



PRANAVADITYA
A TQM Company

PRANAVADITYA SPINNING MILLS LIMITED

CORPORATE OFFICE :
301, 'ARCADIA',
3RD FLR., NCPA MARG,
NARIMAN POINT,
MUMBAI - 400 021.
TEL.: (91-22) 4341 9500
FAX : (91-22) 2282 3098
E-MAIL : export@indocount.com
psml@indocount.com

FORM A

Format of covering letter of the annual audit report to be filed with the stock exchanges

| | | |
|----|--|---|
| 1. | Name of the Company: | Pranavaditya Spinning Mills Ltd |
| 2. | Annual financial statements for the year ended | 31st March 2014 |
| 3. | Type of Audit observation | Un-qualified |
| 4. | Frequency of observation | Not Applicable |
| 5. | To be signed by- <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the company• Audit Committee Chairman | <p>1. L. J...</p> <p>O.P. S...</p> <p>...</p> |

CIN : L17119PN1990PLC058139

REGD. OFFICE & MILLS : Office No. 2, Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, Dist. Kolhapur - 416 109.

Tel.: (0230) 3292933, 2483105, 3106, 3276 • Fax : (0230) 2483275 • E-mail : works@pranavaditya.com, accounts@pranavaditya.com




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FORM B (NOT APPLICABLE)

Format of covering letter of the annual audit report to be filed with the stock exchanges

| | | |
|----|---|---|
| 1. | Name of the Company: | Pranavaditya Spinning Mills Ltd |
| 2. | Annual financial statements for the year ended | 31st March 2014..... |
| 3. | Type of Audit qualification | Qualified...../ Subject to/ Except for..... |
| 4. | Frequency of qualification | Whether appeared first time / repetitive / since how long period |
| 5. | Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report: | May give gist of qualifications/headings (Refer page numbers in the annual report) and management's response |
| 6. | Additional comments from the board/audit committee chair: | This may relate to nature of the qualification including materiality, agreement/disagreement on the qualification, steps taken to resolve the qualification, etc. |
| 7. | To be signed by- <ul style="list-style-type: none">• CEO/Managing Director• CFO• Auditor of the company• Audit Committee Chairman" |  |

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Pranavadiya
Spinning Mills Ltd.
Annual Report 2013-14



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CORPORATE INFORMATION

Board of Directors

Mr. S. K. Agrawal - Chairman
Mr. Anil Kumar Jain
Mr. Kamal Mitra
Mr. P. N. Shah
Mr. R. Anand

Company Secretary & Compliance Officer

Mr. Abhishek Thareja
(Appointed w.e.f. 1st November, 2013)

Auditors

B. K. Shroff & Co.
Chartered Accountants
3/7-B, Asaf Ali Road,
New Delhi 110 002

Registered Office

2, Plot No. 266,
Village Alte, Kumbhoj Road,
Taluka Hatkanagale
District: Kolhapur - 416 109

Registrar & Share Transfer Agent

Big Share Service Pvt. Ltd.
E-2-3/Ansa Industrial Estate,
Saki Vihar Road,
Saki Naka, Andheri (East)
Mumbai - 400 072

Banker

Union Bank Of India

DIRECTORS' REPORT



Your directors are pleased to present the annual report together with the audited financial statements and auditors' report for the financial year ended 31st March 2014.

| | ₹ In lacs | |
|----------------------------------|----------------|----------------|
| Financial Results | 2013-14 | 2012-13 |
| Revenue | 7305.18 | 6126.48 |
| EBIDTA | 451.74 | 509.73 |
| Less: Interest | 25.82 | 34.39 |
| Less: Depreciation | 45.88 | 39.56 |
| Profit before tax | 380.04 | 435.78 |
| Provision for Taxation | 123.52 | 147.79 |
| Net Profit/(loss) After Taxation | 256.52 | 287.99 |
| Cash Profit | 349.79 | 420.84 |

Business Operations Overview and Outlook

Your company closed the financial year 2013-14 with 19.24% growth in sales. Due to volatility in the raw material prices, there has been drop in the EBIDTA from Rs. 510 lacs to Rs. 452 lacs. The revenue generated by the company is the highest ever. The company is Debt Free. The company is in the process of upgrading its facilities with the latest machines to improve efficiency. The company has a strong in-house capability to manage product development and manufacturing.

The macroeconomic scenario during the year under review was characterized by world economy continuing its downward trend on growth; as world economy further decelerated growth rate to 3.0% in 2013 compared to 3.2% in 2012. India's economy showed some signs of recovery in FY 2013-14. India's GDP growth rate moderately increased to 4.9%, as compared to 4.5% in FY 2012-13. This was accompanied by some easing in the inflation rate. However, high interest rates, a depreciated currency and uncertainty due to general elections have led to deceleration in the economic recovery. Particularly, performance of industry sector was lacklustre last year, owing to high interest cost and low investment. In the backdrop of above macro-economic scenario, the revenue performance of your Company is highly encouraging.

India is the world's second largest producer of textiles and garments, with a massive and diverse raw material base. Due to this, Indian Textile Industry is not only of paramount importance to the national economy, it also has an influential presence in global market.

In India, textile & clothing industry contributes nearly 4% of India's GDP, 12% of total industrial production and 11% of total exports of goods. Textile Industry provides direct employment to 35 million and indirect employment to 45 million, which makes it the 2nd largest employment provider in the country after Agriculture.

Globally, India has the 2nd largest textile manufacturing capacity, in terms of spindles and looms. India is the 4th largest exporter of textiles & clothing products to the world, with a share of 4.4% in the global trade. Over last 10 years, exports of textiles & clothing products from India have grown at more than 11% p.a., which increased the share in global trade from 3% to 4.4% between 2003 and 2012.

Indian textiles industry has a strong presence across the value chain. The fundamental strength of this industry flows from its strong production base of wide range of fibres / yarns from

natural fibres like cotton, jute, silk and wool to synthetic / man-made fibres like polyester, viscose, nylon and acrylic. Globally, India is the largest producer of Jute fibre, and 2nd largest producer of cotton, silk, cellulosic and synthetic fibres.

For the current cotton season (Oct '13 to Sep '14), the Cotton Advisory Board has projected cotton production at 375 lakh bales (of 170 kgs each) from 116 lakh hectare area. It is estimated that the yields will improve by – 7% this year, compared to the last year when 365 lakh bales production came from 120 lakh hectare area. The exports of cotton are strong this year and have already crossed 94 lakh bales in first 6 months of Oct-Sep season.

Global production of cotton, as per estimates from International Cotton Advisory Committee, is projected to decline to 25.73 million tons compared to estimated production of 26.83 million tons last year.

India is the second largest producer of cotton, with a small gap from the leader China. India exports about – 90-100 lakh bales (approx. 1/4th of production), mainly to neighbouring countries China, Bangladesh and Pakistan. During 2012-13, the exports to Bangladesh increased significantly by approx. +60% compared to the year 2011-12, driven by growth in Bangladesh's readymade garment exports.

Outlook on cotton prices this year are expected to be influenced by factors beyond just the production in India. Other factors that are likely to impact prices are – China's policy, global weather and INR exchange rate. The biggest factor is expected to be Chinese policy. If China pushes to get rid of its huge stockpile (-60% of global stock), it could further cut reserve prices and hence limit the demand of imported cotton. This may result in downside on the prices later in the year. On the other hand, US and China reported less than optimal weather conditions in the beginning of the year, which creates some uncertainty towards eventual global production. The weather risk might push the prices on upside. Currency is also expected also play a significant role this year. In the scenario that INR appreciates further against USD, it will put pressure on India's exports of both cotton as well as cotton yarn.

The company was successful in rolling out SAP ERP in the manufacturing facility. The result of these measures have significantly enhanced integration between operational and financial verticals.

Keeping in line with the global standard and norms of manufacturing process, the company ensures highest efficiency with negligible waste.



Management Discussion And Analysis

Industry structure and developments

Textile Industry in India ranks next to Agriculture and is major source of employment in the subcontinent. It caters the basic necessity of civilized society and at the same time also contributes in a large ratio to Indian economy. World-wide, Indian textile products are well accepted and appreciated. India being one of the known natural fiber producing country, it has an advantage for Indian textile units.

The Indian Spinning Industry enjoys a predominant position in the domestic and international yarn trade. With about 41 million spindles, this segment of the textile industry, is still expanding and modernizing itself, being the single largest beneficiary under the Technology Upgradation Funds Scheme of the Government of India.

Most of the spindles are in the organized sector with medium and large scale units. The spinning units are efficiently run and thus compete very well in terms of cost of production with the global players. Besides exporting nearly 55% to 65% of its production, the unit caters to the domestic demand.

As per the trade data of major cotton producing and consuming countries, China accounted for 45% of global trade during FY13-14 (down from 54% in FY12-13) as it houses 46% of world's spinning capacities against 29% of its share in global cotton production.

India's yarn exports are expected to be about 1/3rd of yarn production in FY14-15. India's dependence on China has increased in recent past as China accounted for 33% of Indian cotton yarn exports as against 4% in FY08-09. With improved export demand Indian spinners have witnessed improved capacity utilization levels, which stood at record high levels of 90% in FY13-14. Increased export demand, stability in international cotton and yarn prices and depreciation of the Indian Rupee led to improved rupee realizations for Indian spinners.

Your company has been in the carded and combed yarn business and has established a name in the domestic market. The facilities at the unit have been streamlined and aligned to produce better quality of yarns at competitive costs. The unit has moved in to higher value addition by producing better quality of carded, combed and doubled yarn.

Opportunities and threats

Domestic cotton availability and prices remained firm owing to high cotton and cotton yarn exports. Situation remains vulnerable to Chinese policy changes.

Increased domestic cotton demand and continued cotton exports led to gradual increase in cotton prices to ₹ 140/kg by September 2013. Despite an expectation of record cotton production in FY14-15 the low stock position in India is in contrast to the global situation of surpluses. Cotton prices in FY14-15 are likely to remain higher than in FY13-14.

Notwithstanding the above threats, Indian Spinners have benefited from higher yarn production, increased exports, improved sales realizations, depreciating Indian rupee amid stable cotton prices during the procurement season of FY13-14.

With increase in cotton prices in FY14-15, the working capital requirements of the sector are expected to increase and given the susceptibility of cotton prices to Chinese policy changes, prudential working capital management and inventory stocking will be the key challenge.

Due to general economic slow down globally, the domestic market had also faced slump in demand for cotton yarn. Despite this, during the year under review, the sales and production grew by about 19.71% and 5.85% respectively over that of the previous year.

With the same back process capacity, the unit can expand further to optimize production. Steps will be taken at appropriate time to enhance the capacity to take advantage of this situation.

Risks and concerns

Cotton production depends on the vagaries of monsoon. Procurement of raw material at right prices is the key to remain cost competitive.

Due to continued better performance year after year the Bankers have extended working capital assistance to the company, which would provide necessary liquidity for the operations of the Company.

Segment

The company is engaged only in one segment i.e. 'Textiles'.

Dividend

Your Directors intend to plough back available resources for financial requirements and express their inability to recommend any dividend for the Financial Year.

Internal control systems and their adequacy

The company has in place an elaborate internal control system to ensure proper authorization and accounting of transactions as also for safeguarding and protecting company's assets against loss. The internal auditors check the controls periodically and their report is reviewed by the management and the Audit Committee from time to time. The management feels that the system of internal controls is adequate considering the size of operations of the company.

Human Resources

Your Company has always provided a congenial atmosphere for work to its employees. Your Company is an equal opportunity employer and offers opportunities to all without regard to their caste, religion, colour, marital status or sex. During the year, labour relations continued to be cordial.

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.



Corporate Governance

The corporate governance report together with a certificate from the Company's auditors confirming compliance of guidelines is made part of this Report as per clause 49 of the listing agreement entered into with BSE Limited.

Compliance with Minimum Public Shareholding Threshold

In terms of the amendment to the provisions of Rule 19(2)(b) of the Securities Contract (Regulations Rules), 1957 notified by the Ministry of Finance, the threshold limit for non-promoter public shareholding for all listed companies was raised from 10% to 25%.

The said amendment was also applicable to the existing listed companies having less than 25% public shareholding. To comply with this Minimum Public Shareholding requirement, on 12th September, 2013, the Promoter of the Company, that is, Indo Count Industries Limited (**ICIL**) made an Offer for Sale of 37,00,000 equity shares of ₹ 10/- each held by it in the Company (**OFS**). With the said OFS, the ICIL's shareholding in the Company came down to 74.53% from 93.76%.

New Companies Act, 2013

The Companies Act, 2013 which replaces more than five decades old Companies Act, 1956 was passed by the Parliament.

The main objective of the 2013 Act is lesser Government approvals and enhanced self-regulation. The emphasis is on corporate democracy. This should lead to improved compliance and accountability from the corporate sector and will provide further transparency in the disclosures.

Directors' Responsibility Statement

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- in the preparation of the annual accounts for the financial year ended on 31st March 2014, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and there are no material departures from the same;
- the Directors have 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 as at 31st March 2014 and of profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- the Directors have prepared the annual accounts of the Company on a 'going concern' basis.

Directors

In accordance with provisions of Section 152 of Companies Act, 2013, Mr. Anil Kumar Jain and Mr. Kamal Mitra retire by rotation and being eligible, offer themselves for reappointment.

Further, in terms of Section 149 (10) & (13), the Independent Directors of the Company would not be liable to retire by rotation. In view of the new provisions introduced by the Companies Act, 2013, your Directors seek appointment of Mr. S. K. Agrawal, Mr. P. N. Shah and Mr. R. Anand as Independent Directors for 5 consecutive years for a term up to 15th August, 2019.

Auditor

The Auditor of the Company, M/s. B. K. Shroff & Co., Chartered Accountants, retire at the conclusion of the ensuing Annual General Meeting and being eligible have sought appointment. The Auditor have confirmed that, they satisfy the criteria provided under Section 141 of the Companies Act, 2013 (**'the Act'**) and their re-appointment, if made, would be in compliance with the conditions prescribed under the Act.

The Audit Committee and the Board of Directors recommended the appointment of M/s. B. K. Shroff & Co., Chartered Accountants, as Auditor of the Company for a period of 3 years to hold office from the conclusion of the ensuing Annual General Meeting to the conclusion of the 27th Annual General Meeting of the Company, subject to ratification by the members at each Annual General Meeting.

Cost Auditor

As per the Section 233B of the Companies Act, 1956 and impending directions being issued by the Central Government under Section 148(1) of the Companies Act, 2013, subject to the approval of the Central Government, the Audit Committee has recommended and your Directors have appointed M/s A. G. Anikhindi & Co., Cost Accountants, Kolhapur, being eligible and having sought re-appointment, as Cost Auditor of the Company, to conduct Cost Audit of the products manufactured by the Company.

Conservation of Energy, Technology Absorption & Foreign Exchange Earning & Outgo

Information required under 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 given in Annexure "A" forming part of this Report.

Acknowledgements

Your Directors take this opportunity to thank the Central and State Government, its customers, suppliers, investors, bankers for their consistent support and co-operation to the Company and place on record the appreciation of the contribution made by employees at all levels, without whose whole-hearted efforts, the overall performance would not have been possible.

On behalf of Board of Directors

ANIL KUMAR JAIN
DIRECTOR

Mumbai, 14th May 2014



ANNEXURE A

Information under 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 and Forming part of the Directors' Report for the financial year ended on 31st March 2014.

A. CONSERVATION OF ENERGY

Form - A

Form for Disclosure of particulars with respect to conservation of energy

| Particulars | Current Year | Previous Year |
|---|--------------|---------------|
| a) Power and Fuel | | |
| ELECTRICITY | | |
| a) Purchased (Units) | 13,448,941 | 12,053,640 |
| Total amount ₹ in lac | 836.06 | 881.42 |
| Rate/unit ₹ | 6.22 | 7.31 |
| b) Own generation: | | |
| i) through diesel generator | | |
| Unit | Nil | Nil |
| Unit/liter of diesel oil | Nil | Nil |
| Cost per unit | NA | NA |
| ii) Furnace oil | | |
| Quantity (KL) | -- | -- |
| Amount Rs in Lac | -- | -- |
| Average Rate (₹) | -- | -- |
| b) Electricity consumption per unit of production of yarn per Kg. | 4.18 | 3.97 |

B. TECHNOLOGY ABSORPTION

Form - B

Technology Absorption, Adaptation and Innovation

1. Specific areas in which R & D was carried by the Company:- Nil
2. Benefit derived from above R & D activities - Nil
3. Future plan of action.

Search for improvement/betterment in products and systems will continue in order to reduce production costs.

C. Expenditure on R & D

- (i) Separate account for R&D expenses is not maintained.
- (ii) Expenditure is charged to profit and loss account like other heads.

2. Technology absorption, adaptation and innovation

The Company has not imported any technology since inception.

D. FOREIGN EXCHANGE EARNINGS AND OUT-GO

- 1) Activity related to initiatives taken to increase export markets for products and services and export – The company export its product to China, Hong Kong, South Korea, Vietnam, Poland, Turkey.
- 2) Total foreign exchange used and earned:

| Particulars | ₹ In lacs | |
|------------------------------------|-----------|----------|
| | 2013-14 | 2012-13 |
| Earned (FOB value of export goods) | 4,689.74 | 3,375.95 |
| Used | 40.40 | 40.85 |

On behalf of Board of Directors

ANIL KUMAR JAIN
DIRECTOR

Mumbai, 14th May 2014



1. Company's Governance Philosophy

Your Company is committed to excellence in Corporate Governance practices and recognizes that good Corporate Governance is a continuous exercise. Your Company aims at achieving transparency, accountability, equity and ethics in all facets of its operations and in all interaction with its stakeholders. Your Company believes that all its operations and actions must result in enhancement of overall shareholder value over a period of time without compromising in any way in complying with various laws and regulations.

2. Board of Directors (Board)

As on 31st March, 2014 the Board comprise five Directors. There are three independent directors and no Executive Director. The composition of the Board is in accordance with the Clause 49 of the Listing Agreement.

The Directors are eminent professionals with rich experience in Textile, management, finance, law and banking.

None of the Directors on the Board is a Member of more than 10 Board Committees and Chairman of more than 5 Board Committees (as specified in Clause 49 of the listing agreement), across all the companies in which he is a Director. All the directors have made the necessary disclosures regarding their Committee positions in other companies as on March 31, 2014.

During the year 2013-14, the Board of Directors met on four occasions i.e. on 24th May, 2013, 12th August, 2013, 31st October, 2013 and 10th February, 2014. The names and categories of the Directors on the Board, their attendance at Board Meetings during the year and at the last Annual General Meeting, as also the number of Directorships and Committee Memberships held by them in other companies are given below:

Board:

| Name and Designation | Attendance at Meetings during 2013-14 | | No. of other Directorships held ¹ | No. of Memberships and Chairmanships in Committees of other Companies ² |
|------------------------------------|---------------------------------------|----------|--|--|
| | Board Meetings | Last AGM | | |
| Mr. Sushil Kumar Agrawal, Chairman | 4 | Yes | 1 | 2 (including 1 as Chairman) |
| Mr. Anil Kumar Jain, Director | 4 | Yes | 2 | 3 (including 2 as Chairman) |
| Mr. Kamal Mitra, Director | 3 | Yes | 1 | 1 |
| Mr. P.N. Shah, Director | 3 | No | 6 | 4 (including 2 as Chairman) |
| Mr. R. Anand, Director | 3 | No | 2 | 2 |

Notes:

- The Directorships, held by Directors as mentioned above, do not include Alternate Directorships and Directorships in foreign companies, companies registered under Section 25 of the Companies Act, 1956 and private limited companies.
- In accordance with Clause 49 of the Listing Agreement, Memberships/Chairmanships of only Audit Committees and Shareholders'/Investors' Grievance Committees in other public limited companies (excluding Pranavaditya Spinning Mills Limited) have been considered.

The Company has adopted the Code of Conduct for the Board of Directors and Senior Management Personnel of the Company. The Company has received confirmations from the Directors as well as Senior Management Personnel regarding compliance of the Code during the year under review.

The following represent the details of pecuniary transactions entered by the Company where the non-executive Directors are interested:

(₹ In lacs)

| Name of the Director | Remuneration | Amount |
|----------------------|--------------|--------|
| Mr. S.K. Agrawal | Sitting Fees | 0.50 |
| Mr. Anil Kumar Jain | Sitting Fees | 0.20 |
| Mr. Kamal Mitra | Sitting Fees | 0.20 |
| Mr. P.N. Shah | Sitting Fees | 0.45 |
| Mr. R. Anand | Sitting Fees | 0.40 |

During the year, information as required under Annexure 1A to Clause 49 of the Listing Agreement has been placed to the Board for its consideration.

3. Audit Committee

An independent Audit Committee pursuant to Clause 49 of the Listing Agreement was set up on 30th June, 2000.

The Audit Committee of the Board, inter alia, provides reassurance to the Board on the existence of an effective internal control environment that ensures:

- efficiency and effectiveness of operations;
- safeguarding of assets and adequacy of provisions for all liabilities;



- reliability of financial and other management information and adequacy of disclosures;
- compliance with all relevant statutes.

The role of the Committee includes the following:-

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- Reviewing the Company's financial and risk management policies;
- Recommending the appointment and removal of external auditors, fixation of audit fee and approval of payment of fees for any other services rendered by the auditors;
- Reviewing with the management and internal auditors,
 - the adequacy of internal control systems;
 - internal audit function;
 - internal audit scope, coverage and frequency;
 - reports of internal audit for any significant findings, including matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and follow-up thereon.
- Reviewing with the management and external auditors,
 - Nature and scope of audit;
 - Any areas of concern and comments contained in their management letter;
 - And the financial statements prior to endorsement by the Board;
 - Compliance with Stock Exchange and legal requirements concerning financial statements;
 - Related party transactions;
 - Report of the Directors & Management Discussion and Analysis.
- Review of the financial statements of unlisted subsidiary companies
- Looking into the reasons for substantial defaults, if any, in payment to shareholders (in case of non-payment of declared dividends) and creditors;
- Considering such other matters as may be required by the Board;
- Reviewing any other areas which may be specified as role of the Audit Committee under the Listing Agreement, Companies Act and other statutes, as amended from time to time.

The minutes of the Audit Committee meetings are placed before the Board of Directors in the subsequent Board Meeting.

During the year 2013-14, the Audit Committee met on six occasions i.e. 6th May, 2013, 23th May, 2013, 19th September, 2013, 24th October, 2013, 10th February, 2014 and 4th March, 2014.

The Constitution of Audit Committee and attendance of the Members for the year 2013-14 is as under:-

| Name of Director | Position | No. of Meetings attended |
|-------------------|----------|--------------------------|
| Mr. S. K. Agrawal | Chairman | 6 |
| Mr. P.N. Shah | Member | 6 |
| Mr. R. Anand | Member | 5 |
| Mr. Kamal Mitra | Member | 1 |

The Chairman of the Audit Committee answers the queries raised by the shareholders.

The Internal Auditors, are invited to attend and participate at meetings of the Committee.

The Company Secretary acts as the Secretary to the Committee.

4. Remuneration Committee

The Remuneration Committee of the Board comprise three Independent Directors. The members of this Committee are Mr. R. Anand as Chairman, Mr. S. K. Agrawal and Mr. P.N. Shah, as Members. During the year 2013-14, Remuneration Committee did not meet.

The Company Secretary acts as the Secretary to the Committee.

5. Reappointment of Directors

In accordance with the provisions of the Section 152 of Companies Act, 2013 and Articles of Association of the Company, Mr. Anil Kumar Jain and Mr. Kamal Mitra, retire by rotation and being eligible, offer themselves for re-appointment. Their reappointments will be placed as one of the agenda in the ensuing Annual General Meeting.

In terms of provisions of the Companies Act, 2013, your Directors seek appointment of Mr. S. K. Agrawal, Mr. P. N. Shah and Mr. R. Anand as Independent Directors for 5 consecutive years for a term up to 15th August, 2019.

6. Remuneration and Shareholding of Directors

The Company does not pay any remuneration to the Directors except sitting fees of ₹. 0.05 lacs per meeting, for attending the Board/Committee Meetings.

None of the Directors are related to each other and hold only qualification shares in the Company.

7. Share Transfer Committee

The Company has a Share Transfer Committee which comprises three directors, Mr. Anil Kumar Jain, as Chairman, Mr. S. K. Agrawal and Mr. Kamal Mitra, as members. The Committee deals with various matters relating to share transfer, share transmission, issue of duplicate share certificates, the approval of split and



consolidation requests, the dematerialisation and rematerialisation of shares as well as other matters that relate to the transfer and registration of shares.

8. Shareholder / Investors Grievance Committee

The Company has a Shareholder / Investors Grievance Committee comprising three Members, Mr. Anil Kumar Jain, Chairman, Mr. S. K. Agrawal and Mr. Kamal Mitra, as Members. The Committee looks into redressal of shareholder and investors complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividend and related matters.

During the year 2013-14, four meetings of the Committee were held i.e. 8th April, 2013, 8th July, 2013, 10th October, 2013 and 13th January, 2014. All Members of the Committee were present in the meetings.

The minutes of the Shareholder / Investors Grievance Committee meetings are placed before the Board of Directors in the subsequent Board meeting.

The Company Secretary acts as the Secretary to the Committee.

There were no pending investor complaints at the beginning of the year. During the year 2013-14, the Company has not received any complaints from investors.

9. General Body Meetings

The last three Annual General Meetings of the Company were held on the following dates, time and venue.

| Date | Time | Venue | No. of special Resolutions passed |
|------------|-------------|---|-----------------------------------|
| 02-08-2011 | 11.45 a.m. | Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanagale District: Kolhapur - 416 109 | 0 |
| 25-08-2012 | 11.30 a. m. | | 0 |
| 20-07-2013 | 11.00 a. m. | | 0 |

No Special Resolution was put through Postal Ballot during the previous year.

10. Means of Communication

- The relevant information relating to the Directors who would be appointed / re-appointed at the ensuing Annual General Meeting is given in the Notice convening the Annual General Meeting.
- The Quarterly and Annual Financial Results of the Company are forwarded to the Stock Exchanges and were published in Business Standard – English

Newspaper and Mumbai Tarun Bharat – Marathi News paper.

- The Company has designated investors@pranavadiya.com' as the designated exclusive e-mail i.d. for redressal of investor grievances.

11. Code for Prevention of Insider Trading

The Company has adopted a code of conduct for Prevention of Insider Trading in the shares of the Company. The Code, inter-alia, prohibits purchase / sale of shares of the Company by employees while in possession of unpublished price sensitive information in relation to the Company.

12. CEO / CFO Certification

The CEO and CFO give quarterly and annual certification of the financial statements to the Board, as required under clause 49.

13. Reconciliation of Share Capital Audit

M/s. Sandeep Gandhi & Co., a qualified practicing Company Secretary, carries out quarterly Reconciliation of Share Capital audits 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 audit confirms that the total issued / paid up capital is in agreement with the aggregate of total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

14. Compliance

The certificate regarding compliance of the conditions of corporate governance obtained from our statutory auditors M/s. B. K. Shroff & Co. is given elsewhere in this Annual Report.

15. Compliance Officer

The name and designation of the Compliance Officer of the Company is:

Mr. Abhishek Thareja - Company Secretary & Compliance Officer

His contact details are: Tel: 022-43419500, Fax: 022-22823098, E-mail Id: investors@pranavadiya.com

16. Disclosures

a) Subsidiary Companies

The Company has no subsidiary Company.

b) Related party transactions

The statutory disclosure requirements relating to related party transactions have been complied with in



the Annual Accounts (Refer Note No.30 to the Annual Accounts).

There were no material transactions during the year 2013-2014 that are prejudicial to the interest of the Company.

c) Disclosure of Accounting Treatment

There is no deviation in following the treatments prescribed in any Accounting Standard in preparation of financial statements for the year 2013-14.

d) Board Disclosures-Risk Management

The risk assessment and minimization procedures are in place and the Board is regularly informed about the business risks and the steps taken to mitigate the same. A report on Risk Management is included elsewhere in this Annual Report.

e) The Management Discussion and Analysis report is included elsewhere in this Annual Report

17. Statutory Compliance, Penalties and Strictures

The Company complied with all the requirements of the Stock Exchange / SEBI / and other statutory authorities on all matters related to the capital markets during the last three years. There were no penalties or strictures imposed on the Company by the Stock Exchange, the SEBI or any statutory authority on matters relating to capital markets.

18. General Shareholders' information

Corporate

Pranavadiya Spinning Mills Ltd was incorporated at Mumbai in the State of Maharashtra on 12th September, 1990. The Corporate Identity Number allotted to the Company by the Ministry of Corporate Affairs is L17119PN1990PLC058139.

The Registered office address is Office No.2, Plot No.266 Village Alte, Kumbhoj Road, Taluka Hatkanangale, District, Kolhapur - 416 109, Maharashtra

Listing on Stock Exchanges BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai-400 001
Stock Exchange Code: 531172

Listing Fee Paid for 2014-2015

Custodial Fee Paid Custodial Fee to both,
National Securities Depository
Limited and Central Depository
Services (India) Ltd. for
2014-15.

Demat ISIN: INE569D01028

Investor Information

| | |
|---|--|
| Annual General Meeting | At the Registered Office of the Company. |
| Date of Annual General Meeting | Specified in the Notice to the meeting |
| Financial year | 1 st April to 31st March |
| Financial Calendar | Board Meetings for approval of |
| Financial Results for 1 st Quarter 2014-15 | On or before 14-08-2014 |
| Financial Results for 2 nd Quarter 2014-15 | On or before 14-11-2014 |
| Financial Results for 3 rd Quarter 2014-15 | On or before 14-02-2015 |
| Annual Accounts 2014-15 | On or before 30-05-2015 |
| Date of Book Closure | Specified in the Notice to the meeting |

Share Price

The monthly high and low quotations of the closing price and volume of shares traded at BSE Limited during the year were as follows:

| Month | High (₹) | Low (₹) | Volume |
|----------------|----------|---------|--------|
| April 2013 | 6.67 | 5.52 | 553 |
| May 2013 | 6.34 | 5.33 | 28 |
| June 2013 | 5.65 | 5.40 | 101 |
| July 2013 | 5.40 | 4.23 | 1909 |
| August 2013 | 4.66 | 4.44 | 70 |
| September 2013 | 4.43 | 4.00 | 3620 |
| October 2013 | 4.21 | 3.81 | 1824 |
| November 2013 | 4.36 | 3.80 | 2699 |
| December 2013 | 4.16 | 3.45 | 6164 |
| January 2014 | 6.98 | 4.36 | 2245 |
| February 2014 | 9.17 | 7.32 | 9 |
| March 2014 | 12.00 | 9.15 | 8 |

Share Transfers and other communication regarding share certificates, dividends, and change of address, etc., may be addressed to

M/s. Big Share Services Pvt. Ltd.
E-2-3/Ansa Industrial Estate
Saki Vihar Road, Saki Naka,
Andheri (East), Mumbai 400 072
Telephone Nos. 022 – 40430200
Fax No 022 – 28475207



Shareholding Pattern as on 31st March 2014 :

| Category of Shareholder | No. of Share holders | No. of Equity shares | As a percentage of (A+B+C) |
|--|----------------------|----------------------|----------------------------|
| Shareholding of Promoter and Promoter Group | | | |
| Indian Individuals / Hindu Undivided Family | - | - | - |
| Bodies Corporate | 1 | 14341280 | 74.53 |
| Sub Total (A)(1) | 1 | 14341280 | 74.53 |
| Foreign | | | |
| Individual (Non-Resident Individual/Foreign Individual) | - | - | - |
| Sub Total (A)(2) | - | - | - |
| Total Shareholding of Promoter and Promoter Group (A)(1)+(A)(2) | 1 | 14341280 | 74.53 |
| Public Shareholding Institutions | | | |
| Mutual Funds / UTI | - | - | - |
| Financial Institutions / Banks | 1 | 51121 | 0.27 |
| Insurance Companies | - | - | - |
| Foreign Institutional Investors | - | - | - |
| Sub Total (B)(1) | 1 | 51121 | 0.27 |
| Non-Institutions | | | |
| Bodies Corporate | 58 | 2760603 | 14.35 |
| Individuals | | | |
| i. Individual Shareholders holding nominal share capital up to ₹ 1 lac | 3856 | 631885 | 3.28 |
| ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lac | | | |
| Any other (specify) | 18 | 1347899 | 7.01 |
| - NRI | 2 | 10210 | 0.05 |
| - Trust | 5 | 98282 | 0.51 |
| - Clearing Member | - | - | - |
| Sub Total (B)(2) | 3939 | 4848879 | 25.20 |
| Total Public Shareholding (B)(1)+(B)(2) | 3940 | 4900000 | 25.47 |
| Total (A)+(B) | 3941 | 19241280 | 100.00 |
| Shares held by Custodians and against which Depository Receipts have been issued (C) | - | - | - |
| Grand Total (A+B+C) | 3941 | 19241280 | 100.00 |

Share Transfer System

Share transfers are registered and returned within a period of 10/15 days from the date of receipt if the documents are in order. The Company obtains from a Company Secretary in Practice half-yearly certificate of compliance with the share transfer formalities as required under Clause 47(c) of the Listing Agreement with stock Exchanges and files a copy of the certificate with the Stock Exchanges.

| Transfer period in days | 2013-2014 | |
|-------------------------|---------------|------------|
| | No. of Shares | Percentage |
| 1 – 10 | 40 | 100 |
| 11 – 20 | - | - |
| 21 – 30 | - | - |
| Total | 40 | 100 |

Complaints received from Investors during the year

| Nature of Complaints | Received | Cleared |
|-----------------------------------|----------|---------|
| Non-receipt of share certificates | NIL | NA |
| Non-receipt of dividend warrants | NIL | NA |
| Non-receipt of Annual Report | NIL | NA |

The Company attended to most of the investors' correspondence within seven days from the date of receipt of the same during the year 2013-14.

Distribution of shareholding as on 31st March 2014:

| No. of equity shares | No of Share holders | % of Share holders | No of shares held | % of share holding |
|----------------------|---------------------|--------------------|-------------------|--------------------|
| Upto - 500 | 3657 | 92.79 | 173341 | 0.90 |
| 501-1000 | 105 | 2.66 | 88194 | 0.46 |
| 1001- 2000 | 67 | 1.70 | 104818 | 0.54 |
| 2001- 3000 | 44 | 1.12 | 106180 | 0.55 |
| 3001-4000 | 13 | 0.33 | 46898 | 0.24 |
| 4001-5000 | 8 | 0.20 | 37532 | 0.20 |
| 5001-10000 | 19 | 0.48 | 137844 | 0.72 |
| Above 10001 | 28 | 0.72 | 18546473 | 96.39 |
| Total | 3941 | 100.00 | 19241280 | 100.00 |

Dematerialisation of shares and liquidity

The equity shares of the Company are available for dematerialisation with National Securities Depository Limited and the Central Depository Services of (India) Limited. The equity shares of the company have been notified by SEBI for settlement only in the demat form for all investors from 21st March, 2000.

As on 31st March 2014, 99.63 % of the Company's share capital is dematerialized and the rest is in Physical form. The Company's shares were in-frequently traded on BSE Limited.

Shares held in demat and physical mode as on March 31, 2014

| Category | Number of | | % to total equity |
|--------------------|--------------|--------------------|-------------------|
| | Shareholders | Shares | |
| Demat Mode | | | |
| NSDL | 805 | 1,73,93,652 | 90.40% |
| CDSL | 535 | 17,76,284 | 9.23% |
| Total | 1,340 | 1,91,69,936 | 99.63% |
| Physical Mode | 2,601 | 71,344 | 0.37% |
| Grand Total | 3,941 | 1,92,41,280 | 100.00 |

Service of documents through electronic mode:

As a part of Green initiative, the members who wish to receive documents like the Notice convening the General Meetings, Financial Statements, Director's Report, Auditors Report etc., through e-mail, may kindly intimate their e-mail address to Company / Registrars (for shares held in physical form) and Depository Participants (for shares held in dematerialized form).



Mandatory / Non Mandatory Requirements

The Company has complied with all the mandatory requirements of clause 49 of the Listing agreement relating to Corporate Governance. At present, the Company has not adopted the non-mandatory requirements of clause 49.

Declaration

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board members and Senior Management Personnel have affirmed compliance with the Company's Code of Business Conduct and Ethics for the year ended March 31, 2014.

Mumbai, 14th May 2014

Anil Kumar Jain
Director

AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

To the shareholders of Pranavadiya Spinning Mills Ltd.

We have examined the compliance of conditions of corporate governance by Pranavadiya Spinning Mills Limited, for the year ended on 31st March, 2014, as stipulated in clause 49 of the listing Agreement of the said Company with stock exchange in India.

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

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

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders/investors grievance committee.

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

Mumbai, 14th May 2014

For B.K.Shroff & Co.
Chartered Accountants
Reg. No. : 302166E

O. P. Shroff
Partner
Membership Number 6329

INDEPENDENT AUDITORS' REPORT



To
The Members
Pranavadiya Spinning Mills Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Pranavadiya Spinning Mills Limited ("the Company") which comprise the Balance Sheet as at 31 March 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and other accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2014;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - (i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (ii) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
 - (iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (iv) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013; and
 - (v) On the basis of written representation received from the directors as at 31 March 2014 and taken on record by the Board of Directors, none of the directors is disqualified as at 31 March 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For B.K.Shroff & Co.
Chartered Accountants
Reg. No. : 302166E

O. P. Shroff
Partner

Mumbai, 14th May 2014

Membership Number 6329

ANNEXURE TO INDEPENDENT AUDITORS' REPORT



Annexure referred to in paragraph (1) under the heading of "Report on Other Legal and Regulatory requirements" of our report of even date

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management according to a regular program, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) During the year, the company has not disposed off any substantial part of its fixed assets. Therefore, it has not affected the going concern concept of the company.
- (ii) (a) Physical verification of inventory (except material in transit) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material
- (iii) (a) According to the information and explanations given to us, the company has not granted any loans during the year to the parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (b) The Company has not taken any loan, secured or unsecured from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- a. Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under the section.
- b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5,00,000/- in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanation given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of clause (vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such accounts and records.
- (ix) (a) The company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- (b) Dues on account of penalty levied by excise authorities amounting to ₹ 1 lac for the earlier year have not been deposited and appeal for the same is pending before CESTAT. There are no dues in the nature of sales tax, income tax, custom tax, wealth tax, excise duty and cess which are disputed and outstanding.
- (x) The Company has no accumulated losses as at 31st March, 2014. The company has not incurred any cash loss during the financial year.
- (xi) In our opinion and according to the information and explanations given to us, the company has not defaulted in



- repayment of dues to a financial institution or bank or debenture holders.
- (xii) According to the information and explanations given to us, the company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is neither a chit fund nor nidhi / mutual benefit fund / society and hence clause (xiii) of the Order is not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions of clause (xiv) of the Order is not applicable to the company.
- (xv) In our opinion, the company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) The company has not obtained any fresh term loans during the year under review. Accordingly, the provisions of clause (xvi) of the Order are not applicable to the company.
- (xvii) As per the information and explanations given to us and on an overall examination of the Balance Sheet of company, we are of the opinion that the company has not utilized short-term funds for long term purposes.
- (xviii) During the year the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the company has not issued debentures during the year.
- (xx) According to the information and explanations given to us, during the year the company has not raised any money by public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For B.K.Shroff & Co.
Chartered Accountants
Reg. No. : 302166E

O. P. Shroff
Partner
Membership Number 6329

Mumbai, 14th May 2014



FINANCIAL STATEMENTS 2013-14

BALANCE SHEET

As at 31st March, 2014



(₹ In Lacs)

| | NOTE | As at 31.03.2014 | | As at 31.03.2013 | |
|------------------------------------|------|---------------------|----------|---------------------|----------|
| I EQUITY AND LIABILITIES | | | | | |
| (1) SHAREHOLDERS' FUNDS | | | | | |
| (a) Share Capital | 2 | 1,924.13 | 1,924.13 | | |
| (b) Reserves & Surplus | 3 | 2,132.07 | 4,056.20 | 1,948.69 | 3,872.82 |
| (2) NON-CURRENT LIABILITIES | | | | | |
| (a) Long-Term Borrowings | 4 | 1.03 | | 4.91 | |
| (b) Other Long-Term Liabilities | 5 | 67.55 | 68.58 | 62.36 | 67.27 |
| (3) CURRENT LIABILITIES | | | | | |
| (a) Short-Term Borrowings | 6 | 110.28 | | 140.66 | |
| (b) Trade Payables | 7 | 866.75 | | 355.32 | |
| (c) Other Current Liabilities | 8 | 226.90 | | 175.29 | |
| (d) Short Term Provisions | 9 | 130.63 | 1,334.56 | 54.50 | 725.77 |
| | | | 5,459.34 | | 4,665.86 |
| II ASSETS | | | | | |
| (1) NON CURRENT ASSETS | | | | | |
| (a) Fixed Assets | | | | | |
| Tangible Assets | 10 | | 2,823.24 | | 2,641.33 |
| (b) Non-Current Investments | 11 | 0.16 | | 0.16 | |
| (c) Deferred Tax Assets (Net) | 12 | 310.86 | | 434.43 | |
| (d) Long-Term Loans & Advances | 13 | 84.94 | 395.96 | 71.54 | 506.13 |
| (2) CURRENT ASSETS | | | | | |
| (a) Inventories | 14 | 624.63 | | 678.59 | |
| (b) Trade Receivables | 15 | 669.58 | | 404.87 | |
| (c) Cash & Cash Equivalents | 16 | 279.52 | | 79.49 | |
| (d) Short Term Loans & Advances | 17 | 468.55 | | 259.57 | |
| (e) Other Current Assets | 18 | 197.86 | 2,240.14 | 95.88 | 1,518.40 |
| | | | 5,459.34 | | 4,665.86 |

See accompanying notes to the financial statements

As per our report of even date annexed

For **B.K.SHROFF & CO.,**
Chartered Accountants
Reg. No. 302166E

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

O. P. Shroff
Partner
Membership No. 6329
Mumbai, 14th May 2014

Abhishek Thareja
Company Secretary & Compliance Officer

PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2014



(₹ In Lacs)

| | NOTE | YEAR ENDED 31.03.2014 | YEAR ENDED 31.03.2013 |
|--|------|--------------------------|--------------------------|
| I Revenue from Operations | 20 | 7,274.09 | 6,076.21 |
| II Other Income | 21 | 31.09 | 50.27 |
| III TOTAL REVENUE | | 7,305.18 | 6,126.48 |
| IV EXPENSES | | | |
| Cost of Materials Consumed | 22 | 4,942.17 | 3,718.45 |
| Purchases - Traded Goods | 23 | 8.51 | 9.76 |
| Changes in Inventories of Finished Goods, Work in Progress and Stock in trade | 24 | (25.19) | 27.70 |
| Employee Benefits Expense | 25 | 614.99 | 543.30 |
| Finance Costs | 26 | 25.82 | 34.39 |
| Depreciation and Amortisation Expense | 27 | 45.88 | 39.55 |
| Other Expenses | 28 | 1,312.96 | 1,317.55 |
| TOTAL EXPENSES | | 6,925.14 | 5,690.70 |
| V Profit before Tax | | 380.04 | 435.78 |
| VI Tax Expense: | | | |
| Current tax | | 76.13 | 54.50 |
| Deferred tax | | 123.57 | 147.75 |
| MAT Credit Entitlement | | (76.18) | (54.46) |
| VII Profit for the Year | | 256.52 | 287.99 |
| VIII EARNING PER SHARE | 31 | | |
| Basic and dilutive (₹) | | 1.33 | 1.50 |
| See accompanying notes to the financial statements | | | |

As per our report of even date annexed

For **B.K.SHROFF & CO.**,
Chartered Accountants
Reg. No. 302166E

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

O. P. Shroff
Partner
Membership No. 6329
Mumbai, 14th May 2014

Abhishek Thareja
Company Secretary & Compliance Officer

CASH FLOW STATEMENT

For the year ended 31st March, 2014



(₹ In Lacs)

| Particulars | Fot the year ended 31.03.2014 | Fot the year ended 31.03.2013 |
|--|----------------------------------|----------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before extraordinary item and tax | 380.04 | 435.78 |
| Adjustments for:- | | |
| Depreciation and amortisation | 45.88 | 39.55 |
| Profit on sale of assets | (3.20) | - |
| Finance Cost | 25.82 | 34.39 |
| Interest income | (9.80) | (8.05) |
| Operating profit /(loss) before working capital changes | 438.74 | 501.67 |
| Changes in working capital : | | |
| Adjustment for (increase)/decrease in operating assets | | |
| Inventories | 53.97 | (51.37) |
| Trade Receivables | (264.71) | 30.29 |
| Short term loan and advances | (128.50) | (113.62) |
| Long term loan advances | (13.40) | (3.12) |
| Other current assets | (25.81) | 9.06 |
| | (378.45) | (128.76) |
| Adjustment for increase/(decrease) in operating liabilities | | |
| Trade payable | 511.43 | (74.48) |
| Other current liabilities | 51.61 | (39.97) |
| Other long term liabilities | 5.20 | 8.06 |
| | 568.24 | (106.39) |
| Net income tax(paid)/refunds | (80.48) | (15.81) |
| Net Cash flow from /(used in) operating activities(A) | 548.05 | 250.71 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of tangible assets | (302.99) | (51.05) |
| Sale of tangible assets | 5.25 | - |
| Interest Received - Others | 9.80 | 8.06 |
| Net Cash flow from/(used in) investing activities (B) | (287.94) | (42.99) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Net increase/(Decrease) in long term borrowings | (3.88) | (3.53) |
| Net increase/(Decrease) in short term borrowings | (30.37) | (179.50) |
| Finance Cost | (25.82) | (34.39) |
| Net Cash flow from /(used in) financing activities (C) | (60.07) | (217.42) |

CASH FLOW STATEMENT

For the year ended 31st March, 2014



(₹ In Lacs)

| Particulars | For the year ended 31.03.2014 | For the year ended 31.03.2013 |
|--|----------------------------------|----------------------------------|
| Net Increase /(decrease) in cash and cash equivalents (A+B+C) | 200.04 | (9.68) |
| Cash and cash equivalents at the beginning of the year | 79.49 | 89.17 |
| Cash and cash equivalents at the end of the year | 279.53 | 79.49 |
| Reconciliations of cash and cash equivalents with the balance sheet : | | |
| Cash and cash equivalents as per Balance sheet | 279.53 | 79.49 |
| Cash and cash equivalents as per Balance sheet comprises of: | | |
| (a) cash on hand | 2.20 | 0.15 |
| (b) balance with banks | | |
| i) In Current accounts | 246.23 | 50.99 |
| (ii) In earmarked accounts | 31.10 | 28.35 |

Notes:

- i) Figures in bracket represents cash outflow.
- ii) Previous year figures have been regrouped / reclassified wherever applicable.

As per our report of even date annexed

For **B.K.SHROFF & CO.**,
Chartered Accountants
Reg. No. 302166E

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

O. P. Shroff
Partner
Membership No. 6329
Mumbai, 14th May 2014

Abhishek Thareja
Company Secretary & Compliance Officer

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



1. Significant Accounting Policies adopted by the company

Method of Accounting

i) The accounts are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.

ii) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

iii) Accounting policies not significantly referred to are consistent with generally accepted accounting principles.

iv) Fixed Assets

Fixed assets are stated at cost except for land, plant & machinery and buildings which have been shown at revalued amount. Cost is inclusive of inward freight, duties & taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational, start-up and trial run expenses form part of the value of the assets capitalized. As per practice, expenses incurred on modernization / debottlenecking/ relocation / relining of plant & equipment are capitalized. Fixed assets, other than leasehold land, acquired on lease are not treated as assets of the company and lease rentals are charged off as revenue expenses.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

v) Depreciation

Depreciation is calculated on fixed assets on straight line method in accordance with Schedule XIV to the Companies Act 1956. Software system is amortized over a period of five years.

vi) Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is

made only if such a decline is other than temporary in the opinion of the management.

Current investments are stated at lower of cost and quoted / fair value.

vii) Inventories

Inventories are valued at lower of cost or net realizable value except for waste.

Cost is determined using the first-in-first-out (FIFO) basis.

Finished goods and stock in process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Wastage and rejections are valued at estimated realizable value.

Obsolete, defective and unserviceable stocks are duly provided for.

viii) Excise and other Duties

Excise duty in respect of finished goods lying in factory premises is provided and included in the valuation of inventories. CENVAT benefit is accounted for by reducing the purchase cost of the fixed assets.

ix) Retirement and other employee related benefits

i) Short term Employee Benefits

All employee benefits payable only within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc. and the expected cost of bonus, ex-gratia, and incentives are recognized in the period during in which the employee renders the related service.

ii) Post employment Benefits

a) Defined Contribution Plans

State Government Provident Fund Scheme is a defined contribution plan. The contribution paid / payable under the scheme is recognized in the profit & loss account during the period, in which the employee renders the related service.

b) Defined Benefit Plans

Gratuity and Leave Encashment are defined benefit plans. The present value of obligation under such defined benefit plans are determined based on actuarial valuation under the projected unit credit method which recognizes each period of service as giving rise to additional unit of employees benefits entitlement and measures each unit separately to build up the final obligation.

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



The obligations are measured at the present value of future cash flows. The discount rates used for determining the present value having maturity periods approximated to the returns of related obligations.

x) **Foreign Currency Transactions, Derivatives instruments and hedge accounting:**

Transactions in foreign currency other than those covered by forward contracts are accounted for at the prevailing conversion rates at the close of the year and difference arising out of the settlement are dealt with in the Profit & Loss account. Outstanding export documents when covered by foreign exchange forward contracts are translated at contracted rates. Other foreign currency current assets and liabilities outstanding at the close of the year are valued at the year end exchange rates. The fluctuations are reflected under the appropriate revenue head.

The company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions and not for trading or speculation purpose.

xi) **Research and Development**

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research & development is shown as an addition to fixed assets.

xii) **Earnings per share**

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the year.

Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of equity share outstanding during the year (adjusted for the effects of dilutive options).

xiii) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

xiv) **Operating Leases**

Operating lease payments are recognized as expense in the profit & loss account on a straight-line basis over the lease term.

xv) **Events occurring after balance sheet date**

Events occurring after the balance sheet date have been considered in the preparation of the financial statements.

xvi) **Contingent Liabilities**

Contingent liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



2. SHARE CAPITAL

| Particulars | No. of Shares | | ₹ In lacs | |
|--|-------------------|-------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 | As at 31.03.2014 | As at 31.03.2013 |
| a) Authorised | | | | |
| Equity Shares of ₹ 10 each | | | | |
| At the beginning of the period | 19,270,000 | 19,270,000 | 1,927.00 | 1,927.00 |
| At the end of the period | 19,270,000 | 19,270,000 | 1,927.00 | 1,927.00 |
| b) Issued, Subscribed and Paid up | | | | |
| Equity Shares of ₹ 10 each | | | | |
| At the beginning of the period | 19,241,280 | 19,241,280 | 1,924.13 | 1,924.13 |
| At the end of the period | 19,241,280 | 19,241,280 | 1,924.13 | 1,924.13 |

Terms/rights attached to equity shares

- (i) The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share, The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
- (ii) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts: The distribution will be in proportion to the number of equity shares held by the shareholders.

Details of equity shares in the company held by each shareholder holding more than 5% of shares is as under:

| Name of the Shareholder | No. of Shares | | | |
|--|------------------|------------|------------------|------------|
| | As at 31.03.2014 | percentage | As at 31.03.2013 | percentage |
| Indo Count Industries Limited (Holding company) | 14,341,280 | 74.53% | 18,041,280 | 93.76% |

3. RESERVES & SURPLUS

| Particulars | ₹ In lacs | |
|------------------------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Capital Reserve | | |
| At the beginning of the period | 25.00 | 25.00 |
| At the end of the period | 25.00 | 25.00 |
| Revaluation Reserve | | |
| At the beginning of the period | 1,753.54 | 1,816.17 |
| Less: Reduction during the period | 73.14 | 62.63 |
| At the end of the period | 1,680.40 | 1,753.54 |
| Profit & Loss Account | | |
| At the beginning of the period | 170.15 | (117.84) |
| Add: Profit /(Loss) for the period | 256.52 | 287.99 |
| At the end of the period | 426.67 | 170.15 |
| TOTAL | A+B+C | 2,132.07 |
| | | 1,948.69 |

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



4. LONG TERM BORROWINGS

| Particulars | ₹ In lacs | |
|------------------------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Secured | | |
| Hire purchase finance from banks * | 1.03 | 4.91 |
| Total | 1.03 | 4.91 |

* Secured against hypothecation of vehicle under auto loan scheme.

Long Term Loans Repayment Schedule

| Particulars | Maturity Profile | |
|-----------------------|------------------|-----------|
| | 1-2 Years | 2-3 Years |
| Rupee loans | | |
| Hire Purchase Finance | 1.03 | - |
| Total | 1.03 | - |

5. OTHER LONG TERM LIABILITIES

| Particulars | ₹ In lacs | |
|-------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Employee Benefits | 67.55 | 62.36 |
| Total | 67.55 | 62.36 |

6. SHORT TERM BORROWINGS

| Particulars | ₹ In lacs | |
|---|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Unsecured | | |
| From Holding Company (including interest accrued) | 110.28 | 140.66 |
| Total | 110.28 | 140.66 |

7. TRADE PAYABLES

| Particulars | ₹ In lacs | |
|---|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Total outstanding dues of Micro Enterprises and Small Enterprises (a) | - | - |
| Others (b) | 866.75 | 355.32 |
| Total | 866.75 | 355.32 |

(a) The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

(b) Includes amount payable to holding company ₹ 105.51 lac (Previous year ₹ Nil)

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



8. OTHER CURRENT LIABILITIES

| Particulars | ₹ In lacs | |
|---------------------------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Current Maturities of Long Term Debts | 3.88 | 3.53 |
| Security Deposit | 0.35 | 0.35 |
| Advance from Customers | 3.94 | 0.35 |
| Other Payables (a, b) | 218.73 | 171.06 |
| Total | 226.90 | 175.29 |

(a) Amount to be credited to Investor Education & Protection Fund-

| Particulars | ₹ In lacs | |
|---|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| a) Unpaid Dividend | - | - |
| b) Unpaid application money received for allotment of securities and due for refund | - | - |
| c) Unpaid matured deposits | - | - |
| d) Unpaid matured debentures | - | - |
| e) Interest accrued on (a) to (d) above | - | - |

(b) Includes amount payable to holding company ₹ 26.69 lac (Previous year ₹ 21.77 lac)

9. SHORT TERM PROVISIONS

| Particulars | ₹ In lacs | |
|--------------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Provision for Income Tax | 130.63 | 54.50 |
| Total | 130.63 | 54.50 |

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



10. FIXED ASSETS

₹ In lacs

| PARTICULARS | G R O S S B L O C K | | | D E P R E C I A T I O N | | | N E T B L O C K | |
|----------------------------|---------------------|---------------|-----------------------|-------------------------|---------------------|-----------------------|---------------------|---------------------|
| | As at 1-04-2013 | Additions | Sales / Adjustment | As at 31-03-2014 | As at 31-03-2014 | Sales / Adjustment | As at 31-03-2014 | As at 31-03-2013 |
| TANGIBLE: | | | | | | | | |
| a) At cost | | | | | | | | |
| Land - Freehold | 28.75 | - | - | 28.75 | - | - | 28.75 | 28.75 |
| Buildings | 455.82 | 12.09 | - | 467.91 | 10.52 | - | 267.20 | 265.62 |
| Plant & Machinery | 3,296.38 | 288.87 | 41.06 | 3,544.19 | 31.18 | 39.01 | 816.29 | 560.67 |
| Furniture & Fixtures | 53.75 | 0.06 | - | 53.81 | 0.27 | - | 2.64 | 2.85 |
| Factory & Office Equipment | 104.52 | 1.97 | - | 106.49 | 1.33 | - | 10.34 | 9.70 |
| Electrical Installation | 23.54 | - | - | 23.54 | 0.04 | - | 1.24 | 1.27 |
| Vehicles | 32.43 | - | - | 32.43 | 2.55 | - | 16.40 | 18.94 |
| b) At revalued cost | | | | | | | | |
| Land - Freehold | 817.46 | - | - | 817.46 | - | - | 817.46 | 817.46 |
| Buildings | 540.47 | - | - | 540.47 | 8.81 | - | 496.42 | 505.23 |
| Plant & Machinery | 683.57 | - | 18.01 | 665.56 | 52.55 | 7.37 | 358.55 | 421.75 |
| Factory & Office Equipment | 13.63 | - | - | 13.63 | 1.14 | - | 7.95 | 9.09 |
| TOTAL | 6,050.32 | 302.99 | 59.07 | 6,294.24 | 108.39 | 46.38 | 2,823.24 | 2,641.33 |
| Previous Year | 5,999.27 | 51.05 | - | 6,050.32 | 102.19 | - | 3,471.00 | 3,408.99 |

a) The Company revalued its land, building and plant & machinery as on 01-04-2009 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by ₹ 2,037.13 lac (excluding the assets sold till 31-03-2014), increase in depreciation upto 31-03-2014 on revaluation by ₹ 356.73 lac and thereby net revaluation reserve as at 31-03-2014 is ₹ 1,680.40 lac.

b) The term loans of holding company are additionally secured by way of first/second charge on the existing fixed assets of the company.

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



11. NON CURRENT INVESTMENTS

| Particulars | No. of Shares | | ₹ In lacs | |
|---------------------------------------|------------------|------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 | As at 31.03.2014 | As at 31.03.2013 |
| -Unquoted | | | | |
| Shri Datta Nagari Sah Pat Sanstha Ltd | 1,050 | 1,050 | 0.11 | 0.11 |
| Choudeswari Co-op Bank Ltd. | 200 | 200 | 0.05 | 0.05 |
| Total | | | 0.16 | 0.16 |

12. DEFERRED TAX ASSETS

As required under Accounting standard (AS-22), 'Accounting for taxes on income' issued by the Institute of Chartered Accountants of India, the Company is required to account for deferred taxation while preparing its accounts. The details of deferred tax assets / liabilities are as under:

| Particulars | | ₹ In lacs | | |
|--|------------|------------------|---------------------------|------------------|
| | | As at 31.03.2013 | Tax effect for the period | As at 31.03.2014 |
| Deferred Tax liability | | | | |
| Fixed Assets | A | (134.19) | (22.42) | (156.61) |
| | | (134.19) | (22.42) | (156.61) |
| Deferred Tax Assets | | | | |
| Loss | | 534.75 | (101.55) | 433.20 |
| Others | | 33.87 | 0.40 | 34.27 |
| | B | 568.62 | (101.15) | 467.47 |
| Net Deferred Tax Assets/(Liability) | A-B | 434.43 | (123.57) | 310.86 |

13. LONG TERM LOANS & ADVANCES

| Particulars | ₹ In lacs | |
|------------------------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| (Unsecured-considered good) | | |
| Capital Advance | - | 4.62 |
| Security Deposits | 84.94 | 66.92 |
| Total | 84.94 | 71.54 |

14. INVENTORIES

| Particulars | ₹ In lacs | |
|---------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Stores & Spares (a) | 28.40 | 23.66 |
| Raw Materials | 351.27 | 435.15 |
| Waste | 11.94 | 10.14 |
| Work in Progress | 161.83 | 172.33 |
| Finished Goods | 71.19 | 37.31 |
| Total | 624.63 | 678.59 |

(a) Including Goods in Transit ₹ 3.57 lac (Previous year ₹ NIL)

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



15. TRADE RECEIVABLES

| Particulars | ₹ In lacs | |
|--------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Others | 669.58 | 404.87 |
| Total | 669.58 | 404.87 |

16. CASH & CASH EQUIVALENTS

| Particulars | ₹ In lacs | |
|---------------------------------|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Cash in hand | 2.20 | 0.15 |
| Balances with Banks | | |
| In Current Accounts | 246.22 | 50.99 |
| Held as margin / Fixed deposits | 31.10 | 28.35 |
| Total | 279.52 | 79.49 |

Fixed deposits with maturity within 12 Months is ₹ 31.10 lac (Previous year ₹ 28.35 lac)

17. SHORT TERM LOANS & ADVANCES

| Particulars | ₹ In lacs | |
|---|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Advance Income Tax (including tax deducted at source) | 108.28 | 27.80 |
| Others (considered good) | 360.27 | 231.77 |
| Total | 468.55 | 259.57 |

18. OTHER CURRENT ASSETS

(Unsecured-considered good)

| Particulars | ₹ In lacs | |
|--|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| Export Incentives / Claims recoverable | 67.23 | 41.43 |
| MAT Credit Entitlement | 130.63 | 54.45 |
| Total | 197.86 | 95.88 |

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



19. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

(A) Contingent Liabilities

| Particulars | ₹ In lacs | |
|--|------------------|------------------|
| | As at 31.03.2014 | As at 31.03.2013 |
| (a) i) Bank Guarantees * | 4.12 | 4.12 |
| Includes a bank guarantee of ₹ 4.12 lac given by Holding Company to the Commissioner of Customs for duty free import of machines | | |
| ii) Excise duty demands disputed in appeals | 1.00 | 1.00 |

(b) i) The Board for Industrial and Financial Reconstruction (BIFR) in its order dated 16th September 2010 has directed that the Company ceases to be a Sick Industrial Company within the meaning of section 3 (1) (o) of the SICA as its net worth has turned positive for the year ended 31.03.2010 and its revival is sustainable. It is therefore discharged from the purview of SICA/BIFR.

ii) The unimplemented provisions of SS-07 as may be there would be implemented by the Company/promoters and the concerned agencies and implementation would be monitored by the Board of Directors of the Company.

iii) The Company would complete necessary formalities with the concerned Registrar of Companies as may be required.

iv) Aggrieved with the impugned order of BIFR directed to implement the unimplemented provisions of SS-07, The Director General of Income Tax (DGIT) has filed an appeal with the Appellate Authority of Industrial and Financial reconstruction (AAIFR) requesting to set aside the BIFR order dated 16.09.2010.

(c) The Company has not made any provision of MAT/ Income Tax on the basis of scheme of rehabilitation sanctioned by the BIFR. In their order dated 16.09.2010, the " Board" has stated that the un implemented provisions of SS-07 would be implemented by the company/ promoters and concerned agencies. Against this order DGIT had filed an appeal before AAIFR challenging the validity of the order. The Company is confident that the directions of BIFR will be upheld and no liability towards MAT/ Income Tax will arise. In case any liability arises, the same will be accounted for as and when arises/ determined.

(d) The term loans and working capital loans obtained by Indo Count Industries Limited are to be secured by way of pari-passu charge of the existing fixed assets of the company.

20. REVENUE FROM OPERATIONS

| Particulars | ₹ In lacs | |
|--------------------------------|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| Gross Sales of Products * | 7,183.15 | 5,987.16 |
| Less: Excise Duty | - | - |
| Sub - total | 7,183.15 | 5,987.16 |
| Export Incentives / Benefits | 90.94 | 89.05 |
| Revenue from Operations | 7,274.09 | 6,076.21 |

* Includes sale to holding company ₹ 887.81 lac (previous year ₹ 233.85 lac)

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



21. OTHER INCOME

| Particulars | ₹ In lacs | |
|---|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| Interest Banks * | 2.50 | 2.35 |
| Interest Others ** | 7.30 | 5.70 |
| Miscellaneous Receipts and Incomes | 0.40 | 0.10 |
| Exchange rate difference | - | 32.79 |
| Liability no longer required written back | 17.12 | 7.41 |
| Insurance Claim | - | 1.92 |
| Quality Claim Received | 0.57 | - |
| Profit on Sale of Assets | 3.20 | - |
| Total | 31.09 | 50.27 |

* Includes tax deducted at source ₹ 0.25 lac (previous year ₹ 0.24 lac)

** Includes tax deducted at source ₹ 0.73 lac (previous year ₹ 0.57 lac)

22. COST OF MATERIALS CONSUMED

| Particulars | ₹ In lacs | |
|---|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| Raw material & Components consumed | | |
| Opening Stock | 435.15 | 361.74 |
| Add : Purchases | 4,858.29 | 3,791.86 |
| Sub - total | 5,293.44 | 4,153.60 |
| Less : Closing Stock | 351.27 | 435.15 |
| Cost of Sales | 4,942.17 | 3,718.45 |

23. Includes purchase from holding company ₹ Nil (Previous year ₹ 9.75 lac)

24. Changes in inventories of Finished goods, work in progress and stock in trade

| Particulars | ₹ In lacs | |
|-------------------------------------|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| Closing Stock | | |
| Finished Goods | 71.19 | 37.31 |
| Stock in Process | 161.83 | 172.32 |
| Waste | 11.94 | 10.14 |
| Sub - total | 244.96 | 219.77 |
| Less : Opening Stock | | |
| Finished Goods | 37.31 | 80.83 |
| Stock in Process | 172.32 | 151.66 |
| Waste | 10.14 | 14.98 |
| Sub - total | 219.77 | 247.47 |
| (Increase)/Decrease in Stock | (25.19) | 27.70 |

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



25. EMPLOYEE BENEFITS EXPENSES

| Particulars | ₹ In lacs | |
|---|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| Salaries & Wages | 559.35 | 494.61 |
| Contribution to Provident & Other Funds | 32.03 | 27.86 |
| Gratuity | 16.50 | 14.95 |
| Staff Welfare Expenses | 7.11 | 5.88 |
| Total | 614.99 | 543.30 |

EMPLOYEE POST RETIREMENT BENEFITS

| Particulars | ₹ In lacs | | | |
|---|--|----------------------|--|---------------|
| | For the period 01.04.2013 to 31.03.2014 | | For the period 01.04.2012 to 31.03.2013 | |
| During the year, the following contribution have been made under defined contribution plans:- | | | | |
| Employer's Contribution to Provident Fund | 32.03 | | 27.86 | |
| Gratuity and Leave encashment benefits | 17.24 | | 18.95 | |
| Defined Benefit Plans | Gratuity | Leave Benefit | Gratuity | Leave Benefit |
| i) Assumptions | | | | |
| Discount Rate | 8% | 8% | 8% | 8% |
| Salary Escalation | 7% | 7% | 7% | 7% |
| ii) Table showing changes in present value of obligations | | | | |
| Present value of obligation as at beginning of the year | 78.97 | 20.49 | 65.59 | 16.40 |
| Interest cost | 6.32 | 1.64 | 5.25 | 1.31 |
| Current Service Cost | 9.32 | 2.73 | 8.56 | 2.33 |
| Benefits Paid | (4.34) | (0.80) | (3.62) | (1.22) |
| Actuarial (gain)/loss on obligation | 3.91 | (2.76) | 3.19 | 1.67 |
| Present value of obligations as at end of year | 94.17 | 21.30 | 78.97 | 20.49 |
| iii) Table showing changes in the present value of plan | | | | |
| Fair value of plan assets at the beginning of year | 29.07 | 8.03 | 21.52 | 6.18 |
| Expected return on plan assets | 3.05 | 0.87 | 2.61 | 0.75 |
| Contributions | 9.31 | 2.72 | 8.57 | 2.32 |
| Benefits paid | (4.34) | (0.80) | (3.62) | (1.22) |
| Actuarial gain / (Loss) on plan assets | - | - | - | - |
| Fair value of plan assets at the end of year | 37.10 | 10.83 | 29.07 | 8.03 |
| iv) Table showing fair value of plan assets | | | | |
| Fair value of plan assets at the beginning of year | 29.07 | 8.03 | 21.52 | 6.18 |
| Actual return on plan assets | 3.05 | 0.87 | 2.61 | 0.75 |
| Contributions | 9.31 | 2.72 | 8.57 | 2.32 |
| Benefits paid | (4.34) | (0.80) | (3.62) | (1.22) |
| Actuarial (gain)/loss on plan asset | - | - | - | - |
| Fair value of plan assets at the end of year | 37.10 | 10.83 | 29.07 | 8.03 |
| Present value of obligation at the end of year | 94.17 | 21.30 | 78.97 | 20.49 |

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



EMPLOYEE POST RETIREMENT BENEFITS (Contd.)

| Defined Benefit Plans | Gratuity | Leave Benefit | Gratuity | Leave Benefit |
|---|----------|---------------|----------|---------------|
| v) Actuarial Gain / Loss recognized | | | | |
| Actuarial gain / Loss for the year – obligation | 3.91 | (2.76) | 3.19 | 1.67 |
| Actuarial (gain)/Loss for the year – plan assets | - | - | - | - |
| Total (gain) / Loss for the year | 3.91 | (2.76) | 3.19 | 1.67 |
| Actuarial (gain) / Loss recognized in the year | 3.91 | (2.76) | 3.19 | 1.67 |
| vi) The amounts to be recognized in the balance sheet and statements of Profit & loss | | | | |
| Present value of obligations as at the end of year | 94.17 | 21.30 | 78.97 | 20.49 |
| Fair value of plan assets as at the end of the year | 37.10 | 10.83 | 29.07 | 8.03 |
| Funded status | (57.08) | (10.48) | (49.89) | (12.46) |
| Net Asset / (Liability) recognized in balance sheet | 57.08 | 10.48 | 49.89 | 12.46 |
| vii) Expenses recognized in statement of Profit & Loss | | | | |
| Current services cost | 9.32 | 2.73 | 8.56 | 2.33 |
| Interest cost | 6.32 | 1.64 | 5.25 | 1.31 |
| Expected return on plan assets | (3.05) | (0.87) | (2.61) | (0.75) |
| Net Actuarial (gain)/Loss recognized in the year | 3.91 | (2.76) | 3.19 | 1.67 |
| Expenses recognized in statement of P&L | 16.50 | 0.74 | 14.39 | 4.56 |
| The Estimates of rate of future salary increase takes account inflation, seniority, promotion and other relevant factors on long term basis. | | | | |
| The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of liability. The above information is certified by the actuary. | | | | |

26. FINANCE COSTS

| Particulars | ₹ In lacs | |
|------------------|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| Interest Expense | | |
| -Banks | 0.66 | 5.36 |
| -Others * | 8.77 | 16.30 |
| Bank Charges | 16.39 | 12.73 |
| Total | 25.82 | 34.39 |

* Includes interest paid to holding company ₹ 5.54 lac (previous year ₹ 16.14 lac)

27. DEPRECIATION & AMORTISATION EXPENSES

| Particulars | ₹ In lacs | |
|--|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| Depreciation | 108.38 | 102.18 |
| Less : Transfer to Revaluation Reserve | 62.50 | 62.63 |
| Total | 45.88 | 39.55 |

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



28. OTHER EXPENSES

| Particulars | ₹ In lacs | |
|--|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| Consumption of Stores, Spare and Packing Materials | 206.45 | 166.97 |
| Power & Fuel | 837.22 | 882.39 |
| Rent (including lease rent) (a) | 13.87 | 26.29 |
| Rates, Taxes & Fees | 9.30 | 9.84 |
| Insurance | 10.20 | 7.77 |
| Repairs to Machinery | 4.80 | 6.36 |
| Repairs to Buildings | 1.87 | 9.28 |
| Commission & Brokerage | 82.26 | 75.43 |
| Freight Outward | 63.68 | 56.25 |
| Bad debts written off | - | 10.56 |
| Miscellaneous expenses (b) | 83.31 | 66.41 |
| Total | 1,312.96 | 1,317.55 |

(a) Includes Operating Lease paid to Holding Company.

As Lessee :

| Particulars | 2013-14 | 2012-13 |
|--|---------|---------|
| A) The total of future minimum lease payments under non-cancelable operating leases for each of the following years: | | |
| i) Not later than one year | - | - |
| ii) Later than one year and not later than five years, | | |
| iii) Later than five years, | - | 161.46 |
| B) The total of future minimum sub-lease payments expected to be received under non cancelable sub leases at the balance sheet date, | - | - |
| C) Lease payments recognized in the statement of profit & loss | 13.62 | 26.04 |
| The assets taken on lease were purchased by the Company on 01.10.2013, hence future minimum sub-lease payments as on 31.03.2014 is ₹ Nil | | |

(b) Includes payment to auditors

Details of Auditors remuneration

| Particulars | ₹ In lacs | |
|--|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| As Statutory Audit Fees | 2.00 | 1.20 |
| As Quarterly Audit / Limited Review Fees | 1.50 | 0.80 |
| As Tax Audit Fees | 0.50 | 0.50 |
| For Certification Work | 0.05 | - |
| In Other Capacity | 0.15 | 0.15 |
| Total | 4.20 | 2.65 |

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



29. FORWARD CONTRACTS

| Particulars | Number of Contracts | Amount in Foreign Currency | Amount (₹ in lac) | Buy / Sell |
|---------------|---------------------|----------------------------|-------------------|------------|
| US \$ / INR | NIL | NIL | NIL | NIL |
| Previous Year | 2 | US \$ 365,000 | 119.82 | Sell |

30. RELATED PARTY DISCLOSURE:

Related party disclosures as required by AS - 18 "Related Party Disclosures" are given below:-

A. Holding Company :

- i) Indo Count Industries Ltd.

B. Directors :

- i) Shri Anil Kumar Jain
- ii) Shri Kamal Mitra

C. Associates :

- i) Margo Finance Ltd.

Transactions with Related Parties during the year and balances at the end of the year.

| Nature of transaction | Holding Company | | Associates | | Total | |
|----------------------------|-----------------|-----------|------------|-----------|-----------|-----------|
| | 31.03.14 | 31.03.13 | 31.03.14 | 31.03.13 | 31.03.14 | 31.03.13 |
| | ₹ In lacs | ₹ In lacs | ₹ In lacs | ₹ In lacs | ₹ In lacs | ₹ In lacs |
| i) Unsecured Loans | | | | | | |
| - Opening balance | 140.66 | 181.13 | - | - | 140.66 | 181.13 |
| - Taken during year | 114.99 | 14.53 | - | - | 114.99 | 14.53 |
| - Repaid during year | 145.36 | 55.00 | - | - | 145.36 | 55.00 |
| - Closing balance | 110.28 | 140.66 | - | - | 110.28 | 140.66 |
| ii) Creditors | 105.51 | - | - | - | 105.51 | - |
| iii) Other Payables | 26.69 | 21.77 | - | - | 26.69 | 21.77 |
| iv) Purchases of Machinery | 120.15 | - | - | - | 120.15 | - |
| v) Expenses | | | | | | |
| - Purchases/Jobwork chrgs | - | 9.95 | - | - | - | 9.95 |
| - Rent | - | - | 0.25 | 0.25 | 0.25 | 0.25 |
| - Interest | 5.54 | 16.14 | - | - | 5.54 | 16.14 |
| - Lease Rental | 13.62 | 26.04 | - | - | 13.62 | 26.04 |
| - Other Expenses | 55.36 | 44.23 | - | 0.03 | 55.36 | 44.26 |
| v) Income | | | | | | |
| - Sales during the year | 887.81 | 233.85 | - | - | 887.81 | 233.85 |

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



31. EARNING PER SHARE (EPS)

₹ In lacs

| Particulars | | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
|---|--------------|--|--|
| Basic / Dilutive Earnings Per Share | | | |
| Profit after tax as per profit & loss account | | 256.52 | 287.99 |
| Less : Dividend and tax thereon in respect of preference shares | | - | - |
| Profit available for shareholders (₹ In lacs) | A | 256.52 | 287.99 |
| No. of equity shares | B | 19,241,280 | 19,241,280 |
| Basic / Dilutive Earning Per Share (₹) | (A/B) | 1.33 | 1.50 |

32. In the opinion of the management, the current assets, loans and advances are expected to realize at least the amount at which they are stated, if realized in the ordinary course of business. Provision for all known liabilities have been adequately made in the accounts.
33. It is the management's perception that since the company is exclusively engaged in the activity of manufacture of cotton yarn which are governed by the same set of risks and returns, the same are considered to constitute a single reportable segment in the context of Accounting Standard on "Segment Reporting" issued by the Institute of Chartered Accountants of India.
34. Figures have been rounded off to the nearest ₹ In lacs and have been regrouped/rearranged wherever considered necessary.

35. Value of imported / indigenous Raw materials, Stores & spares consumed

| Class of Goods | For the period 01.04.2013 to 31.03.2014 | | For the period 01.04.2012 to 31.03.2013 | |
|----------------------------|--|---------------------|--|---------------------|
| | Percentage | Amount ₹ In Lacs | Percentage | Amount ₹ In Lacs |
| Raw Materials | | | | |
| Imported | - | - | - | - |
| Indigenous | 100.00 | 4,942.16 | 100.00 | 3,718.45 |
| | 100.00 | 4,942.16 | 100.00 | 3,718.45 |
| Stores & Spares | | | | |
| Imported | - | - | 0.97 | 1.62 |
| Indigenous | 100.00 | 206.45 | 99.03 | 165.35 |
| | 100.00 | 206.45 | 100.00 | 166.97 |

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



36. Other Informations

| Particulars | ₹ In lacs | |
|--|--|--|
| | For the period 01.04.2013 to 31.03.2014 | For the period 01.04.2012 to 31.03.2013 |
| Expenditure in Foreign Currency | | |
| Selling Commission / Claims | 40.40 | 40.85 |
| Earnings in Foreign Currency | | |
| FOB value of exports | 4,689.74 | 3,375.95 |
| (Including deemed exports ₹ 1,644.30 lac (previous year ₹ 528.64 lac)) | | |

[See accompanying notes to the financial statements](#)

As per our report of even date annexed

For **B.K.SHROFF & CO.**,
Chartered Accountants
Reg. No. 302166E

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

O. P. Shroff
Partner
Membership No. 6329
Mumbai, 14th May 2014

Abhishek Thareja
Company Secretary & Compliance Officer



A Subsidiary of



Pranavaditya Spinning Mills Limited

301, 'Arcadia', Nariman Point,
Mumbai-400021, India.

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