0	0	1668309	40040	40040
MOBILE PHONE	13.91%	17750	0	0	17750	5510	1703	0	7213	10537	12240
Sub Total		116827625	70090337	273765	186644197	67551730	8789881	212369	76129242	110514957	49275895
INTANGIBLE ASSETS											
SOFTWARE	40.00%	826747	0	0	826747	556595	108060	0	664655	162092	270152
Sub Total		826747	0	0	826747	556595	108060	0	664655	162092	270152
CAPITAL W.I.P.		28759334	27716367	39451945	17023756	0	0	0	0	17023756	28759334
Sub Total		28759334	27716367	39451945	17023756	0	0	0	0	17023756	28759334
TOTAL		146413706	97806704	39725710	204494700	68108325	8897941	212369	76793897	127700804	78305381
Previous Year		125626103	22890851	2103249	146413706	61174960	8292887	1359523	68108325	78305381	64451143



8. NON-CURRENT INVESTMENTS

	No. of shares	Face Value	Figures as at the end of current reporting period (Rs.)	Figures as at the end of previous reporting period (Rs.)
<u>(I) In Equity Shares – Un-quoted</u>				
<u>A. INVESTMENT IN ASSOCIATES</u>				
BBL Beads Ltd	87500	10.00	875000	875000
<u>B. INVESTMENT IN OTHERS</u>				
India Exposition Mart Ltd.	9343	10.00	93430	93430
<u>(II) In Equity Shares - Quoted</u>				
Gee EI Wollen Ltd.	1000	10.00	10000	10000
Pertech Computers Ltd.	600	10.00	36000	36000
Elbee Services Ltd.	100	10.00	14000	14000
Kabson Industries Ltd.	1300	10.00	13000	13000
Bholanath International Ltd.	300	10.00	6020	6020
Ideal Carpets Ltd.	300	10.00	2252	2252
M.P. Telelink Ltd.	500	10.00	5000	5000
Rungta Irrigation Ltd.	600	10.00	36797	36797
GKB Ophthalmic Ltd.	1000	10.00	35000	35000
Total			1126499	1126499

Aggregate Cost of Quoted Investment-
(Rs.158069, Previous Year Rs. 158069)
(Market value Rs.117172, Previous Year Rs.
152872)

Aggregate Cost of Un-quoted Investment
(Rs.968430, Previous Year Rs. .968430)



	Figures as at the end o current reporting period (Amount in Rs.)	Figures as at the end of previous reporting period (Amount in Rs.)
9. DEFERRED TAX ASSETS (NET)		
<u>Deferred Tax Liability</u>		
Related to Fixed Assets	-660027	-561902
<u>Deferred Tax Assets</u>		
On account of MAT	7342182	6286004
Net Deferred Tax Assets	6682155	5724102
10. LONG TERM LOANS & ADVANCES		
Advance against Purchase of land	16215038	134998031
Total	16215038	134998031
11. CURRENT INVESTMENTS		
<u>In Units of Mutual Fund</u>		
<u>Quoted</u>		
Baroda Pioneer Treasury Advantage Fund	69386	4571486
Aggregate amount of quoted Investment (Rs.69386, Previous Year Rs. 4571486) Market Value Rs. 69386 Previous Year Rs. 4571486)		
Total	69386	4571486
12. INVENTORIES		
(As Taken , Valued as per policy stated in point 5 of Accounting policies and Certified by the Management.)		
Raw Material	52011763	26047395
Finished Goods	72786005	38627042
Export Merchandise in Transit	2313770	808620
Packing Material	3876563	2584394
Stores & Spares	2149945	3756654
Total	133138046	71824105
13. TRADE RECEIVABLES		
Unsecured, Considered Good by the Management		
Outstanding over Six Months	2266626	1677261
Other Debts	7808692	11605117
Total	10075318	13282378
14. CASH & CASH EQUIVALENTS		
<u>WITH SCHEDULED BANKS</u>		
In Current Accounts	485284	8171933
In Fixed Deposit Account	89029474	84123734
Earmarked Balance With Bank (For Unpaid Dividend)	1968041	524175
Cash in Hand (As certified by the management)	752837	908113
Postage Imprest	20838	13541
Total	92256473	93741497



	Figures as at the end of current reporting period (Amount in Rs.)	Figures as at the end of previous reporting period (Amount in Rs.)
15. SHORT-TERM LOANS AND ADVANCES		
Unsecured, Considered Good by the Management (Recoverable in Cash or in Kind or value to be received)		
Advance to Suppliers & Other	5618017	34052588
Advance Payment for Taxes	20251445	18190035
Export Incentive Receivables	15921787	9478656
Loan to Others	32024021	5519177
Total	73815270	67240455
16. OTHER CURRENT ASSETS		
Security And Other Deposit	455123	515123
Prepaid Expenses	338198	412400
Total	793321	927523
17. REVENUE FROM OPERATIONS		
<u>SALES OF PRODUCTS</u>		
Export Sales	228972873	287528276
Domestic Sales	21730697	14218925
Sub Total	250703570	301747201
<u>OTHER OPERATING REVENUE</u>		
Focus /VKUY License Transfer	7210560	18562161
Export Incentive & Other Benefits	17522123	15063455
Exchange Rate Difference	1390863	3247515
Sub Total	26123546	36873131
Total	276827115	338620332
18. OTHER INCOME		
Interest Income	14844321	6587148
Dividend	234283	437600
Net Gain on Sale of Investment	-	8144120
Net Gain on Sale of Fixed Assets	1655	-
Rent	384150	360000
Sundry balance W/ back	570339	-
Insurance claim Received	220056	-
Misc.Other Income	631100	65325
Total	16885904	15594193
19. COST OF MATERIALS CONSUMED		
<u>OPENING STOCK</u>		
Raw Material	26047395	25540742
Stores & Consumables	3756654	4775502
Packing Material	2584394	5342791
Sub Total	32388443	35659036



	Figures as at the end of current reporting period (Amount in Rs.)	Figures as at the end of previous reporting period (Amount in Rs.)
<u>PURCHASES</u>		
Raw Material	38302976	17419513
Semi Finished Goods	118537204	111698323
Packing Material	8230428	11567132
Stores & Consumables	5873498	7791725
Sub Total	170944106	148476693
<u>CLOSING STOCK</u>		
Raw Material	52011763	26047395
Stores & Consumables	2149945	3756654
Packing Materials	3876563	2584394
Sub Total	58038271	32388443
Cost of Material Consumed	145294277	151747286
20. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		
<u>OPENING STOCK</u>		
Finished / Semi Finished Goods	38627042	52927798
Export Merchandise in Transit	808620	5666829
Sub Total	39435662	58594627
<u>CLOSING STOCK</u>		
Finished / Semi Finished Goods	72786005	38627042
Export Merchandise in Transit	2313770	808620
Sub Total	75099774	39435662
Net Changes	-35664112	19158965
<u>21. MANUFACTURING EXPENSE</u>		
Bead & Handicraft Manufacturing & Finishing Expenses	50902216	43123267
Power & Fuel	3919422	2035575
Freight Exp	4282181	1568272
Total	59103818	46727114
<u>22. EMPLOYEE BENEFIT EXPENSE</u>		
Salaries & Wages	25142777	26216666
Bonus to Employees	1835867	2008032
Provident & ESI Fund	2984804	2977121
EDLI, Training and Other Benefits	1473632	272176
Food & Beverage to Staff	579015	450820
Staff Welfare Expenses	151824	12519
Total	32167919	31937334
<u>23. FINANCIAL COST</u>		
Interest paid to bank	943435	1812343
Interest paid to other	-	543332
Exchange rate difference	6304756	-
Total	7248191	2355675



	Figures as at the end of current reporting period (Amount in Rs.)	Figures as at the end of previous reporting period (Amount in Rs.)
24. OTHER EXPENSES		
<u>EXPORT & SELLING EXPENSE</u>		
Foreign Traveling Expenses	8028974	8110291
Export / Local Freight & Shipping Expenses	11449843	10029028
Trade Fair exp	4277457	3027207
Local Traveling Expenses	757588	679259
Other Selling Expenses	1472439	2022970
Total	25986300	23868755
<u>REPAIR & MAINTENANCE</u>		
Building	807668	553069
Machinery	1713923	2357743
Vehicle & Others	526702	853379
Total	3048293	3764190
<u>ADMINISTRATIVE EXPENSES</u>		
Rent	30000	30000
Insurance	793471	547998
Rates & Taxes	-	-
License & Fees	329793	949184
Membership & Subscription	51333	42213
Communication Charges	650681	692973
Conveyance Charges	141016	78524
Printing & Stationery	583709	635432
Professional & Legal Expenses	1065237	615465
Loss on sale of fixed Assets	-	22867
Vehicle Running & Maintenance	785268	1017282
Bank Charges	894881	810244
Director Sitting Fees	30000	38000
Postage exp	245344	308063
Others	1359680	707685
Payment to Auditor		
As Auditor	84270	82725
For Tax/VAT audit fee	22472	22060
For Income Tax Related Services Fees	17415	22612
For Certification / Quarterly Review Fees	48737	64526
Sub Total	7133308	6687851
Total	36167901	34320797
25. <u>RAW MATERIALS CONSUMED</u>		
Glass & Raw Beads	12338608	68755427
Misc Raw Handicraft , Fabric & Other Materials	118537204	59288468
Store & Consumable Items	7480206	9377862
Packing Material	6938259	14325529
Total	145294277	151747286



COMPOSITION OF RAW MATERIAL CONSUMED

	% Value (Rs.)	% Value (Rs.)
Indigenous	95.73% 139090297	92.83% 140870346
Imported	4.27% 6203980	7.17% 10876940
Total	100% 145294277	100% 151747286

26. Contingent Liabilities not provided for:

- (i) Letter of credit opened with Banks : Rs. NIL (Previous year: Rs. NIL)
- (ii) Bank Guarantees outstanding : Rs. NIL (Previous Year-Rs. NIL)

(iii) Contingent Liabilities of Taxes and Duties

The company is not having any contingent liability except the appeals pending before CIT (Appeals)-Varanasi and Commissioner of Customs against various orders of Officers. Details of appeals pending are as under:

For A.Y. 2001-2002 – A demand of Rs. 15.00 lacs was raised by the Assessing Officer under section 271 (1) © of Income Tax Act'1961 vide order dated 29.01.2013 against which an appeal was filed by the company before the CIT (Appeals)-Varanasi on 28.02.2013. The appeal is still pending. No provision has been made against this demand. The management has been advised that it has strong case and the demand is likely to be set aside in appeal.

For A.Y. 2010-2011 – A demand of Rs. 76.02 lacs (MAT) was raised by the Assessing Officer under section 143(3) of Income Tax Act'1961 vide order dated 28.01.2013 against which an appeal was filed by the company before the CIT (Appeals)-Varanasi on 27.02.2013. The appeal is still pending. Amount of refund of Rs. 51.44 lacs pertaining to A.Y.1997-98 has been adjusted against the said demand by the Income Tax Department. No provision has been made against the remaining demand of Rs. 24.58 lacs. The management has been advised that it has strong case and the total demand is likely to be set aside in appeal.

Redemption fine of Rs. 4.00 lacs and penalty of Rs. 0.19 lacs has been imposed by Additional Commissioners of Customs against classification of goods exported vide order dated 23.01.2013 against which an appeal was filed by the company before Commissioners of Customs. The appeal is still pending. No provision has been made against this demand. The management has been advised that it has strong case and the demand is likely to be set aside in appeal

The contingent liabilities not provided for is as under:

Particulars	Liability Raised by Assessing Officer (Rs. lacs)	Liability provided for (Rs.lacs)	Contingent liability (Rs. lacs)
Income Tax for A. Y. 2001-2002	15.00	0.00	15.00
Income Tax for A. Y 2010-2011	76.02	0.00	76.02
Related to Custom duty	4.19	0.00	4.19

27. Related Party Disclosures:

The Company has identified all related parties and details of transactions are given below. No provision for doubtful debts or advances is made.

Details of Transactions:

Sl. No.	NAME	Nature of Transaction	Value of Transaction entered during the year	Amount of Outstanding Items as on Balance Sheet
			(Rs.)	(Rs.)
1	Banaras Beads Exports Ltd	Sales	1315170	-----
		Advances Transactions	15641470	-----
		Payment of expenses	426878	-----
		Rent paid	30000	-----
2	Ashok Kumar Gupta	Remuneration including P.F.	1680000	-----
3	Siddharth Gupta	Remuneration including P.F.	1344000	-----
4	Banaras Glass Beads Ltd	Purchase	9853018	-----
		Sales	4716568	-----
		Bead Polishing Charges	262220	-----
		Advances Transactions	83895576	-----
		Expenses	640700	-----
5	Mathur Vaishya Jan Kalyan Trust	Expenses	37330	-----
6	BBL Beads Limited.		NIL	-----
7	Mangalam Hospitality India Limited		NIL	-----
8	R.K. Impex Pvt. Limited		NIL	-----
9	Banaras Beads Leasing & Finance Pvt. Ltd.		NIL	-----
10	Nandi Exports Pvt. Ltd.		NIL	-----



28. **Earning per share:**

Basic and diluted earnings per share are calculated by diverting the net profit for the year attributable to equity shareholders by the weighted average number by equity shares. The Company does not have any outstanding diluted potential equity shares. Consequently the basic and diluted earnings per share remain the same.

	<u>2012-2013</u>	<u>2011-2012</u>
Net Profit attributable to shareholders (Rs.) :	33075474	47341137
Weighted average numbers of equity shares :	6636222	6636222
Basic earning per share of Rs. 10/- each (Rs.) :	4.98	7.13

29. **Remuneration to Directors:**

	Current Year (Rs.)	Previous Year (Rs.)
A. Chairman & Managing Director		
Salaries	15,00,000	15,00,000
Contribution to Provident Fund	1,80,000	1,80,000
B. Executive Director		
Salaries	12,00,000	12,00,000
Contribution to Provident Fund	1,44,000	1,44,000

30. The company had participated in auction as made by Hariyan Urban Development Authority (HUDA) on 07.11.2007 and was allotted hotel site at Gurgaon in Sector 10A under auction of Rs. 16.05 Crores. The company has paid total Rs. 13.49 Crores against the said allotment. But after repeated request, HUDA did not issue possession certificate, resultantly the company is having no option and decided to take refund of total amount paid to HUDA of Rs.13.49 Crore with interest without any deduction. But HUDA refunded only Rs. 11.88 Crores on 30.05.2012 by deducting 10%. Of amount paid The company has sent legal notice to HUDA against illegal deduction of 10 % and non payment of interest . The matter is still pending. The management has been advised that it has strong case and the amount deducted is likely to be paid by HUDA, hence no provision for this doubtful receivables has been made in the accounts. Accounting for Interest Claimed will be made as and when the matter is finalised.

C. MISCELLANEOUS NOTES ON ACCOUNTS:

1. **SEGMENT:**

- The Company's main business is Manufacturing and export of Handicraft items like Glass Beads; Necklaces, Imitation Jewellery etc. all those items form just one Segment. The sell of minor items such as carpets is less then 10% of total sales. As the company has its commercial activity mainly at Varanasi, hence separate geographical segment wise reporting is not required.
- There are no small scale industrial undertakings to whom the Company owes a sum exceeding Rs. one lac which is outstanding for more than 30 days during the year.
 - The Management has conducted physical verification of stocks at reasonable intervals and discrepancies noticed on such verification have been properly dealt with as per Accounting Standards-2 pertaining to valuation of inventories issued by the Institute of Chartered Accountants of India.
 - There is an adequate internal control procedure and internal audit system commensurate with the size of the company and the nature of its business. The Directors have been making consistent efforts to improve such procedures and systems keeping in view the needs of business and experience gained.
 - Balance of Sundry Debtors, Creditors and Loans and Advances shown in the accounts are subject to confirmation by the parties concern.
 - In the opinion of the Directors, Currents Assets, and Loans and Advances are approximately of the value, which, if realised, in the ordinary course of business, will not be less than the figure stated in the books of accounts.
 - The Company has been generally regular in depositing undisputed statutory dues including provident fund, investor education and protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth tax, Service Tax Customs Duty, Excise Duty, Cess and any other statutory dues, where applicable with the appropriate authorities.
 - The Calls in arrears of Share Capital amounting to Rs.227500 and of Share Premium amounting to Rs. 1851750/- are outstanding since long. None of these amounts relate to the directors or their relatives. The Management has decided not to forfeit such shares for the time being.
 - Previous year's figures have been regrouped/ rearranged/ reclassified wherever necessary to make them comparable with the figures of the current year.





BANARAS BEADS LIMITED
REGISTERED OFFICE: A-1, INDUSTRIAL ESTATE
VARANASI - 221 106

ATTENDANCE SLIP

▲ Please complete the Attendance Slip and hand over at the entrance of the meeting hall, joint Shareholders may obtain additional Attendance Slip on request.

Full Name and Address of the Member (in Block letters).....
.....

No. of shares held :..... Folio No.:.....*DP ID No..... *Client ID No.....
*applicable for Member holding shares in electronic form.

I/We hereby record my/our presence at the 33rd Annual General Meeting of the Company held on Thursday 18th July ' 2013 at 3:00 P.M. at A-1, Industrial Estate, Varanasi-221106

Signature of : Member ----- / Proxy.....

Notes : Member/Proxy attending the meeting must bring the attendance slip and submit it at the entrance duly signed.

----- (TEAR HERE) -----

BANARAS BEADS LIMITED
REGISTERED OFFICE : A-1, INDUSTRIAL ESTATE
VARANASI - 221 106

PROXY FORM

Folio No*DP ID No..... *Client ID No.....(*applicable for Member holding shares in electronic form.)

I/We.....of
.....in the district
of.....hereby appoint.of
.....or failing him / her
.....of in the district of
.....as my/our proxy to attend and vote for me/us on my/our behalf
at the 33rd Annual General Meeting of the Company to be held on Thursday 18th July ' 2013 at 3:00 P.M. at A-1 Industrial Estate Varanasi and at
any adjournment thereof.

Signed this.....day of.....2013.

Signature -----

Affix One
Rupee
Revenue
~

▼ **Note :** The Proxy must be returned so as to reach the Registered Office of the Company at A-1, Industrial Estate, Varanasi-221106, not less than Forty Eight hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the Company.



Corporate & Head Office in Varanasi



The New Factory Building is almost completed.
The Installations of imported machines and partly production started.

BOOK-POST

To,

If undelivered please return to :

BANARAS BEADS LIMITED
(AN EXPORT HOUSE RECOGNISED BY GOVERNMENT OF INDIA)

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