



# ***Virat Industries Limited***

**23rd  
Annual Report  
2012-2013**

# VIRAT INDUSTRIES LIMITED

23<sup>rd</sup> Annual Report 2012-2013

## CHAIRMAN EMERITUS

Mr. Naozer J. Aga

## BOARD OF DIRECTORS

Mr. Arun S. Sanghi Chairman  
Mr. Adi F. Madan Managing Director  
Mr. Ajit P. Walwaikar  
Mr. Armand N. Aga  
Mr. Harish H. Shah  
Mrs. Ayesha K. DadyBurjor

## PRESIDENT (WORKS)

Mr. Nirmal G. Awtaney

## COMPANY SECRETARY

Mr. Asinkhan S. Baholu

## AUDITORS

M/s. Deloitte Haskins & Sells  
Chartered Accountants

## BANKERS

Bank of Baroda

## REGISTERED OFFICE & FACTORY

A-1/2, GIDC Industrial Estate,  
Kabilpore, Navsari - 396 424, Gujarat.

### 23RD ANNUAL GENERAL MEETING

on  
Tuesday, the 17<sup>th</sup> September, 2013  
at 11.30 a.m. at  
A-1/2, GIDC Industrial Estate,  
Kabilpore, Navsari - 396 424, Gujarat.

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**REQUEST :** Shareholders are requested to bring their copy of Annual Report to the Meeting.

**NOTICE**

NOTICE is hereby given that the Twenty-Third Annual General Meeting of the Members of Virat Industries Limited will be held at the Registered Office of the Company at A-1/2, GIDC Industrial Estate, Navsari, Navsari - 396 424 on Tuesday, the 17th September, 2013 at 11.30 a.m. to transact the following business

**ORDINARY BUSINESS:**

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

To declare Dividend on Equity Shares for the year ended 31st March, 2013.

To appoint a Director in place of Mr. Harish H. Shah, who retires from office by rotation and being eligible, offers himself for re-appointment.

To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company, and to fix their remuneration and for that purpose, to pass the following Resolution, as an **ORDINARY RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of Section 224, 225 and other applicable provisions, if any, of the Companies Act, 1956, Messrs. Deloitte Haskins and Sells, Chartered Accountants, Baroda (Regn. No. 117364W) the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company to hold office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties."

**SPECIAL BUSINESS:**

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an **ORDINARY RESOLUTION :**

**"RESOLVED THAT** Mrs. Ayesha K. DadyBurjor, who was appointed as Director in the casual vacancy caused by the resignation of Mr. Naozer J. Aga w.e.f. 1st April, 2012 at the meeting of the Board of Directors of the Company held on 10th February, 2012 and whose term expires at the 23rd Annual General Meeting of the Company scheduled to be held on 17th September, 2013 under section 262 of the Companies Act, 1956 but who is eligible for reappointment and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956, from a member proposing her candidature for the office of a Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

By Order of the Board of Directors

**REGISTERED OFFICE:**

A-1/2, GIDC Industrial Estate,  
Navsari, Navsari - 396 424, Gujarat.

Office : Mumbai,  
Date : 24<sup>th</sup> May, 2013.

**ASINKHAN S. BAHOLU**  
Company Secretary

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**NOTES :**

- A. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**
- PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
3. The Register of Members and the Share Transfer Books shall remain closed from 11-09-2013 to 17-09-2013 (including both dates) for the purpose of dividend entitlement and the 23rd Annual General Meeting.
  4. Members/Proxies are requested to fill the Attendance Slip for attending the meeting.
  5. Members are informed that the facility of dematerialization of shares of the Company is available and members are advised to go for that by approaching concerned DPs.
  6. Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
  7. The Members holding shares in physical form are requested to notify any change in their address to the Company.
  8. Members desiring any information as regards the Accounts are requested to write to the Company at least 10 days before the date of the meeting to enable the management to keep the information ready.
  9. The Dividend, if declared at the Annual General Meeting, will be paid on or after 17th September, 2013 to those persons or their mandates:
    - a) Whose names appear as Beneficial Owners as at the end of the business hours on 6th September, 2013 in the list of Beneficial Owners to be furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
    - b) Whose names appear as member in the Register of Members of the Company after giving effect to valid share transfers in physical form lodged with the Company/its Registrar and Transfer Agents on or before 6th September, 2013.

In respect of the information to be provided under clause 49 of the Listing Agreement with the BSE pertaining to the Directors being appointed /reappointed, the same is given in the Annexure to this Notice.

## DIRECTORS' REPORT

Your Directors take pleasure in submitting the 23rd Annual Report together with the Audited Statement of Accounts for the year ended 31 March, 2013.

## FINANCIAL RESULTS AND ACCOUNTS:

The Financial Results are as under :

(₹ in Lakhs)

	Year ended 31 March, 2013	Year ended 31 March, 2012
Gross Income (including other income)	2120.54	1685.23
Gross Profit (Before Interest, Depreciation & Tax)	423.56	290.08
Less: Interest (Net)	10.42	9.49
Depreciation	84.68	79.57
Provision for tax :		
- Current Tax	122.00	81.98
- Deferred Tax	(14.46)	(17.53)
- MAT Credit written off	2.63	(2.63)
- Short/(Excess) provision for tax relating to prior years	(3.21)	-
Net Profit After Taxes	221.50	139.20
Balance carried from previous year's Account	376.73	309.68
Profit available for Appropriations:	598.23	448.88
Proposed Dividend	73.85	59.08
Dividend Distribution Tax	12.55	9.58
Transfer to General Reserve	11.07	3.48
Balance carried to next year's Account	500.76	376.73

## OPERATIONS:

The impact of global economic slowdown continued during the year under review. The total exports from India during 2012-13 were nominally lower than those in the previous year. Despite this, your Company posted a commendable performance across several operating and financial parameters, by registering 27.38% growth in the sales and a 26.55% increase in the production in terms of the knitted pairs. Your Company derived 94.50% of total revenues from the export sales. There was increase of 26.84% in the export sales this year, compared to the previous year. The most noteworthy component of this inspiring achievement is the increasing affirmation of your Company's products, quality, timely deliveries, good communication, quick response in sampling and development of new styles.

The profit before tax during the year is 63.40% higher against the previous year. This is achieved due to higher volume of sales resulting in economies of scale, better product mix bringing higher realisation per pair and the favourable foreign exchange rates compared to the last year. These factors could more than offset the increase in the cost of raw materials, the employees' remuneration and the other overheads.

It has been the consistent policy of your Company to plough back a substantial part of surplus profits every year to purchase new machines to enhance the production base and also to replace some old machines which had become cost ineffective. This helps your Company maintain its competitiveness and achieve better quality. During the year, eighteen (18) new knitting machines, in addition to cost saving utility and balancing equipments, were installed. Total capital outlay was ₹ 224.17 Lacs.

The performance highlights for the year 2012-13 compared to 2011-12 are as under:

	Units	2012-13	2011-12	% Change
Total Income	₹ in Lakh	2120.54	1685.23	26
Export Sale	₹ in Lakh	1838.07	1449.10	27
Net Profit before Tax	₹ in Lakh	328.47	201.02	63
Net Profit after Tax	₹ in Lakh	221.50	139.20	59
Cash Profit	₹ in Lakh	306.18	218.76	40
Knitting Production	Pairs in Lakh	57.42	45.38	27
Pairs Dispatched	Pairs in Lakh	55.30	46.78	18
Sale realization per pair	₹	35.36	32.81	8
Earning Per Share	₹	4.50	2.83	59

The export order book position continues to be encouraging during the current year also. Your Company continues to maintain its reputation of being one of the leading suppliers of premium quality dress and sports socks to many reputed retail chains in Europe and the Gulf Countries. As most of the customers are high end reputed retailers, who need excellent quality socks, the Company has positioned itself to supply them quality products and timely deliveries. Therefore, the Company is optimistic of growth through continued expansion and innovation.

#### DIVIDEND:

The Board of Directors of the Company has recommended a dividend of ₹ 1.50 per share of ₹ 10/- each (15%). The total dividend will absorb ₹ 7,385,010, excluding ₹ 1,255,082 as tax on dividend. The dividend will be free of tax in the hands of the share holders of the Company.

#### FINANCE:

As on the date of Balancesheet the Company is debt free in terms of long term loans.

#### WORKING CAPITAL LOAN

The Company is enjoying export packing credit and foreign bill purchase facilities.

#### INSURANCE

All the assets of the Company have been adequately insured.

#### SUBSIDIARIES

As the Company has no subsidiaries, Section 212 of the Companies Act, 1956, does not apply.

#### DIRECTORS

Mr. Harish H. Shah is retiring by rotation and being eligible has offered himself for re-appointment.

Mrs. Ayesha K. DadyBurjor, who was appointed in the casual vacancy caused by the resignation of Mr. Naozer J. Aga w.e.f. 1st April, 2012 is retiring at the ensuing Annual General Meeting. A Notice has been received proposing her appointment as rotational Director.

#### DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 217 (2AA) of the Companies Act, 1956 regarding inclusion of Directors' Responsibility Statement, it is stated:

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors had 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 of the Company for the year under review;
- (iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the accounts for the financial year ended 31st March, 2013 on going concern basis.

**AUDITORS**

The term of office of M/s. Deloitte Haskins and Sells, Chartered Accountants, Baroda as Auditors expires at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. Members are requested to re-appoint the Auditors and fix their remuneration.

**COST AUDITORS**

Under order - F.No. 52/26/CAB-2010 from Ministry of Corporate Affairs dated 24th January, 2012, it is informed that the Company manufacturing socks under chapter 61 of the Central Excise Tariff Act, 1985 has come under cost audit in respect of each of its financial year commencing from the 1st day of April, 2012. The practicing Cost Accountant M/s. Manubhai and Associates, Surat was appointed as Cost Auditor in May, 2012 and will do the cost audit for the year 2012-2013 and submit the information within scheduled time.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGOING**

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is annexed and forms part of this Report.

**PARTICULARS OF EMPLOYEES**

As per provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, particulars of the employees are required to be annexed in respect of the employees of the Company who were in receipt of total remuneration of ₹ 60.00 Lac per annum or ₹ 5.00 Lac per month. During the financial year, under review, there is no employee drawing remuneration as above.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

Detailed notes on the Corporate Governance and the Management Discussion and Analysis report and other such disclosures as are required to be made under the Listing Agreement with the Stock Exchanges, are separately annexed and form part of this Report.

**COMPLIANCE CERTIFICATE**

The Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

**INTERNATIONAL QUALITY AWARD**

Your Company was presented the BID International Quality Award in the Gold Category at the Century International Quality ERA Geneva Convention. The Award recognizes entrepreneurial achievements and also their dedication to continuous improvement and innovation - Key concepts of the QC100 Total Quality Management Model. Mr. Adi Madan, Managing Director of the Company received the Award in Geneva, Switzerland in March, 2013.

**ACKNOWLEDGMENT**

Your Directors wish to place on record their sincere appreciation for the co-operation and support extended to the Company by the Government of India, the Gujarat State Government and by the relevant Government Authorities, Central, State and Local, the Company's Bankers and the Business Associates.

Your Directors also thank all the employees at every level, who, through their dedication, co-operation and support, have enabled the Company to achieve a sustained growth.

*For and on behalf of the Board of Directors*

Place: Mumbai,  
Date : 24<sup>th</sup> May, 2013.

**Arun S. Sanghi**  
Chairman

## ANNEXURE "A" TO THE DIRECTORS' REPORT

## MANAGEMENT DISCUSSION AND ANALYSIS

**Overview:**

The year under review was a significant period for the Company as the production and the sales registered unprecedented growth. Besides getting increased volume of business from existing clients, the Company could secure orders from some new customers for niche products with much improved margins and successfully executed the same, with repeat orders coming in the current year.

The Company continued to concentrate its efforts on export markets because export clients offer large size orders which result in better plant efficiency, help create conducive quality culture and better management of raw material inventory. Your Company has been receiving regular and timely remittances from overseas clients, without any default.

Efforts are also being made to penetrate high end local outlets. Your Company's products and services are quite capable to meet their requirements and expectations. Notwithstanding the current economic environment, there are strong reasons to be bullish on the long term growth potential of domestic demands. Favourable demographics, a large growing middle class with increasing disposable incomes support a strong consumption potential.

During the year, the Company carried out sales in the following geographical segments: (In ₹)

	United Kingdom	Switzerland	UAE	India	Rest of the World	Total
Revenues	51,014,678	107,005,470	22,712,306	11,625,682	3,074,877	195,433,012

**Industry Structure and Development**

The socks manufacturing industry in India was a predominantly unorganized industry restricted to small scale industry. The scenario started changing after the economic liberalization of the Indian economy in 1991. The Indian socks manufacturing industry has now successfully created its place in the national as well as in the international markets.

The value of socks manufactured in India is estimated around ₹ 3000 crores per annum.

The textile industry including hosiery and clothing contributes to over 17% to the country's export earnings and accounts for more than 5% of GDP. It provides direct employment to over 35 million people. For the Indian economy, it is the second largest generator of employment after Agriculture.

**Opportunities**

Your Company is well poised to seize opportunities available to the sock knitting industry on account of its state-of-the-art production facilities, technical expertise, good quality culture and emphasis on product innovation and growth potential.

The socks produced by your Company are meeting international quality norms of comfort, stretch, sizing, skin care and other parameters essential for inner wear intimate apparel. They also meet the fashion demands in terms of design, different knits and multiple shades. The socks manufactured by your Company are sold in supermarket chains and upper end Retail Stores.

Your Company has successfully established the knitting of four sizes of kid socks with multi motif designs. Suitable knitting machines with balancing equipment for the same have been installed. Repeat order of such socks are being received at accelerated pace and executed with satisfaction to the client.

With the era of domination of world's textiles including hosiery items originating in China decreasing slowly, the base is shifting to India and other Emerging / Developing Countries. This augurs well for Indian Companies in textile and hosiery sector.

**Threats and Risks:**

Your Company derives over 94 to 95% of its revenue from the export market and is potentially exposed to any changes in exchange rates, tariff, duty drawback rates and the Government policies of the countries which purchase your Company's product.



In the international market, countries like Turkey have developed an edge over the Indian manufacturers due to reduced freight cost and much reduced delivery time. Besides, Turkey enjoys exemption of 10.6% custom duty in relation with EU countries. This has posed a threat to the Indian socks suppliers and may pressurise them to reduce prices and thereby squeeze their margins.

Even Bangladesh enjoys exemption in import duty by virtue of its being a less developed country and exports goods at prices, which Indian socks suppliers cannot compete.

Dyed cotton yarn is the main constituent of raw materials used by your Company. The prices of cotton have been highly volatile and can have adverse impact on the working of your Company.

However, because of your Company's good reputation for quality products, timely delivery, better communication and fair business practices, foreign buyers have been patronizing your Company regardless of benefits that accrue to them from the other countries.

#### **Internal Control System and their Adequacy**

Your Company believes in formulating adequate and effective internal control systems and implementing the same to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The Internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of the internal control system and suggests improvements for strengthening them. The Company has a sound Management Information System which is an integral part of the control mechanism. The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken.

#### **Human Resources and Industrial Relations**

Industrial relations continue to remain cordial and peaceful at the manufacturing unit at Navsari. There are 134 employees working at the manufacturing unit for a common objective of Profit, Growth and Excellence.

### **ANNEXURE "B" TO THE DIRECTORS' REPORT**

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgoings as required under the Companies (Disclosure of Particulars in the Board of Directors' Report) Rules, 1988 are given below:

#### **(A) CONSERVATION OF ENERGY:**

##### **a. Energy Conservation Measures Taken:**

##### *Reduced the consumption of Electricity as under*

- i) Maintained the power factor in the range of 0.998 to 0.999, throughout the year and got rebate of ₹ 148,483/- on this account in electricity bills.
- ii) Installed new Atlas Copco make GA-37 FF, VSD (Variable Speed Drive) air compressor which draws electricity power according to the plant load.
- iii) Installed Servo stabiliser for factory lighting and thereby reduced the voltage from 245 volts to 230 volts resulting in saving in the cost of factory lighting.

##### *Reduced the consumption of Natural Gas as under*

- i) Installed new Tecnopea boarding machine in November 2012 which consumes 40% lower fuel compared to the old boarding machine of Firsan make.
- ii) Installed new 200 kg/hour capacity Thermax make non IBR boiler as the capacity of the existing boiler of 300 kg/hour was more than plant requirement.
- iii) Reduced down time by 6.25% in respect of boarding machines.

**b. Additional Investments and Proposals being implemented in Consumption of Energy:**

The following capital investments were made in the year 2012-13. (₹ in Lakhs)

i) Atlas Copco make GA-37 FF, VSD Air Compressor	14.31
ii) Servo Stabiliser	0.86
iii) Tecnopea Boarding Machine	23.33
iv) 200 kg/hr Thermax make non IBR Boiler with Gascon Kit	9.24

**c. Impact of Measures at (a) and (b) above for Reduction of Energy Consumption and on the Cost of Production of Goods:**

The Measures taken above have helped us:

- Reduce electricity consumption per pair of sock from 0.378 KWH to 0.353 KWH (7% reduction).
- Reduce natural gas consumption per pair of sock from 0.021 SCM to 0.017 SCM (20% reduction).

Total saving amounts to ₹ 6.77 lacs in electricity and ₹ 5.53 lacs in Natural gas consumption. Since most of these investments were made in the later part of the year; full benefit of the savings on this account will accrue next year.

**d. Total Energy Consumption and Energy Consumption per Unit of Production:**

The above information is furnished in Item C above and also presented in FORM A annexed.

**(B) TECHNOLOGY ABSORPTION:**

Efforts made in Technology Absorption are as per Form B.

**(C) FOREIGN EXCHANGE EARNINGS AND OUTGO:****Activities relating to Exports, Initiatives to Increase Exports, Development of New Export Markets for Products and Services and Export Plan:**

Ours is an export unit operating under Export Promotion Capital Goods (EPCG) Scheme. The Company has been exporting goods to the European and Gulf Markets. All efforts are directed towards increasing exports. In the year under review about 94% of total revenues were derived from export.

<b>Total Foreign Exchange Used and Earned:</b>	<b>(₹ in Lakhs)</b>
I. Total Foreign Exchange earned	1840.69
II. Total Foreign Exchange used	
i. For import of Plant and Machinery	130.12
ii. For Spares, etc.	23.94
iii. For Dividend remitted	5.91
iv. Others	14.88
<b>SUB-TOTAL</b>	<b>174.85</b>
% of Import to Export	9.50%

**FORM A**  
PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

**A. Power and Fuel Consumption**

	Current Year	Previous Year
1. Electricity		
a. Purchased		
Unit (Lakhs)	15.33	13.74
Total Amount (₹ in Lakhs)	95.59	79.55
Rate/Unit (₹)	6.24	5.79
b. Own Generation		
(i) Through Diesel Generator Unit	-	-
Unit per ltr. of Diesel	-	-
Cost/Unit	-	-
(ii) Through Steam Turbine/Generator Units	-	-
Units per ltr. of Fuel Oil/Gas	-	-
Cost/Unit	-	-
2. Coal (specify quality and where used)		
Quantity (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3. Furnace Oil		
Quantity (K.L.)	-	-
Total Cost	-	-
Average Cost	-	-
4. Others - H. S. Diesel Oil (K. L.)	1.83	6.130
Natural Gas from GSPC (SCM)	74082	74899
Total Cost (₹ in Lakhs)	23.61	21.48
Rate/Unit (₹)		
HSD (Per Liter)	56.00	46.69
Natural Gas (Per SCM)	31.87	24.87

**B. Consumption per Unit of Production**

	Standards (if any)	Current Year	Previous Year
		No. of Pairs	
Product: Socks (Captive)	Knitted	4,337,552	3,639,371
	Boarded	4,337,552	3,639,371
Electricity (KWH/pair of Socks)	-	0.353	0.378
Furnace Oil	-	-	-
Coal (specify quality)	-	-	-
Others - HSD (ltrs/ per pair of socks)	-	-	0.019
Natural Gas (SCM per pair of socks)	-	0.017	0.021

**FORM B**  
**PARTICULARS WITH RESPECT TO ABSORPTION**

**Research and Development (R&D)****1. Specific areas in which R & D carried out by the Company:****A. Development of new styles of socks**

- i) Socks with "Real Twist" and "Random Twist", of two different shades of yarn were developed and bulk orders received.
- ii) Socks with Organic cotton yarn, and Bamboo yarn (50% Cotton & 50% Bamboo) were introduced and bulk orders received.
- iii) Socks with Lurex yarn in motif were introduced. Bulk orders have been received.

**B. Repairing of imported parts**

- i) The technicians at our factory have developed the technique to repair motor drives (IRT), PCB and other electronic parts of the knitting machines.
- ii) We have also developed an indigenous source to repair the broken cylinders of our knitting machines.

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

- i) New business with higher profit margins.
- ii) Reduction in the Cost of electronic parts.

**3. Future plan of action:**

To be planned

**4. Expenditure on R & D:**

Not ascertainable

- |  |   |
|--|---|
| (a) Capital  | - |
| (b) Recurring  | - |
| (c) Total  | - |
| (d) Total R & D Expenditure as a percentage of total turnover. | - |

**Technology absorption, adaptation and innovation :**

1. Efforts in brief, made towards technology absorption, adaptation and innovation  
The Company has not imported any technology. It has imported major plant and machinery.
2. Benefits, derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.  
Not Applicable
3. In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:
 

(a) Technology imported	-
(b) Year of Import	-
(c) Has technology been fully absorbed	-

**Information as per Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Year ended 31st March, 2013.****A. Names of Employees employed throughout the Financial Year and were in receipt of remuneration of not less than ₹ 60,00,000/- in terms of Section 217 (2A) (a) (i):**

Sr. No.	Name	Age (yrs.)	Designation/ Nature of Duties	Remuneration Gross Rupees	Qualification and Experience	Date of Commencement of Employment	Last employment/ Name of Employer/ Designation held and period
----- NONE -----							

**B. Names of Employees employed for a part of the Year and were in receipt of remuneration of not less than ₹ 5,00,000/- per month in terms of Section 217 (2A) (a) (ii):**

Sr. No.	Name	Age (yrs.)	Designation/ Nature of Duties	Remuneration Gross Rupees	Qualification and Experience	Date of Commencement of Employment	Last employment/ Name of Employer/ Designation held and period
----- NONE -----							

**Note:** Gross Remuneration includes Salary, Company's Contribution to Provident Fund, House Rent Allowance, Medical Allowance, Leave Travel Allowance and Leave Encashment.

**CORPORATE GOVERNANCE****REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

**1. A brief statement on Company's philosophy on code of Corporate Governance:**

The revised code of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) has been implemented in terms of the Listing Agreement with the Stock Exchanges by Virat Industries Limited (VIL) within the financial year 2012-2013. VIL is committed to good Corporate Governance and has taken initiatives to comply with the revised Code of Corporate Governance. Virat's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, lenders and the Government. We believe that "learning is a continuous exercise" and will enshrine ideals and values, which have been the guiding force of Company's philosophy on corporate governance in all activities of the Company.

**2. Board of Directors****a) The composition of the Board of Directors is as follows:**

In line with the revised Clause 49 of the Listing Agreement on Composition of Board of Directors, the Board has an optimum mix of Executive, Non-Executive and Independent Directors. The Managing Director manages the day to day affairs of the Company.

The Board met 5 times during the year 2012-13 i.e. on 30th May, 2012, 9th August, 2012, 7th September, 2012, 8th November, 2012 and 8th February, 2013.

Details of attendance of each Director at the Board Meetings held during the year is as follows:

Sr. No.	Designation	Name of Director	Category	No. of Board Meetings (Attendance)	Last AGM Attendance
1	Director/Chairman	Mr. Arun S. Sanghi	Non-Executive Independent	5	Present
2	Managing Director	Mr. Adi. F. Madan	Executive	5	Present
3	Director	Mr. Ajit P. Walwaikar	Non-Executive Independent	5	Present
4	Director	Mr. Armand N. Aga	Promoter Non-Executive	1	Absent
5	Director	Mr. Harish H. Shah	Non-Executive Independent	5	Present
6	Director	Mrs. Ayesha K. DadyBurjor	Promoter Non-Executive	3	Absent

**b) Details of Directorships / Board Committee memberships held by the Directors of the Company in other companies:**

Sr. No.	Name of Director	Directorship held in Other Companies (including Private Companies)	Position held as Chairperson of Board / Committee	Position held as Board / Committee Member
1	Mr. Arun S. Sanghi	7	-	-
2	Mr. Adi. F. Madan	-	-	-
3	Mr. Armand. N. Aga	5	-	-
4	Mr. Ajit. P. Walwaikar	1	-	-
5	Mr. Harish H. Shah	-	-	-
6	Mrs. Ayesha K. DadyBurjor	1	-	-

## c) No. of Shares held by the Directors:

Sr. No.	Designation	Name of Director	Position	No. of Shares held	%
1	Director/Chairman	Mr. Arun S. Sanghi	Non-Executive Independent	Nil	Nil
2	Managing Director	Mr. Adi F. Madan	Executive	1,18,406	2.405
3	Director	Mr. Ajit. P. Walwaikar	Non-Executive Independent	Nil	Nil
4	Director	Mr. Armand Aga	Promoter Non Executive	34,989	0.71
5	Director	Mr. Harish H. Shah	Non-Executive Independent	Nil	Nil
6	Director	Mrs. Ayesha K. DadyBurjor	Promoter Non Executive	14,536	0.295

## d) Code of Conduct for Board Members and Senior Management:

A declaration regarding compliance by the Board, President-Works, Senior Officers and Company Secretary, of Code of Conduct is separately annexed to this report.

## 3. Audit Committee

## a. Brief description of terms of reference of the Audit Committee include :

- Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - \* Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - \* Changes, if any, in accounting policies and practices and reasons for the same
  - \* Major accounting entries involving estimates based on the exercise of judgment by management
  - \* Significant adjustments made in the financial statements arising out of audit findings
  - \* Compliance with listing and other legal requirements relating to financial statements
  - \* Disclosure of any related party transactions
  - \* Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

## b. Composition, name of members and Chairperson:

The committee consists of the following Non-Executive independent Directors:

- i) Mr. Arun S. Sanghi - Chairman
- ii) Mr. Ajit P. Walwaikar
- iii) Mr. Harish H. Shah

Mr. Asinkhan S. Baholu, Company Secretary, is the Audit Committee Secretary.

At the Annual General Meeting held on 7th September, 2012, the Chairman of the Audit Committee, Mr. Arun S. Sanghi was present.

Audit Committee met four times during the year i.e. on 30th May, 2012, 9th August, 2012, 8th November, 2012, and 8th February, 2013. The attendance of the members is as follows :-

Sr. No.	Date of Audit Committee Meeting	Attendance of Directors		
		Mr. Arun S. Sanghi	Mr. Ajit P. Walwaikar	Mr. Harish H. Shah
1	30-05-2012	Y	Y	Y
2	09-08-2012	Y	Y	Y
3	08-11-2012	Y	Y	Y
4	08-02-2013	Y	Y	Y

Y - Attended. N - Not Attended.

#### 4. Remuneration Committee:

a) Brief description of terms of references of the Remuneration Committee includes:  
To determine the remuneration package for its Executive Directors and part time Professional Directors, including pension right, any compensation payment, advisory fees, technical fees, sitting fees, extra work fees, etc.

b) Remuneration Policy :

The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis and is in consonance with the existing industry practice.

c) The committee consists of the following Directors:

- 1) Mr. Arun S. Sanghi - Chairman
- 2) Mr. Ajit P. Walwaikar
- 3) Mr. Harish H. Shah

All of them are Non-Executive Independent Directors of the Company. During the year under review, the Committee met on 30-05-2012.

d) Details of fixed remuneration paid to the Managing Director for the Financial Year 2012-2013:

Name of Director	Designation	Salary (₹)	Perks (₹)	TOTAL ₹
Mr. Adi F. Madan	Managing Director	15,67,500	14,38,400	31,85,900

The above excludes amounts pertaining to gratuity and leave encashment for the year as the same is provided on the basis of the actuarial valuation for the Company as a whole.

e) Details of sitting fees paid to Non-Executive Directors for the Financial Year 2012-2013:

Name of Director	Total Sitting Fees paid for attending Board Meetings (₹)	Total Sitting Fees paid for attending Committee Meetings (₹)
Mr. Arun S. Sanghi	50,000	75,000
Mr. Armand N. Aga	10,000	-
Mr. Ajit P. Walwaikar	50,000	75,000
Mr. Harish H. Shah	50,000	50,000
Mrs. Ayesha K. DadyBurjor	30,000	-

#### 5. Shareholders / Investors Grievance Committee:

The purpose of forming this Committee is to mainly focus on the basic rights of the shareholders including, Transfer of Shares, Transmission / Transposition of Shares, Issue of Duplicate / Split Certificates, Sub Division / Consolidation of Shares, Consolidation of Folios, De-materialization / Re-materialization of Shares and such other issues relating to shares. Five meetings were held during the year 2012-13.

a. Name of Non Executive - Independent Director heading the Committee:

Mr. Arun S. Sanghi - Chairman

Name of other Members :

Mr. Adi F. Madan

Mr. Ajit P. Walwaikar

**b. Name and designation of Compliance Officer:**

Mr. Asinkhan S. Baholu is designated as a Compliance Officer as per Clause 47 of the Listing Agreement entered with The Bombay Stock Exchange, Ltd. Mumbai.

**c. Details of requests received and redressed during the year 2012-13:**

Sr. No.	Particulars	Received	Redressed	Pending
1	Change of address	22	22	0
2	Registration of bank details /IFSC code	1	1	0
3	Stop transfer / Procedure for Duplicate Share Certificate	3	3	0
4	Correction of Name / address	1	1	0
5	Stop Transfer / Removal	1	1	0
6	Issue of Duplicate Certificate	1	1	0
7	Registration of NECS/ECS Details	1	1	0
8	Procedure for Transmission / Deletion / Transposition	3	3	0
9	Issue of Duplicate Dividend Warrant	14	14	0
10	Change of Bank Details (Demat)	1	1	0
11	Issue of Fresh Demand Draft	2	2	0
12	Others	1	1	0
13	Non Receipt of Dividend/Interest/ Redemption Warrant	6	6	0
	<b>Total</b>	<b>57</b>	<b>57</b>	<b>0</b>

**6. General Body Meetings:****a) Details of date, location and time of the last three Annual General Meetings (AGM) and the Extraordinary General Meetings in the last year:**

Date	Meeting	Location	Time	Details of any Special Resolution
09.09.2010	A. G. M.	Registered Office, Navsari.	11.30 a.m.	Nil
09.09.2011	A. G. M.	Registered Office, Navsari.	11.30 a.m.	Nil
07.09.2012	A. G. M.	Registered Office, Navsari.	11.30 a.m.	1. Appointment & Approval to the Remuneration of the Managing Director. 2. Appointment & Approval to the Remuneration of Mr. Naozer J. Aga as Senior Advisor u/s 314 of the Companies Act being relative of a Director.

**b) Postal Ballots:**

There were no Special Resolutions passed in the last year through postal ballot. There is no proposal for any Special Resolution to be passed through postal ballot.

**7. Disclosures:**

- a) There are no transactions with related parties i.e. with the Promoters, Directors, Management, Subsidiaries or Relatives etc. that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in Note No.38 to the financial statements of the Company in the Annual Report.
- b) Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during last three years:  
The Company has complied with all prescribed requirement of Stock Exchange and SEBI on matters related to capital market, during last three years.
- c) Disclosure of accounting treatment, if different from that prescribed in accounting standards with explanation:  
The Company has complied with all the prescribed accounting standards.

**8. Secretarial Audit**

A qualified practicing Company Secretary carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audits confirm that the total



issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

#### 9. Means of Communication

The Board of Directors of the Company takes on record the Un-audited Financial Results in the prescribed form within forty five days of the close of first three quarters and audited financial results within sixty days of close of year. The results are promptly forwarded to the stock exchange where the Company's shares are listed. The same are also published within 48 hours in the newspapers namely Business Standard and Jai Hind (English & Gujarati). Quarterly Results are also available on the Company's website www.viratindustries.com.

#### 10. General Shareholder Information

1. Number of Annual General Meeting : 23rd Annual General Meeting
2. Date : 17th September, 2013
3. Day : Tuesday
4. Time : 11.30 a.m.
5. Venue : Registered Office: A-1/2, Kabilpore GIDC, Navsari - 396 424, Gujarat.
6. Financial Calendar : 01 April, 2012 to 31 March, 2013  
Tentative Financial Calendar for year ended 31st March 2014 is as given below:
  - i. Quarterly un-audited Results for June, 2013 : On or before 14<sup>th</sup> August, 2013
  - ii. Quarterly un-audited Results for Sept., 2013 : On or before 14<sup>th</sup> November, 2013
  - iii. Quarterly un-audited Results for Dec., 2013 : On or before 14<sup>th</sup> February, 2014
  - iv. Quarterly un-audited Results for March, 2014 : On or before 15<sup>th</sup> May, 2014

OR

 Audited financial result for the year ending 31st March, 2014 : On or before 30<sup>th</sup> May, 2014
7. Book Closure Date : 11-09-2013 to 17-09-2013 (both dates included)
8. Dividend Payment Date : Within 30 days
9. Listing on Stock Exchanges : The Bombay Stock Exchange Ltd., (BSE)  
1st Floor, New Trading Ring, Rotunda Bldg.,  
P. J. Towers, Dalal Street, Fort, Mumbai 400 023.
10. Stock Code : 530521
11. ISIN No. for Dematerialized Shares : INE467D01017

Listing fees for the financial year 2013-14 have been paid to the Bombay Stock Exchange Ltd. (BSE) where the Company's shares are listed.

#### Details of share price movements on the Bombay Stock Exchange Ltd.

Sr. No.	Month	High ₹ P.	Low ₹ P.	BSE SENSEX Highest	BSE SENSEX Lowest
1	April, 2012	14.46	13.31	17,664.10	17,010.16
2	May, 2012	15.21	12.20	17,432.33	15,809.71
3	June, 2012	17.60	14.65	17,448.48	15,748.98
4	July, 2012	18.45	15.95	17,631.19	16,598.48
5	August, 2012	18.80	15.25	17,972.54	17,026.97
6	September, 2012	18.25	14.75	18,869.94	17,250.80
7	October, 2012	19.35	15.70	19,137.29	18,393.42
8	November, 2012	21.00	16.00	19,372.70	18,255.69
9	December, 2012	20.45	17.45	19,612.18	19,149.03
10	January, 2013	20.40	17.35	20,203.66	19,508.93
11	February, 2013	19.45	18.00	19,966.69	18,793.97
12	March, 2013	20.00	17.30	19,754.66	18,568.43

**11. Adoption of Non-Mandatory Requirement of Clause 49 :****Whistle Blower Policy:**

The Company has adopted a Whistle Blower Policy in accordance with the revised Clause 49 of the Listing Agreement and it is notified to all the departments of the Company, acknowledgement receipt of all the departmental heads was placed before the Audit Committee and no employee has been denied access to the Audit Committee.

**12. Registrar and Share Transfer Agents:**

The share transfer work of the Company is being handled by Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai - 400 078.

**13. Share Transfer System:**

The entire share transfer system is handled by the Registrar and Transfer Agents (RTA) of the Company at the address given above. The RTA is equipped with all required infrastructure for share transfer - physical and demat.

The transfer requests received are processed by the Registrar and Transfer Agents and subsequently approved by the Share Transfer Committee. The Committee meets twice a month and the transfer is normally effected and dispatched within the time limit prescribed under the Listing Agreement.

**14. Shareholding Pattern as on 31.03.2013:**

Particulars	Total Shares	Percentage (%)
Promoters and persons acting in concert	524,802	10.6600
Mutual Fund(s)	3,000	0.0600
Corporate Bodies (Promoter Co.)	1,753,795	35.6200
Overseas Corporate Bodies	3,000	0.0600
Insurance Companies	-	-
Unit Trust of India	-	-
Foreign Company	492,340	10.0000
NRIs / NRNs / OCBs	20,343	0.4100
Non Nationalised Banks	200	0.004
Other Bodies Corporate	138,817	02.82
Indian Public	1,955,464	39.72
Clearing Members	31,579	0.6414
<b>Total</b>	<b>4,923,340</b>	<b>100.0000</b>

**15. Distribution of Shareholding as of 31.03.2013:**

Distribution of Shares	No. of Shareholders	Percentage to Total No. of Shareholders	No. of Shares held	Percentage to Total Share
1 - 500	1,706	80.8531	372,698	7.5700
501 - 1000	184	8.7204	148,096	3.0080
1001 - 2000	90	4.2654	140,016	2.8439
2001 - 3000	32	1.5166	81,792	1.6613
3001 - 4000	23	1.0900	79,654	1.6179
4001 - 5000	14	0.6635	67,528	1.3716
5001 - 10000	30	1.4218	231,280	4.6976
10001 & above	31	1.4692	3,802,276	77.2296
<b>Total</b>	<b>2,110</b>	<b>100.0000</b>	<b>4,923,340</b>	<b>100.0000</b>

**16. Dematerialization of Shares and Liquidity**

4,543,600 (92.80%) Equity Shares of the Company have been dematerialized as on 31-03-2013.

Outstanding GDRs/ADRs/Warrants or Convertible Instruments, conversion date and likely impact on Equity	The Company has not issued such instruments.
Address for Correspondence for Investor Redressal, Physical transfer and dematerialization:	<b>Link Intime India Pvt. Ltd.</b> C-13, Pannalal Silk Mills Compound, L B S. Marg, Bhandup (W), Mumbai 400 078.
Person to be contacted for Shareholder queries	<b>Mr. Asinkhan S. Baholu</b> Compliance Officer, <b>Virat Industries Ltd.</b> A-1/2, GIDC Industrial Estate, Kabilpore 396 424, Navsari, GUJARAT STATE. Phone : (02637) 265 011/ 265 022 Telefax : (02637) 265 712 E-mail : factory@viratindustries.com Website: www.viratindustries.com
Plant Location	Virat Industries Ltd. A-1/2, GIDC Industrial Estate, Kabilpore 396 424, Navsari, GUJARAT STATE.
Corporate Head Office	605, Veena Killeddar Industrial Estate, 10/14, Pais Street, Byculla (W), Mumbai 400 011.

For and On Behalf of the Board of Directors

Place : Mumbai,  
Dated : 24<sup>th</sup> May, 2013.

**Arun S. Sanghi**  
Chairman

**DECLARATION REGARDING COMPLIANCE BY BOARD, PRESIDENT AND SENIOR OFFICERS WITH THE COMPANY'S CODE OF CONDUCT**

This is to affirm that the Company has adopted a Code of Conduct for its Board of Directors, President, Senior Officers and Company Secretary.

I confirm that the Company has in respect of the financial year ended 31st March, 2013 received from the Board of Directors, President, Senior Officers and Company Secretary, a declaration of compliance with the Code of Conduct as applicable to them. The said code is also placed on the website of the Company viz. www.viratindustries.com

For and On Behalf of the Board of Directors

Place : Mumbai,  
Dated : 24<sup>th</sup> May, 2013.

**Arun S. Sanghi**  
Chairman

**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE AS PER CLAUSE 49 OF THE LISTING AGREEMENT**

To,  
The Members of  
**VIRAT INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Virat Industries Limited** ("the Company") for the year ended on 31st March, 2013, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

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

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

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

**For Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Registration No. 117364W)

**R. Salivati**  
*Partner*  
(Membership No. 34004)

Mumbai, 24<sup>th</sup> May, 2013.

**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of  
**VIRAT INDUSTRIES LIMITED**

**Report on the Financial Statements**

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

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

The Company 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 Section 211(3C) of the Companies Act, 1956 ("the Act") and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of the financial statements that are free from material misstatements, whether due to fraud or error.

**Auditors' Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 controls 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

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

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

**Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in Section 211(3C) of the Act.
  - (e) On the basis of written representations received from the Directors as on 31st March, 2013 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Registration No. 117364W)

**R. Salivati**  
*Partner*  
(Membership No. 34004)

Mumbai, 24<sup>th</sup> May, 2013.

**ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

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

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses (vi), (x), (xiii), (xiv), (xv), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) 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.  
In respect of loans, secured or unsecured, taken by the Company from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
  - (a) During the year the Company has not taken any such loans. The loan taken from one party in previous years has been repaid during the year. The maximum amount involved during the year was ₹ 2,350,001.
  - (b) The loan is interest free, other terms and conditions of such loan are, in our opinion, prima facie not prejudicial to the interests of the Company.
  - (c) The payments of principal amounts in respect of such loans are regular/as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods. There is no sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

- (a) The particulars of contracts or arrangements referred to Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) According to the information and explanations given to us there are no such transactions in excess of ₹ 5 lakhs in respect of any party.
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities other than Service Tax on reverse charge basis and Wealth Tax wherein a delay ranging upto 7 months was observed.
- (b) There were no undisputed amounts payable in respect of Income-tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31st March, 2013 for a period of more than six months from the date they became payable other than Service Tax dues of ₹ 5,425 and Wealth Tax of ₹ 37,025.
- (c) There are no disputed dues of Income-Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31st March, 2013.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks.
- (xi) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares.
- (xii) In our opinion and according to the information and explanations given to us, the term loan has been applied for the purposes for which it was obtained.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long- term investment.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company has been noticed or reported during the year.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Registration No. 117364W)

R. Salivati  
Partner  
(Membership No. 34004)

Mumbai, 24th May, 2013.



## BALANCE SHEET AS AT 31 MARCH, 2013

Particulars	Note No.	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
<b>A. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholders' Funds</b>			
(a) Share Capital	3	49,233,400	49,233,400
(b) Reserve and Surplus	4	51,531,077	38,020,800
		<b>100,764,477</b>	<b>87,254,200</b>
<b>(2) Non-current Liabilities</b>			
(a) Long-Term Borrowings	5	–	2,350,001
(b) Deferred Tax Liabilities (Net)	41	4,116,982	5,563,069
(c) Other Long-Term Liabilities	6	210,000	–
(d) Long-Term Provisions	7	4,316,964	3,906,046
		<b>8,643,946</b>	<b>11,819,116</b>
<b>(3) Current Liabilities</b>			
(a) Short-Term Borrowings	8	12,605,920	7,141,311
(b) Trade Payables	9	14,031,903	13,249,654
(c) Other Current Liabilities	10	2,531,129	1,482,253
(d) Short-Term Provisions	11	9,784,247	8,114,333
		<b>38,953,199</b>	<b>29,987,551</b>
<b>Total</b>		<b>148,361,622</b>	<b>129,060,867</b>
<b>B. ASSETS</b>			
<b>(1) Non-Current Assets</b>			
(a) Fixed Assets			
(i) Tangible Assets	12	57,320,466	48,915,044
(ii) Capital Work In Progress		4,505,849	–
		<b>61,826,315</b>	<b>48,915,044</b>
(b) Non-current Investments	13	2,500,000	–
(c) Long-Term Loans and Advances	14	2,625,748	4,571,669
		<b>66,952,063</b>	<b>53,486,713</b>
<b>(2) Current Assets</b>			
(a) Inventories	15	40,716,527	34,716,463
(b) Trade Receivables	16	15,635,355	15,614,369
(c) Cash and Bank Balances	17	15,028,811	15,993,484
(d) Short-Term Loans and Advances	18	9,569,079	8,523,830
(e) Other Current Assets	19	459,787	726,008
		<b>81,409,559</b>	<b>75,574,154</b>
<b>Total</b>		<b>148,361,622</b>	<b>129,060,867</b>
See accompanying notes forming part of the financial statements			

In terms of our Report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

R. Salivati  
Partner

Mumbai,  
Dated: 24<sup>th</sup> May, 2013.

For and on behalf of the Board of Directors

Arun S. Sanghi  
Chairman

Adi F. Madan  
Managing Director

Ajit P. Walwaikar  
Armand N. Aga  
Harish H. Shah

Directors

Asinkhan S. Baholu  
Company Secretary

Mumbai,

Dated: 24<sup>th</sup> May, 2013.

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

Particulars	Note No.	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
1 Revenue from Operations (Gross)	20	207,909,031	164,449,660
Less: Excise Duty		934,844	863,562
Revenue from Operations (Net)		206,974,187	163,586,098
2 Other Income	21	5,079,658	4,937,206
3 <b>Total Revenue (1 + 2)</b>		212,053,845	168,523,305
4 Expenses			
(a) Cost of materials consumed	22	78,349,288	68,548,973
(b) Purchase of Stock-in-Trade (traded goods)	23	67,364	-
(c) Changes in inventories of finished goods and work in progress	24	(3,188,774)	1,424,123
(d) Employee Benefits Expense	25	24,500,320	18,726,838
(e) Finance Costs	26	1,041,514	949,426
(f) Depreciation expense	12	8,468,037	7,956,918
(g) Other Expenses	27	69,969,580	50,815,208
<b>Total Expenses</b>		179,207,329	148,421,487
5 <b>Profit before Tax (3 - 4)</b>		32,846,516	20,101,818
6 <b>Tax Expense:</b>			
a) Current Tax Expense		12,200,000	8,198,142
b) Add: MAT Credit Written off		262,797	-
c) Less: MAT Credit		-	262,797
d) Short / (Excess) provision for tax relating to prior years		(320,563)	-
e) Net Current Tax Expense		12,142,234	7,935,345
f) Deferred Tax		(1,446,087)	(1,753,083)
<b>Net Tax Expense</b>		10,696,147	6,182,262
7 <b>Profit for the Year (5 - 6)</b>		22,150,369	13,919,556
8 Earning per Share (of ₹ 10/- each)	40		
(1) Basic		4.50	2.83
(2) Diluted		4.50	2.83
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our Report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

R. Salivati  
Partner

Mumbai,  
Dated: 24<sup>th</sup> May, 2013.

For and on behalf of the Board of Directors  
Arun S. Sanghi  
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Adi F. Madan  
Managing Director

Ajit P. Walwalkar  
Armand N. Aga  
Harish H. Shah } Directors

Asinkhan S. Baholu Company Secretary

Mumbai,

Dated: 24<sup>th</sup> May, 2013.

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

Particulars	₹	For the year ended	For the year ended
		31 March, 2013	31 March, 2012
	₹	₹	₹
<b>A Cash Flow from Operating Activities:</b>			
Profit before Tax	32,846,516		20,101,817
Adjustments for:			
Depreciation Expense	8,468,037		7,956,918
Loss on Fixed Assets written off	1,037,544		800,274
Profit on sale of Fixed Assets	(857)		(142,331)
Net unrealised gain on Foreign Currency translation	361,374		(899,264)
Interest Expense	913,161		815,950
Interest Income	(1,477,152)		(1,031,454)
Liabilities/Provisions no longer required written back	(117,872)		(71,679)
Bad trade and other receivables written off	235,579		-
Provision for Doubtful Loan and Advances/accrued interest	568,116		-
Operating Profit before change in Working Capital	42,834,446		27,530,232
Changes in Working Capital			
Increase in Trade receivables and loans and advances	(5,122,922)		(2,904,309)
Decrease/(Increase) in Inventories	(6,000,064)		673,042
(Decrease)/Increase in Trade and other payables	3,416,945		(1,031,542)
	(7,706,040)		(3,262,809)
Cash generated from operations	35,128,406		24,267,423
Net Income tax paid	(13,334,643)		(7,773,972)
<b>Net Cash from Operating Activities</b>		21,793,763	16,493,451
<b>B Cash Flow from Investing Activities:</b>			
Capital expenditure on fixed assets, including capital advances	(19,465,876)		(4,268,915)
Investment in Bonds	(2,500,000)		-
Inter-corporate deposit received back	2,500,000		-
Proceeds from Sale of Fixed Assets	857		1,927,767
Bank balances not considered as Cash and cash equivalents			
- Placed	(1,339,756)		(7,624,370)
- Matured	2,500,000		-
Interest received from Investments	9,049		-
Interest received on Deposits	1,880,172		524,801
<b>Net Cash used in Investing Activities</b>		(16,415,554)	(9,440,718)
<b>C Cash Flow from Financing Activities:</b>			
Repayment of long-term Borrowing (including current maturities)	(3,018,554)		(3,357,829)
Proceeds from short term Borrowings	5,464,609		(1,256,621)
Dividend paid	(5,711,250)		(3,814,302)
Tax on Dividend	(958,427)		(638,951)
Finance cost	(913,161)		(815,950)
<b>Net Cash used in Financing Activities</b>		(5,136,783)	(9,883,653)
<b>Net increase/(decrease) in cash and cash equivalents</b>		241,426	(2,830,920)
<b>Cash and cash equivalents at the beginning of the year</b>		2,879,617	5,710,537
<b>Cash and cash equivalents at the end of the year</b>		3,121,043	2,879,617

## Notes:

- Components of cash and cash equivalents include cash, bank balances in current and EEFC accounts as disclosed under Note No.17 of the Balance Sheet. There are no deposits/investments with original maturity of less than three months.
- Components of Cash and Cash Equivalents have been changed to exclude deposits with original maturity more than 3 months and car marked balances. Consequently cash flow from investing activities is higher by ₹ 1,160,244 (PY lower by ₹ 7,624,370).

3. Cash and Cash equivalents:	March 31, 2013	March 31, 2012
Cash and cash equivalents as per Note No.17	3,121,043	2,925,472
Unrealised (gain)/loss on foreign currency on cash and cash equivalents	-	(45,855)
<b>Cash and Cash equivalent at the end of the year</b>	<b>3,121,043</b>	<b>2,879,617</b>

- The Cash Flow Statement has been prepared in accordance with the requirement of AS - 3 on "Cash Flow Statement" using Indirect Method.

In terms of our Report attached  
For Deloitte Haskins & Sells  
Chartered Accountants

R. Salivati  
Partner

Mumbai,  
Dated: 24<sup>th</sup> May, 2013.

For and on behalf of the Board of Directors  
Arun S. Sanghi  
Chairman  
Adi F. Madan  
Managing Director

Mumbai,

Ajit P. Walwaikar  
Armand N. Aga  
Harish H. Shah

Directors

Asinkhan S. Baholu  
Company Secretary

Dated: 24<sup>th</sup> May, 2013.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****1. Corporate Information**

Virat Industries Limited is a Manufacturer and Exporter of premium quality of dress and sport socks for Mens, Ladies and Children. The Company also manufactures high quality football socks for many prestigious clubs of Europe. The socks are knitted and processed on imported machinery.

The installed capacity of the Company is 50 lakhs pairs per annum. 95 to 96 % of the revenue of the Company is derived from export sales. The socks of the Company are exported to Switzerland, U.K and Gulf countries for top end markets.

The manufacturing activity and Registered Office of the Company are located in Navsari, South Gujarat. The Head Office of the Company is situated in Mumbai. The marketing function is carried out at the Mumbai Head Office.

Virat Industries Limited is a public limited Company, listed on the Bombay Stock Exchange.

**2. Significant Accounting Policies:****2.1 Basis for preparation of Accounts:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2.2 Use of Estimates:**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**2.3 Inventories**

Inventories are valued at the lower of cost on weighted average basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

**2.4 Fixed Assets:**

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

**2.5 Depreciation:**

- a) Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.
- b) Leasehold land is amortized over the period of lease.

**2.6 Impairment:**

At the end of each year, the Company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an indication loss may have occurred in accordance with Accounting Standard 28 "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount in accordance with AS 28, a provision for impairment loss on fixed assets is made for the difference.

**2.7 Leases:**

- (a) Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.
- (b) Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

**2.8 Borrowing Cost:**

Borrowing cost, if any, that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

**2.9 Foreign Currency Transactions:**

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. Monetary Items denominated in foreign currency are restated using the exchange rates prevailing at the date of the Balance Sheet. The exchange difference between the rates prevailing on the date of transactions on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

**2.10 Employee Benefits:****a) Defined Contribution Plan:**

Contributions under Defined Plans in the form of Provident Fund are recognised in the Statement of Profit and Loss in the period in which the employee has rendered the service.

**b) Defined Benefit and Other Long-term Benefit Plan:**

The Company's liability towards unfunded Defined Benefit Plan in the form of Gratuity and provision for Compensated Absences is determined on the basis of actuarial valuation being carried out at each Balance Sheet date using the Projected Unit Credit Method. The retirement benefit obligation recognised in the Balance Sheet represents the total of present value of the defined benefit obligation as reduced by unrecognised past service cost.

Actuarial gains and losses are recognised immediately in the profit and loss account in the period of occurrence of such gains and losses. Past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of or changes to a defined benefit plan, past service cost is recognised immediately.

**2.11 Revenue Recognition:**

Sales of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. In appropriate circumstances, revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

**2.12 Income Taxes:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the applicable tax rates.

Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realize the same.

Tax on distributed profits payable in accordance with the provision of Income Tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India. Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961 has been recognised in accordance with the Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.

**2.13 Investments:**

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

**2.14 Provisions and Contingencies:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number	₹	Number	₹
<b>3 Share Capital</b>				
<b>(a) Authorised</b>				
Equity Shares of ₹ 10/- each with voting rights	5,000,000	50,000,000	5,000,000	50,000,000
<b>(b) Issued, Subscribed and Paid Up</b>				
Equity Shares of ₹ 10/- each with voting rights	4,923,340	49,233,400	4,923,340	49,233,400
<b>Total</b>	<b>4,923,340</b>	<b>49,233,400</b>	<b>4,923,340</b>	<b>49,233,400</b>

3.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Closing Balance
Equity Shares with voting rights		
Year ended 31 March, 2013		
- Number of Shares	4,923,340	4,923,340
- Amount in Rupees	49,233,400	49,233,400
Year ended 31 March, 2012		
- Number of Shares	4,923,340	4,923,340
- Amount in Rupees	49,233,400	49,233,400

3.2 Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholders	As at 31 March, 2013		As at 31 March, 2012	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
<b>Equity Shares with voting rights</b>				
Shapoorjee Chandabhoj Finvest Private Limited	1,753,795	35.62	1,753,795	35.62
H M Investments (UK) Limited	492,340	10.00	492,340	10.00
Naozer J. Aga	475,277	9.65	475,127	9.65

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at	As at
	31 March, 2013	31 March, 2012
	₹	₹
<b>4 Reserves and Surplus</b>		
<b>General Reserve</b>		
Opening Balance	347,989	-
Add: Transferred from surplus in Statement of Profit and Loss	1,107,518	347,989
Closing Balance	1,455,507	347,989
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	37,672,811	30,967,679
Add: Profit for the year	22,150,369	13,919,555
Balance available for Appropriation	59,823,180	44,887,234
Less: Dividend proposed to be distributed to equity shareholders (₹ 1.5 per share; previous year ₹ 1.2 per share)	7,385,010	5,908,008
Less: Tax on Dividend	1,255,082	958,427
Less: Transferred to General Reserve	1,107,518	347,989
Closing Balance	50,075,570	37,672,811
<b>Total</b>	<b>51,531,077</b>	<b>38,020,800</b>
<b>5 Long-term Borrowings</b>		
(a) Loans and Advance from Related Party (Refer Note No. 38)		
- Unsecured; Interest-free		
Sharpoojee Chandabhoy Finvest Private Limited (Promoter Company)	-	2,350,001
(There are no fixed repayment terms)		
<b>Total</b>	<b>-</b>	<b>2,350,001</b>
<b>6 Other Long-term Liabilities</b>		
Payable on purchase of Fixed Assets	210,000	-
<b>Total</b>	<b>210,000</b>	<b>-</b>
<b>7 Long-term Provisions</b>		
<b>Provision for Employee Benefits</b>		
Provision for Compensated Absences	793,711	634,291
Provision for Gratuity (Refer Note 36)	3,523,253	3,271,755
<b>Total</b>	<b>4,316,964</b>	<b>3,906,046</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at	As at
	31 March, 2013	31 March, 2012
	₹	₹
<b>8 Short-term Borrowings</b>		
(a) Loans repayable on demand		
- From Banks		
Secured		
(Secured by deposit of title deeds of leasehold land and by a charge on buildings, structures, fixtures and fittings, immovable plant and machinery thereon. Such loans are further secured by a charge on the Company's stocks, book debts, other receivables, movable properties and assets, etc., both present and future)	12,605,920	7,141,311
<b>Total</b>	<b>12,605,920</b>	<b>7,141,311</b>
<b>9 Trade Payables</b>		
Other than Acceptances (Refer Note No. 28 for Disclosure under Micro, Small and Medium Enterprises Development Act, 2006)	14,031,903	13,249,654
<b>Total</b>	<b>14,031,903</b>	<b>13,249,654</b>
<b>10 Other Current Liabilities</b>		
(a) Current maturities of finance lease obligations (Refer Note No. 39)	-	668,553
(b) Unclaimed/Unpaid Dividends	577,770	381,012
(c) Other Payables		
- Statutory Remittances (Contributions to PF and ESIC, withholding taxes, wealth tax and other taxes payable)	760,157	432,688
- Payable on purchase of Fixed Assets	1,193,202	-
<b>Total</b>	<b>2,531,129</b>	<b>1,482,253</b>
<b>11 Short-term Provisions</b>		
(a) Provision for Employee Benefits		
- Provision for Compensated Absences	252,553	193,611
- Provision for Gratuity (Refer Note No. 36)	856,289	538,021
(b) Provision - Others		
- Provision for Tax (Net of Advance Tax ₹ 3,207,703, previous year ₹ 11,790,693)	35,313	516,267
- Provision for Proposed Equity Dividend	7,385,010	5,908,008
- Provision for Tax on Proposed Dividend	1,255,082	958,427
<b>Total</b>	<b>9,784,247</b>	<b>8,114,333</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	GROSS BLOCK			ACCUMULATED DEPRECIATION AND IMPAIRMENT			NET BLOCK				
	As at 1 April, 2012	Additions	Disposals	Adjustments/ Write off	As at 31 March, 2013	As at 1 April, 2012	For the year ended 31 March, 2013	Elimination Adjustments/ Write off	As at 31 March, 2013	As at 31-03-2013	As at 31-03-2012
<b>Tangible Assets</b>											
Leasehold Land	687,100	-	-	-	687,100	154,197	8,458	-	162,655	524,445	532,903
	(687,100)	-	-	-	(687,100)	(145,739)	(8,458)	-	(154,197)	(532,903)	(541,361)
Buildings (Owned)	30,102,410	-	-	-	30,102,410	15,511,012	887,459	-	16,498,471	13,603,939	14,591,398
	(30,102,410)	-	-	-	(30,102,410)	(14,523,553)	(887,459)	-	(15,511,012)	(14,591,398)	(15,578,857)
Plant and Machinery (Owned)	78,433,424	12,862,315	-	3,259,891	88,035,848	51,763,217	6,435,927	2,222,347	55,996,797	32,039,051	26,650,207
	(80,694,361)	(1,753,816)	(2,494,921)	(1,519,832)	(78,433,424)	(47,273,198)	(5,939,062)	(709,485)	(51,763,217)	(26,650,207)	(33,421,163)
Furniture and fixtures (Owned)	1,356,984	160,176	13,695	-	1,503,465	876,743	46,035	13,695	909,083	594,382	480,241
	(1,347,984)	(9,000)	-	-	(1,356,984)	(834,743)	(42,000)	-	(876,743)	(480,241)	(513,241)
Vehicles - Owned	3,379,043	4,650,000	-	5,345,991	13,375,034	1,591,363	828,337	1,230,017	3,649,717	9,725,317	1,787,680
	(3,379,043)	-	-	-	(3,379,043)	(1,274,197)	(317,166)	-	(1,591,363)	(1,787,660)	(2,104,846)
- Taken under Finance Lease	5,345,991	-	-	(5,345,991)	-	1,230,017	-	(1,230,017)	-	-	4,115,974
	(5,345,991)	-	-	-	(5,345,991)	(722,148)	(507,869)	-	(1,230,017)	(4,115,974)	(4,623,843)
Office equipments (Owned)	1,887,138	238,512	-	-	2,125,650	1,130,497	161,821	-	1,292,318	833,332	756,641
	(1,540,073)	(347,065)	-	-	(1,887,138)	(975,593)	(154,904)	-	(1,130,497)	(756,641)	(664,480)
<b>TOTAL</b>	121,192,090	17,911,003	13,695	3,259,891	135,829,507	72,277,046	8,488,037	13,695	78,509,041	57,320,466	48,915,044
Previous year	(123,036,962)	(2,109,881)	(2,494,821)	(1,519,832)	(121,192,090)	(65,749,171)	(7,956,918)	(709,485)	(72,277,046)	(48,915,044)	(57,347,791)
Capital work in progress	-	-	-	-	-	-	-	-	-	4,505,849	-
	-	-	-	-	-	-	-	-	-	-	(360,927)
<b>TOTAL</b>										<b>61,826,315</b>	<b>48,915,044</b>
										(48,915,044)	(57,708,718)

Figures given in brackets after each line item represent Previous year figures.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2013			As at 31 March, 2012		
	Quoted ₹	Unquoted ₹	Total ₹	Quoted ₹	Unquoted ₹	Total
<b>13 Non-current Investments</b>						
<b>Investments - Other than Trade (At cost)</b>						
Investment in Bonds of Indian Railway Finance Corporation Limited (IRFC) (2500 Bonds of ₹ 1000 each fully paid up)	2,500,000	-	2,500,000	-	-	-
<b>Total</b>	2,500,000	-	2,500,000	-	-	-
- Aggregate amount of quoted investments			2,500,000			-
- Aggregate market value of listed and quoted investments			2,564,375			-
- Aggregate value of listed but not quoted investments			-			-
- Aggregate amount of unquoted investments			-			-
<b>Particulars</b>				<b>As at 31 March, 2013 ₹</b>	<b>As at 31 March, 2012 ₹</b>	
<b>14 Long-term Loans and Advances</b>						
<b>Unsecured and considered good</b>						
a) Capital Advances				-	2,950,976	
b) Security Deposits				1,212,528	996,519	
c) Loans and Advances to Related Parties (Refer Note No.38)						
- Security Deposit with Armyesh Consultancy and Agencies Pvt. Ltd.				21,050	21,050	
d) Loans and Advances to Employees				220,954	143,364	
e) Advance Income-tax				1,171,216	459,760	
(Net of Provision ₹ 20,322,459, Previous Year ₹ 6,168,016)						
<b>Total</b>				<b>2,625,748</b>	<b>4,571,669</b>	
<b>15 Inventories (At lower of cost and net realisable value)</b>						
a. Raw Materials				19,055,845	16,162,283	
Goods-in transit				88,358	777,255	
				<b>19,144,203</b>	<b>16,939,538</b>	
b. Work-in-progress (Knitted Socks)				1,686,658	1,279,544	
Goods-in transit				-	-	
				<b>1,686,658</b>	<b>1,279,544</b>	
c. Finished goods (Other than those acquired for trading)				13,710,571	10,928,911	
Goods-in transit				-	-	
				<b>13,710,571</b>	<b>10,928,911</b>	
d. Stores and Spares				4,486,192	4,424,689	
Goods-in transit				44,600	191,641	
				<b>4,530,792</b>	<b>4,616,330</b>	
e. Packing Material				1,600,266	944,396	
Goods-in transit				44,037	7,744	
				<b>1,644,303</b>	<b>952,140</b>	
<b>Total</b>				<b>40,716,527</b>	<b>34,716,463</b>	

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2013 ₹	As at 31 March, 2012 ₹
<b>16 Trade Receivables</b>		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured and considered good	-	235,579
<b>Other Trade Receivable</b>		
Unsecured and considered good	15,635,355	15,378,789
<b>Total</b>	<b>15,635,355</b>	<b>15,614,369</b>
<b>17 Cash and Bank Balances</b>		
<b>A. Cash and cash equivalents</b>		
a) Balances with Banks		
i) In Current Accounts	3,121,043	2,775,124
ii) In Exchange Earner Foreign Currency (EEFC) Account	-	150,349
<b>Total - Cash and cash equivalents (A)</b>	<b>3,121,043</b>	<b>2,925,472</b>
<b>B. Other Bank Balances</b>		
i) In Deposit Accounts		
- original maturity more than 3 months (Refer Note below)	11,064,163	12,500,000
ii) In Earmarked Accounts		
- unpaid dividend accounts	577,770	381,012
- balances held as margin money against guarantees	265,835	187,000
<b>Total other Bank Balances (B)</b>	<b>11,907,768</b>	<b>13,068,012</b>
<b>Total</b>	<b>15,028,811</b>	<b>15,993,484</b>
<b>Note:</b>		
Other Bank Balances include deposits with remaining maturity of more than 12 months from the balance sheet date ₹ 11,064,163 (PY Nil).		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2013		As at 31 March, 2012
	₹	₹	₹
<b>18 Short-term Loans and Advances</b>			
<b>Unsecured and Considered Good, unless otherwise stated</b>			
a) Loans and Advances to Employees		271,389	149,963
b) Prepaid Expenses		374,503	277,099
c) Balances with Government Authorities		-	-
- VAT Credit Receivable		1,059,599	728,983
- Personal Ledger Account (Excise)		8,162	8,877
- Duty Drawback (Customs)		5,548,210	1,851,543
- MAT Credit Entitlement		-	262,797
d) Inter-corporate Deposit			
Considered good	2,000,000	-	2,500,000
Considered doubtful	500,000	-	-
Less : Provision for doubtful inter-corporate deposit		2,500,000	2,500,000
		500,000	-
		2,000,000	2,500,000
e) Others			
- Advance for supply of Goods and Services		307,216	244,568
<b>Secured and Considered Good</b>			
f) Inter-Corporate Deposits (secured by pledge of Equity Shares)		-	2,500,000
<b>Total</b>		<b>9,569,079</b>	<b>8,523,830</b>
<b>19 Other Current Assets</b>			
a) Accruals			
- Interest Accrued on Deposits		313,939	635,392
- Interest Accrued on Short Term Loans given to Companies	68,116	-	90,616
Less : Provision for doubtful Interest	68,116	-	-
		313,939	726,008
b) Others			
- Excise Duty recoverable		145,848	-
<b>Total</b>		<b>459,787</b>	<b>726,008</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
<b>20 Revenue from Operations</b>		
a) Sale of Products (Refer Note (i) below)	195,433,012	153,433,535
b) Other Operating Revenues (Refer Note (ii) below)	12,476,019	11,016,125
	<b>207,909,031</b>	<b>164,449,660</b>
Less: Excise Duty	934,844	863,562
<b>Total</b>	<b>206,974,187</b>	<b>163,586,098</b>
<b>Note:</b>		
<b>(i) Sale of Products Comprises</b>		
Manufactured goods		
Knitted Socks	195,341,957	153,433,535
<b>Total - Sale of manufactured goods</b>	<b>195,341,957</b>	<b>153,433,535</b>
Traded goods		
Knitted Socks	91,055	-
<b>Total - Sale of traded goods</b>	<b>91,055</b>	<b>-</b>
<b>Total - Sale of Products</b>	<b>195,433,012</b>	<b>153,433,535</b>
<b>(ii) Other Operating Revenues Comprise:</b>		
Sale of Scrap	25,957	57,763
Duty Drawback	12,161,539	9,924,644
Market Linked Focus Product (MLFP) Scheme	23,532	592,316
Profit on Sale of Raw Material	3,210	-
Samples Development Income	261,781	441,402
<b>Total - Other Operating Revenues</b>	<b>12,476,019</b>	<b>11,016,125</b>
<b>21 Other Income</b>		
Interest Income (Refer Note (i) below)	1,683,029	1,031,454
Net gain on foreign currency transactions and translation	3,017,292	3,077,999
Other Non-operating Income (Refer Note (ii) below)	379,337	827,752
<b>Total</b>	<b>5,079,658</b>	<b>4,937,206</b>
<b>Note:</b>		
<b>(i) Interest Income Comprises:</b>		
Interest from banks on Deposits	1,193,788	633,263
Interest from overdue Trade Receivable	140,192	-
Interest from loans and advances	274,315	398,191
Interest from long term investments	9,049	-
Interest from Income-tax refund	65,685	-
<b>Total - Interest Income</b>	<b>1,683,029</b>	<b>1,031,454</b>
<b>(ii) Other non-operating income comprises:</b>		
Profit on sale of fixed assets	857	142,331
Liabilities/Provisions no longer required written back (Net)	117,872	58,227
Miscellaneous Income	260,608	627,195
<b>Total - Other non-operating Income</b>	<b>379,337</b>	<b>827,752</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
<b>22 Cost of Materials Consumed</b>		
Opening Stock	16,939,539	16,809,197
Add: Purchases	80,553,952	68,679,315
	97,493,491	85,488,512
Less: Closing Stock	19,144,203	16,939,539
<b>Cost of Materials Consumed</b>	<b>78,349,288</b>	<b>68,548,973</b>
Material Consumed comprises of yarn only.		
<b>23 Purchase of Stock-in-Trade (traded goods)</b>		
<b>Traded Items:</b>		
Socks - Knitted	67,364	-
<b>24 Changes in Inventories of Finished Goods and work in progress</b>		
<b>Inventories at the end of the year</b>		
Finished Goods	13,710,571	10,928,911
Work-in-Progress	1,686,658	1,279,544
	15,397,229	12,208,455
<b>Inventories at the beginning of the year</b>		
Finished Goods	10,928,911	11,599,152
Work-in-Progress	1,279,544	2,033,426
	12,208,455	13,632,578
<b>Net (Increase)/Decrease</b>	<b>(3,188,774)</b>	<b>1,424,123</b>
<b>25 Employee Benefit Expenses</b>		
Salaries and Wages	21,129,795	15,406,460
Contribution to Provident and Other Funds	1,335,804	1,204,302
Gratuity	798,666	1,129,556
Staff Welfare Expenses	1,236,055	986,520
<b>Total</b>	<b>24,500,320</b>	<b>18,726,838</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
<b>26 Finance Cost</b>		
Interest Expense on:		
- Borrowings	901,671	815,889
- Delayed/deferred payment of Income-tax	11,490	61
Other Borrowing Costs	128,353	133,476
<b>Total</b>	<b>1,041,514</b>	<b>949,426</b>
<b>27 Other Expenses</b>		
Consumption of Stores and Spare Parts	5,852,230	5,579,268
Consumption of Packing Materials	10,082,972	6,162,344
Subcontracting (Processing Charges)	19,389,560	12,367,107
Power and Fuel	11,968,737	10,130,315
Lease Rent	735,480	668,640
Repairs:		
- To Buildings	-	188,369
- To Machinery	558,966	337,213
Insurance	781,574	655,119
Rates and Taxes (including Wealth Tax ₹ 113,000, PY Nil)	753,989	288,696
Carriage Outward	5,095,899	3,950,608
Sales Expenses	2,641,851	1,748,924
Donations	61,100	68,751
Payment to Auditors (Refer Note (i) below)	899,217	1,171,190
Bad Trade and other receivables written off	235,579	-
Loss on Fixed Assets written off	1,037,544	800,274
Provision for Doubtful Loan and advances and other Current Assets	568,118	-
Miscellaneous Expenses	9,306,764	6,698,391
<b>Total</b>	<b>69,969,580</b>	<b>50,815,208</b>
<b>Payment to Auditor including Service Tax</b>		
(i) Payment to the Auditors comprises		
(a) To Statutory Auditors		
- For Audit	646,070	561,800
- For Taxation matters	33,708	298,428
- For Other Services	191,012	309,252
Reimbursement of Expenses	337	1,710
	871,127	1,171,190
(b) To Cost Auditors for Cost Audit	28,090	-
<b>Total</b>	<b>899,217</b>	<b>1,171,190</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

Particulars	As at	As at
	31 March, 2013	31 March, 2012
	₹	₹
<b>28 Contingent Liabilities and Commitments (to the extent not provided for)</b>		
<b>(i) Contingent Liabilities</b>		
(a) Claims against the Company not acknowledged as debt	Not Ascertained	Not Ascertained
- For Assessment Year 2005-06 and 2006-07, the Income Tax Department has adjusted the carried forward of losses and unabsorbed depreciation in computing the benefit under section 10B of the Income Tax Act, 1961. The matter has been referred to the High Court of Gujarat at Ahmedabad for Assessment Year 2005-06 and is pending before the Income Tax Appellate Tribunal for Assessment Year 2006-07. Additional liability, if any, is not ascertained.		
<b>(ii) Commitments</b>		
(a) Capital Commitments	-	327,750
(b) Other Commitments (Website Development Costs)	-	225,000
	-	552,750
<b>Total</b>	-	552,750
<b>29 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>		
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

## 30 Details on unhedged Foreign Currency Exposures

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Receivable/ (Payable) ₹	Receivable/ (Payable) in Foreign Currency	Receivable/ (Payable) ₹	Receivable/ (Payable) in Foreign Currency
Trade Receivables	9,907,674	GBP 121,447	4,064,213	GBP 50,120
	4,626,322	USD 85,736	9,830,209	USD 193,394
Advance given to Suppliers	141,831	EURO 2,025	2,950,976	USD 57,501
Cash and Cash Equivalents	-	-	145,513	GBP 1,773
	-	-	4,835	USD 94
Trade Payables	(21,949)	GBP (266)	(98,833)	GBP (1,208)
			(146,141)	EURO (2,123)

## 31 Value of Imports calculated on CIF basis

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
Stores and Spares	2,393,600	2,871,240
Capital Goods	13,011,923	555,705
<b>Total</b>	<b>15,405,523</b>	<b>3,426,945</b>
<b>32 Expenditure in Foreign Currency</b>		
Foreign Traveling, Bank Charges, etc.	1,488,283	1,424,946

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

## 33 Details of Consumption of Imported and Indigenous items

Particulars	For the year ended 31 March, 2013		For the year ended 31 March, 2012	
	₹	%	₹	%
<b>Imported</b>				
Raw Material	15,050	0.54	—	—
Stores and Spares	2,769,395	99.46	2,812,894	100.00
<b>Total</b>	<b>2,784,445</b>	<b>100.00</b>	<b>2,812,894</b>	<b>100.00</b>
<b>Indigenous</b>				
Raw Material	78,334,238	96.21	68,548,973	96.12
Stores and Spares	3,082,835	3.79	2,766,373	3.88
<b>Total</b>	<b>81,417,072</b>	<b>100.00</b>	<b>71,315,347</b>	<b>100.00</b>

## 34 Earnings in Foreign Exchange

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	₹	₹
Export of Goods Calculated on FOB basis	183,059,997	144,244,050
Samples Development Charges	261,781	441,402
<b>35 Amounts remitted in Foreign Currency during the year on account of Dividend</b>		
Amount of Dividend remitted in Foreign Currency	590,808	393,872
Total number of Non Resident Shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total number of shares held by them on which dividend was due	492,340	492,340
Year to which dividend relates	2011-12	2010-11

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## DISCLOSURE UNDER ACCOUNTING STANDARDS

## 36 Employee Benefit Plans

## (a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. The Company recognised ₹ 798,666 (Year ended 31 March, 2012 ₹ 1,204,302) for Provident Fund contributions.

## (b) Defined Benefit Plan: Gratuity

Provision is made for unfunded gratuity and compensated absences based upon actuarial valuation done at the end of every financial year using "Projected Unit Credit" method and it covers all regular employees. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

The disclosures as required under revised Accounting Standard 15 on "Employee Benefits" are as follow:

The Companies gratuity plan is not funded and liability is provided for in the account.

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
<b>Gratuity</b>		
<b>Components of Employer Expense</b>		
Current Service Cost	290,583	339,104
Interest Cost	338,802	254,140
Past Service Cost	—	—
Actuarial Losses/(Gain)	169,281	536,312
Total Expense recognized in the Statement of Profit and Loss	798,666	1,129,556
<b>Actual Contribution and benefit payments for year</b>		
Actual Benefit Payments	228,900	122,322
<b>Net Asset / (Liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	4,379,542	3,809,776
Fair value of plan assets	—	—
Funded status [Surplus / (Deficit)]	—	—
Unrecognised past service costs	—	—
Net asset / (liability) recognised in the Balance Sheet	4,379,542	3,809,776
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	3,809,776	2,802,542
Current Service Cost	290,583	339,104
Interest Cost	338,802	254,140
Benefit Paid	(228,900)	(122,322)
Actuarial Losses/(Gain)	169,281	536,312
Past Service Cost - Vested Benefit	—	—
Present value of DBO at end of the year	4,379,542	3,809,776
<b>Actuarial Assumptions:</b>		
Discount Rate (p.a.)	8.25%	8.50%
Salary Escalation Rate (p.a.)	5.00%	5.00%
Attrition Rate (p.a.)	2.00%	2.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	LIC 1994-96 (Ultimate)
<b>Experience Adjustment:</b>	<b>2012-13</b>	<b>2011-12</b>
	₹	₹
On Plan Liability (Gain)/Loss	83,408	582,508
		23,143

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## DISCLOSURE UNDER ACCOUNTING STANDARDS

## 36 Employee Benefit Plans

## (a) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. The Company recognised ₹ 798,666 (Year ended 31 March, 2012 ₹ 1,204,302) for Provident Fund contributions.

## (b) Defined Benefit Plan: Gratuity

Provision is made for unfunded gratuity and compensated absences based upon actuarial valuation done at the end of every financial year using "Projected Unit Credit" method and it covers all regular employees. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

The disclosures as required under revised Accounting Standard 15 on "Employee Benefits" are as follow:

The Companies gratuity plan is not funded and liability is provided for in the account.

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
<b>Gratuity</b>		
<b>Components of Employer Expense</b>		
Current Service Cost	290,583	339,104
Interest Cost	338,802	254,140
Past Service Cost	—	—
Actuarial Losses/(Gain)	169,281	536,312
Total Expense recognized in the Statement of Profit and Loss	798,666	1,129,556
<b>Actual Contribution and benefit payments for year</b>		
Actual Benefit Payments	228,900	122,322
<b>Net Asset / (Liability) recognised in the Balance Sheet</b>		
Present value of defined benefit obligation	4,379,542	3,809,776
Fair value of plan assets	—	—
Funded status [Surplus / (Deficit)]	—	—
Unrecognised past service costs	—	—
Net asset / (liability) recognised in the Balance Sheet	4,379,542	3,809,776
<b>Change in defined benefit obligations (DBO) during the year</b>		
Present value of DBO at beginning of the year	3,809,776	2,802,542
Current Service Cost	290,583	339,104
Interest Cost	338,802	254,140
Benefit Paid	(228,900)	(122,322)
Actuarial Losses/(Gain)	169,281	536,312
Past Service Cost - Vested Benefit	—	—
Present value of DBO at end of the year	4,379,542	3,809,776
<b>Actuarial Assumptions:</b>		
Discount Rate (p.a.)	8.25%	8.50%
Salary Escalation Rate (p.a.)	5.00%	5.00%
Attrition Rate (p.a.)	2.00%	2.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	LIC 1994-96 (Ultimate)
<b>Experience Adjustment:</b>	<b>2012-13</b>	<b>2011-12</b>
	₹	₹
On Plan Liability (Gain)/Loss	83,408	582,508
		23,143

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****DISCLOSURE UNDER ACCOUNTING STANDARDS****37 Segment information**

The principal business of the Company is of manufacturing of socks. All other activities of the Company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard 17 - "Segment Reporting".

The Secondary Segments are identified based on the geographical location of customers. The secondary geographical segments of the Company consist of regions of United Kingdom, Switzerland, UAE, India and Rest of the World.

Secondary Segments information is as follows -

Particulars	Revenues ₹	Segment Assets (Sundry Debtors) ₹	Cost incurred on acquisition of Fixed Assets ₹
United Kingdom	51,014,678 (37,814,905)	9,736,243 (4,064,213)	- -
Switzerland	107,005,470 (77,735,777)	816,612 (3,879,732)	- -
UAE	22,712,306 (28,305,192)	3,809,710 (5,950,477)	- -
India	11,625,682 (8,523,591)	1,101,359 (1,719,947)	17,911,003 (2,109,881)
Rest of the World	3,074,877 (1,054,070)	171,431 -	- -
<b>Total</b>	<b>195,433,012</b> (153,433,535)	<b>15,635,355</b> (15,614,369)	<b>17,911,003</b> (2,109,881)

Previous year figures are given in brackets.

Segregation of assets (except sundry debtors) into secondary segments has not been done as all the assets are located and used in India and the Company is of the view that it is not practical to reasonably allocate such assets and an ad-hoc allocation will not be meaningful.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)

## 38 Related Party Transactions

## Details of related parties:

Description of relationship	Names of related parties
Promoter Company	Shapoorjee Chandabhoj Finvest Private Limited
Key Management Personnel (KMP)	Adi F. Madan
Associates	Armayesh Consultancy and Agencies Private Limited Armayesh Embroideries Private Limited

Note: Related parties have been identified by the Management.

Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:

(In ₹)

Particulars	Promoter Company	KMP	Associates	Total
<b>Transactions during the year</b>				
<b>Expenditure:</b>				
1) Lease Rent:				
Armayesh Consultancy and Agencies Pvt. Ltd.	-	-	462,000	462,000
	-	-	(420,000)	(420,000)
Armayesh Embroideries Pvt. Ltd.	-	-	273,480	273,480
	-	-	(248,640)	(248,640)
Managerial Remuneration	-	3,185,904	-	3,185,904
	-	(2,755,004)	-	(2,755,004)
<b>Other Transactions:</b>				
Repayment of Borrowings	2,350,001	-	-	-
<b>Balances outstanding at the end of the year</b>				
<b>Security Deposits</b>				
Armayesh Consultancy and Agencies Pvt. Ltd.	-	-	21,050	21,050
	-	-	(21,050)	(21,050)
<b>Managerial Remuneration Payable</b>		113,307		
		(161,967)		
<b>Borrowings</b>	-	-	-	-
	(2,350,001)	-	-	(2,350,001)

Note: Figures in bracket relates to the previous year.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

## 39 Details of Leasing Arrangements

## As Lessee

The Company has entered into finance lease arrangements for vehicles, which provide the Company an option to purchase the asset at the end of the lease period.

(In ₹)

Particulars	As at March 31, 2013	As at March 31, 2012
<b>Future minimum lease payments</b>		
not later than one year	—	684,900
later than one year and not later than five years	—	—
later than five years	—	—
<b>Less: Unmatured finance charges</b>		
not later than one year	—	16,347
later than one year and not later than five years	—	—
later than five years	—	—
<b>Present value of minimum lease payments payable</b>		
not later than one year	—	<b>668,553</b>
later than one year and not later than five years	—	—
later than five years	—	—

The Company has acquired premises on lease, which are in the nature of operating lease as defined in Accounting Standard 19 "Leases". The future lease obligations payable within one year aggregate to NIL (Previous Year Nil). The lease rent paid and accounted during the year was ₹ 735,480 (Previous year ₹ 668,640) as per the terms and conditions of the lease agreements and is charged to the Statement of Profit and Loss.

## 40 Earning per Share

Particulars	For the year ended 31 March, 2013 ₹	For the year ended 31 March, 2012 ₹
<b>Basic</b>		
<b>Total Operations</b>		
a) Net Profit for the year attributable to the Equity Shareholders	<b>22,150,369</b>	13,919,556
b) Weighted average number of Equity Shares basic and diluted	<b>4,923,340</b>	4,923,340
c) Earnings per Share - Basic and Diluted (Equity Share of face value of ₹ 10/- each)	<b>4.50</b>	2.83



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

## 41 Deferred tax (Liability) / Asset

Particulars	As at March 31, 2013 ₹	As at March 31, 2012 ₹
<b>Tax effect of items constituting Deferred Tax Liability</b>		
On difference between book balance and tax balance of fixed assets	6,440,678	7,218,671
	6,440,678	7,218,671
<b>Tax effect of items constituting Deferred Tax Assets</b>		
Provision for compensated absences and gratuity	1,760,403	1,504,695
Provision for doubtful loans and advances and other current assets	184,326	—
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	378,967	150,907
	2,323,696	1,655,602
<b>Net Deferred Tax (Liability) / Asset</b>	<b>(4,116,982)</b>	<b>(5,563,069)</b>

42 The Company has not granted any loans / advances in the nature of loans as stipulated in the Clause 32 of the Listing Agreement with the Stock Exchanges. For this purpose, the loans to employees as per the Company's policy and security deposits paid towards premises taken on leave and license basis have not been considered.

43 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

Arun S. Sanghi

Chairman

Adi F. Madan

Managing Director

Ajit P. Walwaikar

Armand N. Aga

Harish H. Shah

} Directors

Asinkhan S. Baholu Company Secretary

Mumbai,

Dated: 24<sup>th</sup> May, 2013.

**FORM A**

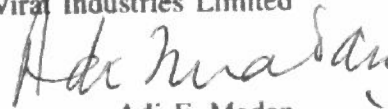
**(Pursuant to Clause 31(a) of Listing Agreement)**

1.	Name of the Company:	Virat Industries Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Unqualified
4.	Frequency of observation	Not applicable

For Virat Industries Limited

- CEO/Managing Director

For Virat Industries Limited

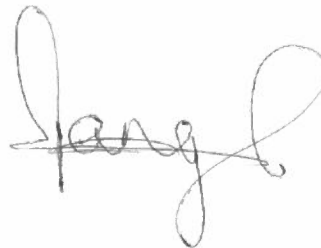


**Adi F. Madan  
Managing Director**

- CFO



- Audit Committee Chairman



- Auditor of the Company

: Refer our Audit Report dated May 24, 2013  
on the financial statements of the Company

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
(Firm Registration No 117364W)



(R Salivati)  
(Partner)  
(Membership No. 34004)  
Mumbai, 8<sup>th</sup> July, 2013