

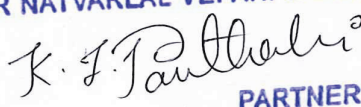




**FORM A**

1.	Name of the Company:	Fairdeal Filaments Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> 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"><li>• Managing Director</li><li>• CFO</li><li>• Auditor of Company</li><li>• Audit Committee Chairman</li></ul>	<p><b>For FAIRDEAL FILAMENTS LTD.</b></p> <p> <b>Authorised Signatory/Director</b></p> <p><b>For FAIRDEAL FILAMENTS LTD.</b></p> <p> <b>Authorised Signatory/Director</b></p> <p><b>FOR NATVARLAL VEPARI &amp; CO.</b></p> <p> <b>PARTNER</b></p> <p> KAYOMARZ J. PANTHAKI M. No. 125943</p> <p><b>For FAIRDEAL FILAMENTS LTD.</b></p> <p> <b>Authorised Signatory/Director</b></p>

# Fairdeal Filaments Ltd.

**ANNUAL REPORT 2013-14**



**24<sup>th</sup>**

**TWENTY FOURTH ANNUAL REPORT**

## TWENTY FOURTH ANNUAL REPORT 2013-14

**BOARD OF DIRECTORS :** Mr. Jayantilal R. Shah Chairman  
Mr. Dhirajlal R. Shah Managing Director  
Mr. Arvind R. Shah Whole-time Director  
Mr. Rajendra K. Desai Director  
Mr. Nandish S. Vin Director  
Mr. Manubhai J. Shah Director (Resigned w.e.f. 26.03.2014)

**COMPANY SECRETARY :** CS Prachi V. Shukla (till 28.05.2014)  
CS Jitesh R. Varkal (w.e.f. 29.05.2014)

**AUDITORS :** M/s. Natvarlal Vepari & Co.  
Chartered Accountants, Surat.

**BANKERS :** Bank of Baroda  
Zampa Bazar, Surat.

**PLANT LOCATION :** 1. Mota Borasara, Kim, Taluka : Mangrol, District : Surat  
2. Limodara Patiya, Karanj, Taluka : Mandvi, District : Surat

**REGISTERED OFFICE :** 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat - 395 002.  
Tel. No. (0261) 3090200 Fax No. (0261) 2635550  
E-mail: info@shahlon.com Website: www.shahlon.com

**REGISTRARS AND :** MCS Limited  
**TRANSFER AGENTS** Neelam Apartment, 88, Sampatrao Colony,  
Alkapuri, Vadodara- 390 007  
Tel No.: (0265) 2339397/2314757  
Fax No.: (0265) 2341639  
E-mail: mcsltdbaroda@yahoo.com

**ISIN for NSDL & CDSL :** INE719D01011

# 24<sup>th</sup>

## ANNUAL REPORT 2013-14

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## NOTICE

Notice is hereby given that the 24th Annual General Meeting of members of FAIRDEAL FILAMENTS LIMITED will be held on Tuesday, 30th day of September, 2014 at 11:00 A.M. at the Registered Office of the company situated at 3rd Floor, Dawer Chambers, Nr. Sub Jail, Ring Road, Surat- 395 002 to transact the following Business:

### Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and Auditors thereon.
2. To declare Dividend on Equity Shares.
3. To appoint a Director in place of Shri Jayantilal R. Shah (DIN 00010470), Director who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration by passing the following resolution as an **Ordinary Resolution** with or without modification(s):-

"RESOLVED THAT pursuant to the provisions of section 139 of the Companies Act, 2013 and the Rules made thereunder, M/s Natvarlal Vepari & Co., Chartered Accountants (Registration No.123626W), the retiring auditors, be and are hereby re-appointed as auditors of the Company to hold office for a period of 3 (three) years for auditing the accounts of the Company from the financial years 2014-15 to 2016-17 (subject to ratification of the appointment by the members at every annual general meeting to be held during the period) and the Board of Directors be and is hereby authorised to fix their remuneration."

### Special Business:

5. To appoint Mr. Rajendra K. Desai (DIN 00198139), as an Independent Director in pursuance of Companies Act, 2013

In this connection, to consider and if thought fit, to pass following resolution, with or without modification(s), as an **Ordinary Resolution:-**

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Rajendra K. Desai (holding DIN 00198139), Non-executive director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to September 29, 2019."

6. To appoint Mr. Nandish S. Vin (DIN 03527827), as an Independent Director in pursuance of Companies Act, 2013

In this connection, to consider and if thought fit, to pass following resolution, with or without modification(s), as an **Ordinary Resolution:-**

"RESOLVED that pursuant to the provisions of sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Nandish S. Vin (holding DIN 03527827), Non-executive director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to September 29, 2019."

7. To consider approval of transactions with related party in pursuance of Clause 49 of the Listing Agreement, Section 188 and other applicable provisions of the Companies Act, 2013:

In this connection, to consider and if thought fit, to pass following resolution, with or without modification(s), as a **Special Resolution:-**

"RESOLVED that, pursuant to Clause 49 of the Listing Agreement, Section 188 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, the consent of the Company be and is hereby accorded to the Board of Directors (including any Committee of the Board) to enter into annual contracts / arrangements with M/s. Shahlon Silk Industries Pvt. Ltd. (Formerly known as M/s. Shahlon Silk Mills Pvt. Ltd.), promoters are interested and consequently a related party, for transactions subject to an annual limit as set out below with effect from 1st October 2014:

<b>Nature of transaction</b>	<b>Transaction limit per annum with effect from 1st October, 2014 (₹ Lacs)</b>
Sale, purchase or supply of any goods materials, Assets etc. and rendering and availing of services	₹ 2500.00/-

RESOLVED further that the Board of Directors of the Company and/or any Committee thereof be and is hereby authorised to do all such acts, deeds, matters and things, as may be necessary to give effect to the above resolution"

8. Authority to take loans by creating charge on assets of the company:

To consider and if thought fit, to pass with or without modification, following resolution as a **Special Resolution** :

RESOLVED THAT in supersession of the resolution passed by the members of the Company at Annual General Meeting dated 30.09.2013, the consent of the company be and is hereby accorded in terms of section 180(1)(a) and other applicable provisions, if any, of the companies Act, 2013 to the Board of Directors of the company for mortgaging and /or charging (other than sale) of all immovable and movable assets/properties of the company where ever situated, lying and being both present and future of every nature and kind whatsoever and the whole of the undertaking of the company in certain events, to and in favour of Bank/Financial Institution/Insurance Company/Person/Persons to secure the financial assistance, provided that the total amount of money's so borrowed shall not exceed overall limits of Rs. 75 Crores (Rupees Seventy Five Crores Only) together with interest at agreed rates, compound/additional interest, commitment charges, premium on prepayments or on redemption, costs, charges, expenses and all other moneys payable or that become due and payable from time to time and at any time by the company to Bank/Financial Institution/Insurance Company/Person/Persons in terms of their loan agreement /Heads of agreement/Letters of sanction /Memorandum of terms and conditions, entered into/to be entered into/to be entered into by the company, in respect of the said loans.

9. Authority to borrow money in excess of paid-up capital & free reserves :

To consider and if thought fit, to pass with or without modification, following resolution as a **Special Resolution** :

"RESOLVED THAT in supersession of the resolution passed by the members of the Company at Annual General Meeting dated 30.09.2013, pursuant to section 180(1)(c) and other applicable provisions of companies Act 2013, consent of the members of the company be and is hereby accorded to the Board of Directors of the company for borrowing from time to time any sum or sums of moneys on such terms and conditions with or without security as the Board of Directors may think fit which, together with the moneys already borrowed by the company (apart from temporary loans obtained or to be from company's banker in ordinary course of business), may exceed the aggregate of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of moneys so borrowed by the board shall not at any time exceed the limit of Rs. 75 Crores (Rupees Seventy Five Crores Only)."

By Order of Board of Directors of  
**Fairdeal Filaments Limited**

**Place** : Surat

**Date** : 13<sup>th</sup> August, 2014

**Jitesh R. Varkal**  
Company Secretary

## NOTES

1. The relevant details of person seeking appointment or re-appointment as required by Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange are annexed herewith.
2. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.

A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than 10 (ten) percent of the total share capital of the Company carrying voting rights. A member holding more than 10 (ten) percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is enclosed herewith. Corporate members are requested to send a duly certified copy of the Board resolution/authority letter, authorizing their representative(s) to attend and vote on their behalf at the meeting.

3. A statement of material facts pursuant to Section 102 of the Companies Act, 2013 in respect of Special Business set out in the notice and the relevant details pursuant to the provisions of Clause 49 of the Listing Agreement executed with Stock Exchanges are annexed hereto.
4. The Register of Members and Share Transfer Books of the Company will be closed from September 17, 2014 to September 30, 2014 (both days inclusive) for the purpose of payment of dividend to those members whose names stand on the Register of Members as on September 17, 2014. The dividend in respect of equity shares held in electronic form will be payable to the beneficial owners of the equity shares as at the end of business hours on September 16, 2014 as per details furnished by National Securities Depository Limited and Central Depository Services (India) Limited.
5. The dividend on equity shares as recommended by Board of Directors for the year ended on 31.03.2014 will be payable on or after September 30, 2014 in accordance with the resolution to be passed by members of Company.
6. Members are requested immediately to notify any change in their address:
  - To their Depository Participants (DPs) in respect of shares held electronically and
  - To Company at its Registered Office or MCS Limited, the Registrar and Share Transfer Agent of Company, in respect of shares held physically, by sending duly filled and signed "INTIMATION FORM FOR CHANGE/CORRECTION IN ADDRESS OF COMMUNICATION", along with all evidential documents as mentioned in the said form. The above said form is available at the end of this Annual Report as well as on the website of the Company.
7. The Securities and Exchange Board of India (SEBI) has mandated submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in dematerialized form are requested to submit their PAN details to their Depository Participant (DP) and members holding shares in physical form are requested to submit their PAN details to the Company / MCS Limited, Registrar and Share Transfer Agent of Company.
8. Pursuant to the provisions of section 205A and 205C of the Companies Act, 1956 the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the Unpaid Dividend Account of the company shall be transferred to the Investor Education and Protection Fund (the Fund) set up by the Central Government and thereafter no claims shall lie against the company or the Fund and no payments shall be made in respect of any such claim.

Details pertaining to the unclaimed and unpaid dividends transferred by Company to the Fund, pursuant to Section 205C of the Companies Act, 1956, during last 3 financial years are tabulated as below:

Financial Year	Date of Declaration of Dividend	Amount Transferred to the Fund (₹)	Date of Transfer to IEPF
31.03.2004	25.09.2004	151900	26.11.2011
31.03.2005	24.09.2005	161943	01.12.2012
31.03.2006	23.09.2006	144146	23.11.2013

9. Members/Proxy Holders should bring Attendance Slips duly filled in for attending the meeting. Members are requested to bring their copy of Annual Report at the Meeting.
10. Members seeking any information concerning the accounts and operations are requested to send their queries to the company at least 10 days before the date of the meeting, so that information required can be made available at the meeting.
11. Members holding shares in dematerialised mode are requested to intimate all changes with respect to their bank details, mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. to their depository participant. These changes will be automatically reflected in the Company's records which will help the Company to provide efficient and better service to the members.
12. Members holding shares in physical form are requested to intimate changes with respect to their bank account (viz. name and address of the branch of the bank, MICR code of branch, type of account and account number), mandate, nomination, power of attorney, change of address, e-mail address, change in name etc. immediately to the Company.
13. Voting through Electronic Means

The Company is pleased to provide e –Voting facility as an alternative mode of voting which will enable the members to cast their votes electronically in compliance with the provisions of Section 108 of the Companies Act, 2013, read with the Companies (Management and Administration) Rules, 2014. Necessary arrangements have been made by the Company with CDSL to facilitate e-Voting. The instructions and manner for availing e-Voting facility are as under:

The Instructions for members for voting electronically are as under:

- i). Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii). Click on "Shareholders" tab.
- iii). Now, select the "FAIRDEAL FILAMENTS LTD" from the drop down menu and click on "SUBMIT".
- iv). Now Enter your User ID
  - a. For CDSL : 16 digits beneficiary ID.
  - b. For NSDL : 8 Character DP ID followed by 8 Digits Client ID.
  - c. Members holdings shares in Physical Form should enter Folio Number registered with the Company.
- v). Next enter the Image Verification as displayed and Click on Login.
- vi). If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.



If you are a first time user follow the steps given below:

PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>- Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their Name* and the last 8 digits of the demat Client ID / Folio Number in the PAN field.</li> <li>- In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN, field.</li> </ul> <p>*Please note- If your name in the Register of members of the Company starts with any Prefix like "Dr.", "Mr.", "Mrs.", "Shri", "Smt" etc., then please use the first two letters of the Prefix. If the second letter in your name contains any special character, then use the number 0 in its place For exact name. please refer the Address Slip.</p>
DOB or Dividend Bank Details	<p>Enter the Date of Birth as registered with the DP/RTA in dd/mm/yyyy format Or Enter the Dividend Bank Details as recorded with your DP/RTA.</p> <p>Please note - In respect of Physical shareholding and whose DOB and Dividend bank details are not registered with DP/RTA should enter No. of shares held by you as on the cut-off date i.e. 22nd, August, 2014.</p>

- vii). After entering these details appropriately, click on "SUBMIT" tab.
- viii). Now, members holding shares in physical form will reach to Company selection screen and members holding shares in demat form will reach to Password Creation menu. It is mandatory for the Members holding shares in demat form to change their login password into new password. It is strongly recommended not to share your password with any other person and to take utmost care to keep your password confidential.
- ix). For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x). Click on the EVSN for FAIRDEAL FILAMENTS LTD
- xi). On the voting page, you will see the Resolution description and against which option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xii). Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xiii). After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiv). Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xv). You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- xvi). If Demat account holder has forgotten the changed password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporate.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).



- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

**In case of members receiving the physical copy:**

Please follow all steps from Sr. No. (i) to Sr. No. (xvi) above to cast vote.

**Please note that:**

1. The voting period begins on 25th September, 2014 at 10.00 am and ends on 26th September, 2014 at 6.00 pm. During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date which is 22nd August, 2014, may cast their vote electronically. The voting rights of shareholders shall be in proportion to their shares in the paid-up equity share capital of the Company as on this cut-off date. The e-voting module shall be disabled by CDSL for voting thereafter.
2. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
3. Mr. Bhairav H. Shukla, Practicing Company Secretary (Membership No. FCS 6212), having his office at, Bhairav H. Shukla, 105-106, Jolly Plaza, Athwagate, Surat – 395 001, has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
4. The Scrutinizer shall within a period of not exceeding three (3) working days from the conclusion of the evoting period, unblock the votes in the presence of at least two witnesses not in employment of the Company and forward his report of the votes cast in favour or against, to the Chairman or to any Director or Officer who may be authorized by the Chairman for this purpose.
5. The Results shall be declared on or after the Annual General Meeting (AGM). The Results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.shahlon.com](http://www.shahlon.com) and on the website of CDSL within two (2) days of passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges.
14. Electronic copy of the Notice of the 24th annual general meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 24th annual general meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
15. Pursuant to section 101 and section 136 of the Companies Act, 2013 read with relevant rules made thereunder, Companies can serve annual reports and other communications through electronic mode to those members who have registered their e-mail address with the Company or with the Depository. Members who have not registered their e-mail address with the Company can now register the same by submitting the duly filled in "E-mail Registration Form", available on the website of the Company, to the Company. Members holding shares in demat form are requested to register their e-mail address with their Depository Participant(s) only. Members of the Company, who have registered their e-mail address, are entitled to receive such communication in physical form upon request.

The Notice of annual general meeting and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website ([www.shahlon.com](http://www.shahlon.com)) of the Company.

## **Annexure to Notice**

### **1. Statement of material facts concerning items of Special Business**

(Annexed to notice pursuant to Section 102 of the Companies Act, 2013)

#### **Item No. 5**

Mr. Rajendra K. Desai, aged about 63 years, is a B.Com., L.L.B., Fellow member of Institute of Chartered Accountants of India, has a vast experience as a practicing Chartered Accountants and expertise in the field of Accounts & Finance. He is also a director on the Board of Ace Tours Worldwide Limited and Mehar Synthetics Private Limited. He is a Chairman of the Audit Committee and Nomination and Remuneration Committee of Fairdeal Filaments Ltd. He is also the Chairman of the Audit Committee and Nomination and Remuneration Committee and member of Stakeholder's Relationship Committee of Ace Tours Worldwide Limited.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a cheque for Rs. 100,000/- proposing the candidature of Mr. Rajendra K. Desai for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Rajendra K. Desai:

(i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr. Rajendra K. Desai, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the Management.

A copy of the draft letter for the appointment of Mr. Rajendra K. Desai, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on any working day up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Rajendra K. Desai as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Rajendra K. Desai as an Independent Director, not liable to retire by rotation, for the approval by the shareholders of the Company.

None of the Directors or KMPs of the company or their relatives except Mr. Rajendra K. Desai, himself is concerned or interested in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 6**

Mr. Nandish S. Vin, aged about 30 years, is a B.Com. Associate member of Institute of Chartered Accountants of India, has a vast experience as a practicing Chartered Accountants and expertise in the field of Accounts & Finance. He is also a director on the Board of Vrantanta Corporate Solutions Private Limited, Laureate Corporate Support Private Limited and Vishwas Venture Private Limited. He is a member of the Audit Committee and Nomination and Remuneration Committee of Fairdeal Filaments Ltd.

The Company has received notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member along with a cheque for Rs. 100,000/- proposing the candidature of Mr. Nandish S. Vin for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Company has received from Mr. Nandish S. Vin:

(i) consent in writing to act as director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR-8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, and (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board of Directors, Mr. Nandish S. Vin, fulfills the conditions specified in the Companies Act, 2013 and the Rules made thereunder and is independent of the Management.

A copy of the draft letter for the appointment of Mr. Nandish S. Vin, as an Independent Director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during normal business hours on any working day up to the date of the AGM.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Nandish S. Vin as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Nandish S. Vin as an Independent Director, not liable to retire by rotation, for the approval by the shareholders of the Company.

None of the Directors or KMPs of the company or their relatives except Mr. Nandish S. Vin, himself is concerned or interested in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

#### **Item No. 7**

As per revised Clause 49 of the Listing Agreement which would be applicable with effect from 1st October 2014, all material related party transactions of the Company shall require approval of the shareholders through special resolution. A transaction with a related party shall be considered material if the transactions during a financial year, exceeds five percent (5%) of the annual turnover or twenty percent (20%) of the net worth of the company as per the last audited financial statements of the Company, whichever is higher.

The Company sale/purchase materials etc., from Company M/s Shahlon Silk Industries Private Limited (Formerly known as Shahlon Silk Mills Pvt. Ltd.). The Company's said transactions, will be at Arm's length and in ordinary course of business, is a material related party transactions as per the revised clause 49 of the Listing Agreement, which requires approval of the shareholders through Special Resolution.

The Board recommends the resolution set out at Item No : 7 of the Notice for your approval.

Mr. Jayantilal R. Shah, Director of the company is interested in the resolution as he is a Director and a member of M/s. Shahlon Silk Industries Pvt. Ltd. Mr. Dhirajlal R. Shah, Managing Director and Mr. Arvind R. Shah, Whole-time Director of the company are also interested in the said resolution as they are members of M/s. Shahlon Silk Industries Pvt. Ltd., No other Directors, KMPs of the company or their relatives is concerned or interested in the said resolution.

#### **Item No. 8**

The Companies Act, 1956 required consent of the shareholders by way of ordinary resolution for authorising the Board to mortgage /hypothecate the assets of the company as security in connection with the borrowing. At an Annual General Meeting of the company held on 30.09.2013, shareholders accorded approval by way of ordinary resolution to provide security by way of Mortgage/hypothecation of assets of the company for borrowing upto limits of Rs. 75.00 crores. However, Companies Act, 2013 stipulates consent of shareholders by way of a Special Resolution. Hence, consent of the members is being sought by way of the Special Resolution as set out in the notice.

The company proposes a resolution authorizing the Board to borrow loans upto maximum of Rs. 75 Crores. In order to borrow loans from Banks, institutions, etc. the board needs authorization to mortgage /hypothecate (other than sale) the assets of the company as security. In order to mortgage / hypothecate the assets of the company the consent of the shareholders in the General Body Meeting is required u/s 180(1)(a) of the Companies Act, 2013 authorizing the Board of Directors with necessary powers.

The Board recommends the resolution set out at Item No: 8 of the Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said resolution.

**Item No. 9**

The Companies Act, 1956 required consent of the shareholders by way of ordinary resolution to borrow funds/moneys where funds/moneys to be borrowed together with the funds/moneys already borrowed by the Company (apart from temporary loans obtained from the company's bankers in ordinary course of business), exceeds the aggregate of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

At an Annual General Meeting of the Company held on 30.09.2013, shareholders had accorded approval to borrow funds, together with the monies already borrowed (apart from temporary loans obtained from the company's bankers in ordinary course of business), upto an amount not exceeding Rs. 75.00 Crores. However, Companies Act, 2013 stipulates consent of shareholders by way of a Special Resolution. Hence, consent of the members is being sought by way of the Special Resolution as set out in the notice.

The Board recommends the resolution set out at Item No: 9 of the Notice for your approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives is concerned or interested, financially or otherwise, in the said resolution.

2. As required by Clause 49 of the Listing Agreement with the stock exchange, the information relating to the Directors proposed to be reappointed is provided hereunder:

<b>Name of Directors</b>	<b>Mr. Jayantilal R. Shah</b>	<b>Mr. Nandish S. Vin</b>	<b>Mr. R. K. Desai</b>
Date of Birth	11.12.1947	04.12.1983	27.03.1951
Date of Appointment	08.02.1994	25.04.2011	07.06.2001
Expertise in specific functional areas	Accounts & Legal	Finance & Accounts	Accounts & Finance
Qualification	B.Com	B.Com, A.C.A.	B.Com., LL.B., F.C.A.
Directorship held in other companies	1. Viresh Textiles Pvt. Ltd. 2. Shahlon Silk Industries Pvt. Ltd. (Formerly Known as Shahlon Silk Mills Pvt. Ltd.)	1. Vrantanta Corporate Solutions Private Limited 2. Laureate Corporate Support Private Limited 3. Vishwas Venture Pvt. Ltd.	1. Meher Synthetics Pvt. Ltd. 2. Ace Tours Worldwide Limited
Shareholding of non-executive directors	131887 (3.60%)	NA	1200 (0.03%)
Committee position held in other companies	Nil	Nil	Ace Tours Worldwide Ltd. Two(2) - Chairman Three(3) - Member

## Directors' Report

Your Directors are pleased to present 24th Annual Report and audited accounts for the year ended 31st March, 2014.

### Financial Results

(Rs. in Lacs)

Particulars	2013-14	2012-13
Total Revenue	<b>16681.44</b>	15754.33
Profit before interest and depreciation	<b>832.47</b>	843.63
Less : Interest	<b>435.78</b>	437.13
Depreciation	<b>220.36</b>	245.52
Profit before Tax	<b>176.33</b>	160.98
Less : Provision for Current Taxation	<b>84.11</b>	56.61
Provision for Deferred Taxation	<b>(18.12)</b>	5.57
Profit after Tax adjustment	<b>110.34</b>	98.80
Excess/(Short) provision for taxation in earlier year	<b>(0.95)</b>	(16.80)
Net Profit	<b>109.39</b>	82.00
Add : Balance brought forward from previous year	<b>404.47</b>	377.74
Amount available for Appropriation	<b>513.86</b>	459.74
Less : Transfer to General Reserve	<b>2.80</b>	2.10
Proposed Dividend	<b>45.75</b>	45.75
Tax on Dividend	<b>7.78</b>	7.42
Balance Carried to Balance Sheet	<b>457.54</b>	404.47

### Dividend

Your Directors recommend dividend at the rate of 12.50% i.e. Rs. 1.25 per share on the Paid-up Equity Share Capital of company for the year ended on 31st March, 2014, subject to the approval of members at the forthcoming Annual General Meeting of Company.

### Operational Performance

Your Company has achieved turnover of Rs. 16681.44 lacs during the year under review as compared to Rs. 15754.33 lacs for the previous year.

Earnings before Interest, Depreciation and Tax (EBIDTA), during the year under review are Rs. 832.47 lacs as compared to Rs. 843.63 lacs for the previous year. Profit before tax for the financial year under review has accelerated by 9.53% to Rs. 176.33 during the year under review from Rs. 160.98 lacs for the previous year. Your Company has achieved Net Profit after tax of Rs. 109.39 lacs, an increase by 33.40% from Rs. 82.00 lacs during the previous year.

### Fixed Deposits

Your company has not accepted any deposits from the public during the year under review.

### Directors

Shri Manubhai J. Shah resigned from the directorship of the Company w.e.f. March 26, 2014. Board of Directors has taken on record the same in their meeting held on May 28, 2014. The Board placed on record its appreciation for the contribution made by them during their tenure of directorship.

Shri Rajendra K. Desai and Shri Nandish S. Vin were appointed as Non-Executive directors of the Company w.e.f. June 7, 2001 and April 25, 2011 respectively. Both Directors should be appointed as an Independent Director in pursuance of Companies Act, 2013.

The Company has received requisite notice together with deposit of Rupees One Lakh each, as provided under section 160 of the Companies Act, 2013, from the shareholders proposing the appointment of Shri Rajendra K. Desai and Shri Nandish S. Vin as Independent directors not liable to retire by rotation.

Pursuant to the provisions of section 152 of the Companies Act, 2013 and in accordance with provisions of Articles of Association of the Company, Shri Jayantilal R. Shah, Director of the company retire by rotation at the ensuing Annual General Meeting and being eligible, offer himself for re-appointment.

Brief particulars of the Director retiring by rotation and proposed to be re-appointed at the forthcoming AGM have been given in the Annexure to Notice of Annual General Meeting.

#### **Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo**

Information pursuant to clause (e) of sub-section (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 relating to total energy consumption and energy consumption per unit of production is given in Annexure-A of this Report. Particulars with respect to Technology Absorption, Research and Development are Nil.

#### **Foreign Exchange Earnings and Outgo**

(Rs. in Lacs)

	<b>2013-14</b>	<b>2012-13</b>
I) Foreign Exchange Earnings	<b>896.70</b>	575.22
II) Foreign Exchange Outgo :		
a) Raw Material	<b>0.00</b>	0.00
b) Capital Goods	<b>0.00</b>	76.95
c) Consumable Spares	<b>18.75</b>	23.76
d) Foreign Traveling	<b>0.00</b>	2.54
e) Commission Expenses on Export	<b>9.87</b>	11.88

#### **Particulars of Employees**

None of the employees of the company was in receipt of remuneration exceeding the limits specified under sub-section (2A) of Section 217 of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

#### **Directors' Responsibility Statement**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors based on the representation received from the Operating Management, confirm that:

- in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to all material departures;
- they have, in selection of accounting policies, consulted the Statutory Auditors and have applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of financial year and of the profit of the company for that period;
- they have taken proper and sufficient care to the best of their knowledge and ability 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
- they have prepared the annual accounts of the company on a 'Going Concern' basis.

**Auditors and Auditor's Report**

M/s. Natvarlal Vepari & Co., Chartered Accountants, Surat, Statutory Auditors of your Company, will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for reappointment as Statutory Auditors for the financial year 2014-15.

Under section 139 of the Companies Act, 2013, Statutory Auditors of every listed Company who have completed a term of 10 years or more will not be eligible for re-appointment as Statutory Auditors. However, the existing companies have been allowed to comply with the new requirements of this Section within 3 years from the date of commencement of the Companies Act, 2013.

The existing Statutory Auditors of the Company have already completed a term of more than 10 years.

The Company has received a letter from the auditors confirming that they are eligible for appointment as auditors of the Company under section 139 of Companies Act, 2013 and meet the criteria for appointment specified in section 141 of the Companies Act, 2013.

Based on the recommendations of the Audit Committee, the Board of Directors of the Company proposes the reappointment of M/s. Natvarlal Vepari & Co., Chartered Accountants, Surat, as the Statutory Auditors of the Company for a period of 3 years from the financial years 2014-15 to 2016-17.

The notes to the accounts referred to in the Auditors' Report are self explanatory and therefore do not call for any further comments.

**Cost Auditors**

The Central Government has notified Companies (cost records and audit) Rules, 2014 as on June 30, 2014. As per these rules the companies engaged in the Textiles business shall not be required to include cost records in their books of account and also shall not be required to get its cost records audited. Hence the company has not appointed Cost Auditors for financial year 2014-15.

However, the Cost Audit Report for the year ended on 31st March, 2014 will be submitted by M/s. A. Goyal & Co., Cost Accountants, Jaipur, to the Central Government after approval of the Board of Directors of your company.

**Corporate Governance and Compliance Certificate**

A separate section on Corporate Governance and a certificate from the Auditors of the company regarding compliance of conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement with the stock exchange, forms part of the Annual Report.

**Acknowledgment**

Your Directors would like to express their grateful appreciation for the assistance and co-operation received from the Banks, Financial Institutions, Government Authorities, Customers, Suppliers and Shareholders during the year under review. Your Directors also wish to place on record their deep sense of appreciation for committed services of employees of company at all the levels.

For and on behalf of the Board of Directors

**Place :** Surat

**Date :** 13<sup>th</sup> August, 2014

**Jayantilal R. Shah**  
Chairman



## ANNEXURE “A” TO THE DIRECTORS’ REPORT 2014

### 1. POWER AND FUEL CONSUMPTION :

	FFLKIM	FFLKRJ-1	FFLKRJ-2
<b>POWER GENERATED THROUGH OWN DIESEL GENERATOR</b>			
Quantity (Ltrs. in lacs)	0.12	0.05	0.06
Total Value (Rs. in lacs)	1.69	0.72	0.87
Cost / Unit (Rs.)	14.19	14.94	13.54
<b>POWER PURCHASED*</b>			
Unit (in lacs)	4.34	25.50	35.78
Total Value (Rs. in lacs)	29.87	165.02	257.50
Cost / Unit (Rs.)	6.88	6.47	7.20
<b>LIGNITE</b>			
Quantity (Kgs. in lacs)	15.06	0.00	0.00
Total Value (Rs. in lacs)	56.88	0.00	0.00
Cost / Unit (Rs.)	3.78	0.00	0.00

\* Total units of power consumed are 65.62 lacs, out of which 9.79 lacs units generated from own wind mill.

### 2. CONSUMPTION PER UNIT OF PRODUCTION :

Power & Fuel	Current Year	Previous Year
<b>Yarn - POWER</b>		
FFLKIM	0.31	0.34
FFLKRJ-1	1.02	0.97
FFLKRJ-2	1.15	1.29
<b>Fabrics : FFLKRJ-1</b>	0.26	0.28
<b>Lignite</b>		
FFLKIM	1.06	1.11

For and on behalf of the Board of Directors

Place : Surat  
Date : 13<sup>th</sup> August, 2014

**Jayantilal R. Shah**  
Chairman

## Report on Corporate Governance

### 1. Company's Philosophy on the Code of Governance :

Fairdeal's philosophy of undertaking business through ethical and fair means has been its foundation. The company's management firmly believes that good corporate governance should be internally driven and not to be looked upon just as an issue of compliance dictated by statutory requirements. Fairdeal's philosophy on corporate governance envisages the attainment of the highest level of transparency, integrity, honesty and accountability in all facets of its operations. We consistently and periodically review our systems and policies in order to establish sound risk management and internal control systems. Rapid problem solving approach and incessant fulfillment of the expectations of shareholders, customers, suppliers, lenders and society as a whole is reflective of eminent Corporate Governance Policies at Fairdeal.

### 2. Board of Directors :

#### • Size of the Board :

The Board of Directors presently consists of 5 Directors. Mr. Manubhai J. Shah has resigned from the directorship w.e.f. 26.03.2014.

#### • Composition of the Board, Details of attendance of each Director at the Board meetings, last Annual General Meeting and number of other directorship(s) and membership(s) and chairmanship(s) of Committee(s) in other Companies of each Director as on March 31, 2014 are as follows:

Category	Name of Directors	Attendance		Other Directorships	Committees in other companies	
		Board Meetings	Last AGM		Member-ships	Chairman-ships
Promoter/Executive Directors	Dhirajlal R. Shah (Managing Director)	6	Yes	11	Nil	Nil
	Arvind R. Shah (Whole-time Director)	6	Yes	3	Nil	Nil
Promoter/Non-Executive Director	Jayantilal R. Shah (Chairman)	6	Yes	2	Nil	Nil
Non-Promoter/Independent/Non-Executive Directors	Manubhai J. Shah	6	Yes	Nil	Nil	Nil
	Rajendra K. Desai	6	Yes	2	3	2
	Nandish S. Vin	1	Yes	3	Nil	Nil

#### • No. of Board Meetings held during the year along with the dates of the meetings :

Six (6) Board Meetings were held during the financial year 2013-14 and the dates on which meetings were held are as follows: 29th April, 2013, 29th May, 2013, 7th August, 2013, 29th October, 2013, 21st November, 2013 and 13th February, 2014. Last Annual General Meeting of the Company was held on September 30, 2013.

### 3. Audit Committee :

Audit Committee presently consists of three Directors. The composition of Audit Committee and particulars of the meetings attended by the members of the Audit Committee are as follows.

Name of Directors	Category	Position	No. of Meetings Attended
Rajendra K. Desai	Non-Promoter/Independent/ Non-Executive Directors	Chairman	4
Jayantilal R. Shah	Promoter/Non-Executive Director	Member	4
Manubhai J. Shah*	Non-Promoter/Independent/ Non-Executive Directors	Member	4
Nandish S. Vin*	Non-Promoter/Independent/ Non-Executive Directors	Member	NIL

\* During the financial year under review, Shri Manubhai J. Shah had resigned from directorship w.e.f. 26.03.2014. Consequently, he ceased to be a member of Audit Committee w.e.f. 26.03.2014.

Mr. Nandish S. Vin has been appointed by the Board of Directors as a member of the Audit Committee w.e.f. 13.02.2014.

The Company Secretary acts as the Secretary of the Audit Committee. The Committee met on 29th May, 2013, 7th August, 2013, 29th October, 2013 and 13th February, 2014 during the year under review.

Terms of reference of the Audit Committee are broadly as under:

- Reviewing with management the annual financial statements before submission to the Board
  - To review any changes in accounting policies and practices.
  - To review major accounting entries based on exercise of judgment by management.
  - Qualification(s) in draft Audit Report.
  - Compliance with accounting standards.
  - Compliance with stock exchange and legal requirements concerning financial statements.
  - Overseeing the company's financial reporting process and the disclosure of financial information.
  - Reviewing the financial statements to ensure that it is correct, sufficient and credible.
- Reviewing with the management, external and internal auditors, adequacy of internal control and audit functions.
- Reviewing the company's financial and risk management policies.
- To look into the reasons for material defaults, if any, in the payments to shareholders and creditors.

### 4. Nomination and Remuneration Committee :

The Board at its meeting held on May 28, 2014, had renamed the existing Remuneration Committee as "Nomination & Remuneration Committee", in pursuance of section 178 of the Companies Act, 2013.

The broad terms of reference of the Nomination & Remuneration Committee are as under:

- To approve the remuneration package of executive directors from time to time in compliance with the various applicable provisions read with Schedule XIII of the Companies Act, 1956.
- Such other matters as the Board may from time to time request the Nomination & Remuneration Committee to examine, recommend and approve.

The committee presently consists of three Directors. The Company Secretary acts as the Secretary of the Nomination and Remuneration Committee. Composition of the Nomination and Remuneration Committee is as under:

<b>Name of Directors</b>	<b>Category</b>	<b>Position</b>
Rajendra K. Desai	Non-Promoter/Independent/ Non-Executive Directors	Chairman*
Manubhai J. Shah*	Non-Promoter/Independent/ Non-Executive Directors	Chairman
Nandish S. Vin	Non-Promoter/Independent/ Non-Executive Directors	Member
Jayantilal R. Shah*	Promoter/Non-Executive Director	Member

\* During the financial year under review, Shri Manubhai J. Shah had resigned from directorship w.e.f. 26.03.2014. Consequently, Shri Manubhai J. Shah has ceased to be a member of Nomination and Remuneration Committee w.e.f. 26.03.2014.

Mr. Rajendra K. Desai has been appointed as Chairman of the Nomination & Remuneration Committee by the Board of Directors at its meeting held on 28.05.2014.

Mr. Jayantilal R. Shah has been appointed as member of the Nomination & Remuneration Committee by the Board of Directors at its meeting held on 28.05.2014.

The company has no pecuniary relationship or transaction with its non-executive Directors other than payment of sitting fees to them for attending the Board meeting and Committee meeting. No sitting fees are paid to Executive Directors. The remuneration policy of the company is directed towards rewarding performance. The Company has no stock option scheme. Further no commission is paid to any of the Directors.

Total remuneration paid to Managing Director and Whole-time Director of the company during the year ended on 31st March, 2014 is Rs. 60.32 Lacs including sitting fees paid to non-executive Directors.

Shareholding of non-executive Directors as on March 31st, 2014 :

<b>Name of non-executive Director</b>	<b>No. of Shares held</b>	<b>% Shareholding</b>
Jayantilal R. Shah	131887	3.603
Rajendra K. Desai	1200	0.033
Manubhai J. Shah	NIL	NIL
Nandish S. Vin	NIL	NIL

**5. Stakeholder's Relationship Committee :**

The Board at its meeting held on May 28, 2014, has renamed the existing "Shareholders'/Investors' Grievance Committee" as "Stakeholder Relationship Committee" in pursuance of Section 178 of the Companies Act, 2013.

Stakeholder's Relationship Committee consists of three Directors viz. Jayantilal R. Shah, Dhirajlal R. Shah and Arvind R. Shah. The Committee is headed by the Chairman and non-executive Director Shri Jayantilal R. Shah. The Committee meets at frequent intervals to consider and approve security transfers and security transmissions and for redressing other grievances of the security holders. The minutes of the committee meeting are placed at the Board Meeting from time to time. Mr. Jitesh Varkal, Company Secretary of the company is the Compliance Officer. All Investors' complaints like non-receipt of Annual Report, change of address, non-receipt of dividend, revalidation of dividend warrant etc. are attended by Compliance Officer and monitored by the Committee. All requests/complaints were attended promptly and resolved to the satisfaction of the security holders.

**6. General Body Meeting :**

Location and time for last three Annual general Meetings (AGM) were as follows:

Financial Year	Date	Location of the Meeting	Time
2010-11	30.09.2011	3 <sup>rd</sup> Floor, Dawer Chambers, Nr. Sub-Jail, Ring Road, Surat	11.00 A.M.
2011-12	28.09.2012	-----Do-----	11.00 A.M.
2012-13	30.09.2013	-----Do-----	11.00 A.M.

**Special Resolution(s) passed in previous three AGMs :**

No Special Resolution has been passed at the AGM for financial year 2010-11 and 2011-12.

2 (Two) special resolutions had been passed in AGM for financial year 2012-13 held on 30.09.2013 as per following details :

- (1) For re-appointment of Shri Dhirajlal R. Shah as Managing Director of the Company w.e.f. 01.10.2013 to 30.09.2016 upon the terms and conditions and remuneration as set out in the agreement and
- (2) For re-appointment of Shri Arvind R. Shah as Whole-time Director of the company w.e.f. 01.10.2013 to 30.09.2016 upon the terms and conditions and remuneration as set out in the agreement.

No Special Resolution has been passed through postal ballot during last financial year.

None of the business required to be transacted at this AGM is proposed to be passed by postal ballot.

**7. Disclosures :**

- a. During the year, transactions with the related parties have been carried out in accordance with terms approved by Central Govt. under Section 297 of the Companies Act, 1956. Transactions with related parties are carried out at arm's length price and are not prejudicial to the interest of the company. Transactions with related parties during the year under review are disclosed in Note No. 28 to financial statements as required by Accounting Standard 18 issued by Institute of Chartered Accountants of India.
- b. There were no instances of non-compliance on any matters related to the capital markets during last three years.

- c. A qualified Practising Company Secretary carried out a reconciliation of share capital audit on a quarterly basis 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 of the company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

**8. Means of Communication :**

The Quarterly, Half-yearly and Annual results of the company are published in leading newspapers which includes The Economic Times, Navbharat Times and Gujarat Mitra/Gujarat Samachar/Gujarat Guardian and the same is also displayed on the Company's website: [www.shahlon.com](http://www.shahlon.com). The Management's Discussion and Analysis is a part of the Company's Annual Report.

**9. General Shareholder Information :**

**Annual General Meeting :**

**Date and Time :** 30th September, 2014, 11:00 A.M.

**Venue :** 3rd Floor Dawer Chamber, Nr. Sub-Jail, Ring Road, Surat - 395 002

**Financial Calendar :**

The Company follows April - March as its financial year. The results for every quarter beginning from April are declared within 45 days from the end of the quarter except for the last quarter, for which the audited results are declared within 60 days from the end of the financial year as permitted under the listing agreement.

**Date of Book Closure :**

September 17, 2014 to September 30, 2014 (both days inclusive)

**Dividend payment Date :**

On or after September 30, 2014

**Listing on stock exchange :**

Company's equity shares are listed on Bombay Stock Exchange Limited.

**Listing Fees and Custodian Fees :**

The company has paid listing fees for the year 2014-15 to the Bombay Stock Exchange Limited. The company has paid custodial fees for the year 2014-15 to National Securities Depository Limited and Central Depository Services (India) Limited on the basis of number of beneficial accounts maintained by them as on March 31, 2014.

**Stock Code :**

Bombay Stock Exchange Limited, Mumbai (BSE) : Scrip Code- 514474

Demat ISIN Numbers in NSDL & CDSL : INE719D01011

**Market Price Data :**

High, low during each month and trading volumes of the company's equity shares during the last financial year at the Bombay Stock Exchange Limited (BSE) are given below:

Month	High	Low	No. of shares traded during the month
April'2013	18.95	14.10	8,493
May'2013	18.50	15.00	3,788
June'2013	18.40	15.35	9,814
July'2013	18.00	15.85	1,060
August'2013	19.65	15.40	1,473
September'2013	18.70	12.95	5,111
October'2013	16.75	13.18	9,782
November'2013	16.00	13.70	12,742
December'2013	15.87	13.25	8,214
January'2014	19.80	14.50	12,224
February'2014	16.35	15.00	1,790
March'2014	18.00	14.27	7,252

**Registrar and Share Transfer Agent :**
**MCS Limited**

Neelam Apartment, 88, Sampatrao Colony,

Alkapuri, Vadodara- 390 007

Tel No. : 0265 - 2339397 / 2314757

Fax No. : 0265 - 2341639

Email: [mcsltdbaroda@yahoo.com](mailto:mcsltdbaroda@yahoo.com)

**Share Transfer System :**

Share transfer in physical form can be lodged with RTA of the company at the above mentioned address or with the company at the Registered Office. Applications for transfer of shares held in physical form which are received at the Registered Office are forwarded to the Registrar and Share Transfer Agent at above mentioned address. All transfers/transmissions and demat requests are normally processed within 15 days from the date of receipt, if the documents are in order.

Pursuant to Clause 47(c) of the Listing Agreement with stock exchanges, Certificate on half yearly basis have been issued by a Company Secretary in Practice for due compliance of share transfer formalities by the company. Further, a certificate has also been received from a Company Secretary in Practice for timely dematerialization of the shares of the company and for conducting reconciliation of share capital audit on a quarterly basis.

**Categories of Shareholders as on March 31, 2014 :**

Category of Members	Number of shares	% of total shares
Indian Promoters	1702304	46.51
Shareholders holding nominal share capital upto Rs. 1 lakh	974115	26.61
Shareholders holding nominal share capital in excess of Rs. 1 lakh	840944	22.98
Private Bodies Corporate	142677	3.90
<b>TOTAL</b>	<b>3660040</b>	<b>100.00</b>



**Distribution of shareholding as on March 31, 2014 :**

Shareholding of Nominal value of Rs.	Shareholders		Shareholding	
	Number of Shareholders	%	Number of Shares	%
Up to 5000	3389	91.10	489392	13.37
5001 - 10000	138	3.71	113335	3.10
10001 - 20000	67	1.80	102064	2.79
20001 - 30000	39	1.05	101373	2.77
30001 - 40000	18	0.48	61213	1.67
40001 - 50000	12	0.32	55440	1.51
50001 - 100000	23	0.62	174374	4.76
100001 & above	34	0.92	2562849	70.03
<b>Total</b>	<b>3720</b>	<b>100.00</b>	<b>3660040</b>	<b>100.00</b>

**Dematerialization of shares :**

82.32 % of company's paid-up equity share capital i.e. 3013003 shares have been dematerialized upto 31.03.2014. Trading in Equity shares of the company is permitted only in dematerialized form as per notification issued by the Securities and Exchange Board of India (SEBI).

**Outstanding GDR/ADR/Warrants or any convertible instruments :**

The company has not issued any GDR/ADR/Warrants or any convertible instruments till date.

**Plant Locations :**

Mota Borsara, Kim,  
Tal.: Mangrol, Dist.: Surat

Limodra Patia, Karanj,  
Tal.: Mandvi, Dist.: Surat

**Address for investor correspondence :**

For dematerialization of shares, share transfers, share transmissions, change of address, non-receipt of dividend / annual report or any other query relating to shares may be addressed to :

**MCS Limited**

Neelam Apartment,  
88, Sampatrao Colony,  
Alkapuri, Vadodara-390 007.  
Tel No. : (0265) 2339397 / 2314757  
Fax No. : (0265) 2341639  
E-mail : mcsLtdbaroda@yahoo.com

**Secretarial Department**
**Fairdeal Filaments Limited**

3<sup>rd</sup> Floor, Dawer Chambers,  
Nr. Sub-Jail, Ring Road, Surat-395 002.  
Phone No. : (0261) 3090200, 2635541-42  
Fax No. : (0261) 2635550  
E-mail : companysecretary@cs.shahlon.com

## Management Discussion and Analysis

### Industry structure and developments :

The textile industry was the pioneer of industrialization in India. The Indian Textiles Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Indian Textile Industry largely depends on textile manufacturing and export. India earns about 27% of its total foreign exchange through textile exports. Further, it contributes about 14 percent to industrial production, 4 percent to the country's GDP. The textile sector is the second largest provider of employment after agriculture. Indian Textile Industry generates employment for more than 35 million people. Thus, the growth and all round development of this industry has a direct bearing on the improvement of economy of the nation.

In recent past an attempt has been made to effect the correction in the anomalous duty structure by providing level playing field to all segments of the industry. The rationalization of the fiscal duty structure would strengthen the organized sector particularly the composite sector which has intrinsic strength in terms of economies of scale, higher productivity, superior technology, integrated working and skilled workforce and has the capability to produce the superior quality goods. In the competitive global scenario the resurrection of composite sector is of utmost importance if India has to emerge as a major player in the global textile market. Concentrated, coordinated and focused approach for integration and modernization is the need of the hour.

The sharp increase in production of polyester fibre and yarn has made India emerge as the 5th largest producer of man-made fibre/filament yarn in the world. The Man-made Fibre Textile industry in India is vibrant and growing. It boasts of nearly self sufficient raw material production base and produces a wide range of textiles. India has emerged as one of the world's leading manufacturer of man-made textiles, capable of supplying a wide range of textiles to the domestic and global markets. The fibres and filament yarns produced in India are comparable to the best in the world. Large investments have also been made in the spinning sector, which has led to the production of superior quality spun yarn. The modernization of fabric production is also petering down to the weaving and processing sectors and this in turn has resulted in international quality fabrics.

### Opportunities, threats and outlook :

Limited availability and higher prices of the synthetic fibres and filament in the domestic market are primarily due to lack of competition or oligopolistic market structure of the product in the country. There is an immense scope for price reduction and raising supply of man made fibres/filament yarn through enhancing competition and curbing monopolistic practices by allowing more firms to produce these products or directly involve in production related activities or curbing the share of single unit etc. Therefore, the government can take some measures for expansion of domestic capacity for production of man-made fibres.

In a world that is fast losing its traditional boundaries and borders are becoming invisible, there is need to bring about technological improvements, structural changes, liberalization from controls and regulations, increased productivities of labour and machine and reliable quality assurance systems. If there is insecurity inherent in the global economy, there is also opportunity—opening up vast markets to Indian textiles and Indian clothing that were earlier closed or regulated and Indian textile industry is ready to take up this opportunity of free trade and secure its well deserved position in the international textile arena.

Polyester consumption is growing faster than that of any other fibre. There are large pockets of population that have low consumption like the Indian sub-continent and Africa. While the global per capita demand for all fibres stands at 11 kgs., with China at 16 kgs. and USA at 38 kgs., India is still less than 5 kgs. and Africa is at less than 4 kgs. These regions contribute to nearly half of the world population and are witnessing increase in disposable income with overall economic prosperity. Historically it is seen that rising per capita income and industrialization has increased textile consumption for both apparel and non-apparel application. Due to inherent constraints in the growth of cotton, polyester is likely to capture the maximum share of future growth.

We are self dependent on account of PTA/ MEG, Paraxylene requirement for polyester production while as China has to remain dependent for import of this material around 40% of total consumption.

Competition from other developing countries, especially China having large economies of scale of production is growing by leaps and bounds. Continuous Quality Improvement with shift in the modern technology is need of the hour as there are different demand patterns all over the world.

**Risk and concerns :**

Fairdeal is engaged in manufacture of texturised, twisted and sized yarn and weaving on water-jet looms. The basic raw material for manufacturing company's product is POY, FDY, PFY etc. The company procures basic raw material from big Spinners who controls the downstream textile industry. Currency appreciation may affect textile exports from the country.

Recently, big spinners in the country are ramping up their manufacturing capacities to tap the huge export opportunities offered by quota free world. The increase in capacity of spinners will provide better opportunity for procuring basic raw materials at competitive prices. Reliance Industries Ltd. is the lowest cost producer of polyester textiles in the world.

**Internal Control System and their adequacy :**

Your company is conscious about the need to line up modern management practices. The company has successfully running RAMCO ERP software. The company has an internal control system commensurate with its size and nature of its business which covers areas such as optimum utilization of resources, accurate and prompt recording of transactions, safeguarding of assets, adherence to applicable accounting standards and policies, review of IT and other systems, compliance with prevalent statutes, management policies and procedures.

**Financial Performance :**

Your Company has achieved turnover of Rs. 16681.44 lacs during the year under review as compared to Rs. 15754.33 lacs for the previous year, thereby registering growth of 5.88% over the previous year.

Earnings before Interest, Depreciation and Tax (EBIDTA), during the year under review are Rs. 832.47 lacs as compared to Rs. 843.63 lacs for the previous year. Profit before tax for the financial year under review has accelerated by 9.53% to Rs. 176.33 during the year under review from Rs. 160.98 lacs for the previous year. Your Company has achieved Net Profit after tax of Rs. 109.39 lacs, an increase by 33.40% from Rs. 82.00 lacs during the previous year.

**Human Resource Development/Industrial Relations :**

Fairdeal considers its employees as the most valuable assets of the company. Fairdeal focuses on attracting talent, retaining talent and developing talent for enhancing business performance. Industrial relations have continued to be cordial at all levels of the organization during the year under review.

**Forward Looking Statement – Cautionary Statement :**

Certain statement made in the Management Discussion and Analysis Report relating to the Company's objectives, projections, outlook, expectations etc. are "forward looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results may differ from those expressed or implied, depending upon economic conditions affecting demand/supply and price levels in the market, Government policies and other incidental or related factors.

### **Auditors' Certificate on Compliance of Corporate Governance**

To,  
The Members of  
**Fairdeal Filaments Limited,**  
Surat.

We have examined the compliance of conditions of Corporate Governance by FAIRDEAL FILAMENTS LIMITED ("The Company") for the year ended on 31st March 2014, as stipulated in Clause 49 of the Listing Agreement entered into with the Bombay Stock Exchange.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. We have conducted our review on the basis of the relevant records and documents furnished to us for the review and the information and explanations given to us by the Company.

Based on such a review and to the best of our information and according to the explanations given to us, in our opinion, the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the said Listing Agreement.

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

For and on behalf of,  
**NATVARLAL VEPARI & CO.**  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 123626W

**Place :** Surat  
**Date :** 28<sup>th</sup> May, 2014

**Ravindra Vepari**  
Partner  
Membership No. : 006728

## AUDITORS' REPORT

To,  
The Members of  
**FAIRDEAL FILAMENTS LIMITED,**  
Surat.

### Report on the Financial Statements

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

### Management'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. 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. 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 Profit and Loss Account, the profit for the year ended on that date;
- b) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014; 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 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:
- a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. 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.
  - c. 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.
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

*Forming an Opinion and Reporting on Financial Statements*

**For, NATVARLAL VEPARI & CO.**  
CHARTERED ACCOUNTANTS  
**Firm Reg. No. 123626W**

**Ravindra Vepari**

Partner

Membership No. : 006728

**Place :** Surat

**Date :** 28<sup>th</sup> May, 2014

## ANNEXURE TO THE AUDITOR'S REPORT

(Statement referred to in Paragraph 3 of the Auditors' Report of even date to the Members of Fairdeal Filaments Limited Surat. on the Accounts for the year ended March 31, 2014)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) We are informed that the physical verification of the fixed assets has been carried out by the management at reasonable intervals and no material discrepancies were noticed on such physical verification;
- (c) In our opinion and according to the information and explanations given to us, the Company has not disposed off a substantial part of its fixed assets during the year that would affect the going concern status of the Company.
- (ii) (a) The inventories have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable;
- (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of Inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business;
- (c) The Company has maintained proper records of inventories. As explained to us, there was no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (iii) As per the information and explanations given to us and the records produced to us for our verification, The Company has not taken or granted secured or unsecured loan from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraph 4(iii) (e), (f) and (g) of the Order, are not applicable.
- (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 with regards to the purchases of inventory and fixed assets and also for the sale of goods and services. During the course of our audit, we have not come across any major weaknesses in the internal control system of the Company.
- (v) (a) According to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements, that need to be entered in the register maintained under section 301 of the Companies Act, 1956 have been so entered;
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant times.
- (vi) The Company has not accepted deposits from the public within the meaning of Sections 58A, 58AA of the Companies Act, 1956 and the Rules framed there-under. Therefore, the provisions of Clause 4(vi) of the Order are not applicable.
- (vii) On the basis of the internal audit report broadly reviewed by us, we are of the opinion that, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules made by the Central Government for the maintenance of Cost Records under Section 209(1) (d) of the Companies Act, 1956, and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate.



- (ix) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-Tax, Sales-Tax, VAT, Wealth-Tax, Service-Tax, Customs Duty, Excise Duty, Cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanation given to us, no disputed amounts payable, in respect of income tax, sales tax, custom duty, excise duty and cess, were in arrears, as at March 31, 2014 for a period for more than six months from the date they become payable.
- (x) The Company does not have any accumulated losses at the end of the financial year March 31, 2014. Further, the Company has not incurred cash losses during the financial year ended March, 31, 2014 and in the immediately preceding financial year.
- (xi) On the basis of the records examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions. The Company has not issued debentures during the year.
- (xii) According to the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities, accordingly paragraph 4(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us, the Company is not a chit fund or a nidhi/ mutual benefit fund/ society, accordingly paragraph 4 (xiii) of the Order is not applicable.
- (xiv) According to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures and other investments, accordingly paragraph 4(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given by the management, no guarantee has been given by the Company during the year.
- (xvi) In our opinion and according to the information and explanations given to us, no additional term loans availed by the Company during the year.
- (xvii) As per the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds relating to long term basis to short term basis and as explained they have been deployed to fund core working capital.
- (xviii) The Company has not made any preferential allotment of shares to companies/firms/parties covered in the Register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by public issue during the year.
- (xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by the Management.

**For, NATVARLAL VEPARI & CO.**  
CHARTERED ACCOUNTANTS  
Firm Reg. No. 123626W

**Ravindra Vepari**  
Partner

Membership No. : 006728

Place : Surat  
Date : 28<sup>th</sup> May, 2014

**BALANCE SHEET AS AT 31ST MARCH, 2014**

PARTICULARS	Note	As at 31-Mar-14	As at 31-Mar-13	
<b>EQUITY AND LIABILITIES</b>				(₹ in Lacs)
<b>1 Shareholders' Funds</b>				
a. Share Capital	1	366.00	366.00	
b. Reserves & Surplus	2	<u>812.96</u>	<u>769.13</u>	1,135.14
<b>Share Application Pending Allotment</b>		-	-	
<b>2 Non - Current Liabilities</b>				
a. Long Term Borrowing	3	1,441.97	1,488.26	
b. Deferred Tax Liability (Net)	4	<u>104.27</u>	<u>122.39</u>	1,610.65
<b>3 Current Liabilities</b>				
a. Short Term Borrowing	5	2,779.22	2,458.07	
b. Trade Payables	6	1,409.42	220.81	
c. Other Current Liabilities	7	397.40	733.06	
d. Short Term Provisions	8	<u>122.67</u>	<u>84.38</u>	3,496.33
<b>TOTAL</b>		<u><u>7,433.92</u></u>	<u><u>6,242.13</u></u>	
<b>ASSETS</b>				
<b>4 Non Current Assets</b>				
a. Fixed Assets	9			
i. Tangible Asset		1,395.69	1,577.42	
ii. Intangible Asset		-	-	
iii. Capital Work in Progress		<u>0.20</u>	<u>0.00</u>	
		1,395.89	1,577.42	
b. Non Current Investments (Non- Trade)	10	208.45	208.45	
c. Long Term Loan and advances	11	<u>177.27</u>	<u>173.16</u>	1,959.03
<b>5 Current Assets</b>				
a. Inventories	12	765.33	731.52	
b. Trade Receivables	13	4,641.51	3,305.08	
c. Cash and Bank Balance	14	19.38	17.39	
d. Other Bank Balance	15	14.16	14.57	
e. Short Term Loans and Advances	16	<u>211.92</u>	<u>214.53</u>	4,283.10
<b>TOTAL</b>		<u><u>7,433.92</u></u>	<u><u>6,242.13</u></u>	
<b>Significant Accounting Policies</b>				
<b>Notes to Financial Statements</b>	1 to 32			

**For, NATVARLAL VEPARI & CO.**

CHARTERED ACCOUNTANTS

Firm Reg. No. 123626W

For and on behalf of the Board,

**R. N. Vepari**  
Partner

**Prachi V. Shukla**  
Company Secretary

**D. R. Shah**  
Managing Director

**A. R. Shah**  
Whole-time Director

Membership No. : 6728

SURAT, Date : 28.05.2014

SURAT, Date : 28.05.2014

**PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2014**

PARTICULARS	Note	As at 31-Mar-14	As at 31-Mar-13
(₹ in Lacs)			
<b>INCOME :</b>			
Revenue from Operations	17	16,674.92	15,746.29
Other Revenues	18	6.53	8.04
<b>Total Revenue</b>		<b>16,681.44</b>	<b>15,754.33</b>
<b>EXPENDITURE :</b>			
Cost of Material Consumed	19	5,940.44	5,269.67
Purchases of Stock in Trade		8,263.25	7,925.32
Changes in Inventories of Finished Goods, Stock in Process and Stock in Trade	20	(13.13)	123.69
Employee Benefits Expense	21	517.27	490.85
Finance Costs	22	435.78	437.13
Depreciation and Amortisation Expense	23	220.36	245.52
Other Expenses	24	1,141.15	1,101.16
<b>Total Expenses</b>		<b>16,505.11</b>	<b>15,593.34</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>176.33</b>	<b>160.99</b>
<b>Tax Expense :</b>			
a. Current tax		84.11	56.61
b. Deferred Tax		(18.12)	5.57
		<b>65.99</b>	<b>62.18</b>
<b>Profit after tax adjustment</b>		<b>110.34</b>	<b>98.81</b>
Excess/(Short) provision for taxation in earlier year		(0.95)	(16.80)
<b>Profit after Tax</b>		<b>109.39</b>	<b>82.01</b>
<b>Profit for the Period</b>		<b>109.39</b>	<b>82.01</b>
<b>Earning per Equity Share of face value of Rs.10/- each :</b>			
1. Basic		2.99	2.24
2. Diluted		2.99	2.24
<b>Significant Accounting Policies</b>			
<b>Notes to Financial Statements</b>	1 to 32		

For, NATVARLAL VEPARI &amp; CO.

CHARTERED ACCOUNTANTS

Firm Reg. No. 123626W

For and on behalf of the Board,

R. N. Vepari  
Partner

Prachi V. Shukla  
Company Secretary

D. R. Shah  
Managing Director

A. R. Shah  
Whole-time Director

Membership No. : 6728

SURAT, Date : 28.05.2014

SURAT, Date : 28.05.2014

**CASH FLOW STATEMENT ANNEXED TO THE BALANCE SHEET FOR THE YEAR ENDED 31st MARCH, 2014**

PARTICULARS	2013-2014	2012-2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		(₹ in Lacs)
Net profit before Tax and Extraordinary Items	176.33	160.99
Adjusted For :		
Depreciation	220.36	245.52
Interest Paid	435.78	437.13
Extra ordinary item (loss on sale of assets/ earlier year taxes)	(1.11)	48.16
<b>Operating Profit before Working Capital Charges</b>	<b>831.36</b>	<b>891.80</b>
Adjusted For :		
Trade and other receivable	(1,333.81)	(403.49)
Inventories	(33.81)	109.54
Trade & Other Payables	987.41	223.38
<b>Cash Generated From Operations</b>	<b>451.15</b>	<b>821.23</b>
Interest Paid	(395.14)	(377.00)
<b>Cash flow before Extraordinary items</b>	<b>56.01</b>	<b>444.23</b>
Current tax	(84.11)	(56.61)
<b>Net Cash from operating Activities</b>	<b>(28.10)</b>	<b>387.62</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(52.37)	(203.88)
Sales of Fixed Assets	1.64	(56.90)
(Purchase)/Sale of Investments	-	(115.15)
Movement in Loans & Advances	(4.11)	(19.13)
<b>Net Cash used in Investing Activities</b>	<b>(54.84)</b>	<b>(395.05)</b>
<b>C. CASH FLOW FROM FINANCIAL ACTIVITIES</b>		
Loan repayment	(252.11)	(268.42)
Repayments of Finance / Lease / Liabilities (Net)	-	-
Other Loan	109.65	341.80
Short Term Borrowings (Net)	321.14	47.27
Interest Paid on Term Loan	(40.64)	(60.13)
Dividend paid (Including Dividend Tax)	(53.53)	(53.17)
<b>Net Cash used in Financial Activities</b>	<b>84.52</b>	<b>7.36</b>
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS (A) + (B) + (C)</b>	<b>1.58</b>	<b>(0.07)</b>
Opening Cash and Cash Equivalents	31.96	32.03
Closing Cash and Cash Equivalents	33.54	31.96

As per our attached report of even date

For and on behalf of the Board,

**For, NATVARLAL VEPARI & CO.**

CHARTERED ACCOUNTANTS

Firm Reg. No. 123626W

**R. N. Vepari**  
Partner

**Prachi V. Shukla**  
Company Secretary

**D. R. Shah**  
Managing Director

**A. R. Shah**  
Whole-time Director

Membership No. : 6728

SURAT, Date : 28.05.2014

SURAT, Date : 28.05.2014

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2014**

PARTICULARS	As at 31-Mar-14	As at 31-Mar-13
<b>1 SHARE CAPITAL</b>		(₹ in Lacs)
<b>AUTHORISED :</b>		
55,00,000 (55,00,000) Equity Share of Rs. 10/- each	<b>550.00</b>	550.00
<b>ISSUED, SUBSCRIBED &amp; PAID UP :</b>		
3660040 (Previous year 3660040) Equity Shares of Rs. 10/- each fully paid up	<b>366.00</b>	366.00
<b>1.1 The reconciliation of the number of shares outstanding is set out below:</b>		
Equity Shares outstanding at the beginning of the year	<b>36.60</b>	36.60
Equity Shares Issued during the year	-	-
Equity Shares bought back during the year	-	-
Any other movement (please specify)	-	-
Equity Shares outstanding at the end of the year	<b>36.60</b>	36.60
<b>1.2 The details of Shareholders holding more than 5% shares</b>	<b>No. of Shares % held</b>	<b>No. of Shares % held</b>
<b>Name of the Shareholders</b>		
Mahesh Khetshi Gosrani	<b>384000 10.49</b>	384000 10.49
Arvind Raichand Shah	<b>223632 6.11</b>	223632 6.11
Sanket Finance & Leasing Pvt. Ltd.	<b>216000 5.90</b>	216000 5.90
<b>2 RESERVES AND SURPLUS</b>		
<b>Capital Reserve</b>		
As per Last Balance Sheet	<b>69.97</b>	69.97
<b>Security Premium Reserve</b>		
As per Last Balance Sheet	<b>108.27</b>	108.27
<b>Profit &amp; Loss Account</b>		
As per Last Balance Sheet	<b>404.47</b>	377.74
Add : Profit for the year	<b>109.39</b>	82.01
	<b>513.86</b>	459.74
Less : Appropriations		
Transferred to General Reserve	<b>2.80</b>	2.10
Proposed Dividend on Equity Shares	<b>45.75</b>	45.75
Tax on Dividend	<b>7.78</b>	7.42
	<b>457.54</b>	404.47
<b>Revaluation Reserve</b>		
As Per Last Balance Sheet	<b>165.83</b>	182.51
Less : Transferred to Profit and Loss Account	<b>12.04</b>	16.68
	<b>153.79</b>	165.83
<b>General Reserve</b>		
As Per Last Balance Sheet	<b>20.60</b>	18.50
Add : Transferred from Profit & Loss Account	<b>2.80</b>	2.10
	<b>23.40</b>	20.60
<b>TOTAL</b>	<b>812.96</b>	769.13

PARTICULARS	As at 31-Mar-14		As at 31-Mar-13	
	(₹ in Lacs)			
3 LONG TERM BORROWING	Non Current	Current *	Non Current	Current *
Secured				
a. Term Loan				
Bank of Baroda (Refer Note no. 3.1.a)	101.63	140.60	246.08	140.60
BMW India Financial Services Pvt. Ltd. (Refer Note no. 3.1.b)	-	-	0.00	10.61
Bank of Baroda - Vehicle Loan (Refer Note no. 3.1.c)	1.74	1.20	2.92	1.20
Kotak Mahindra Prime Pvt. Ltd. (Refer Note no. 3.1.b)	32.51	40.70		
b. Corporate Loan				
From Bank of Baroda (Refer Note no. 3.1.a)	-	41.74	42.81	168.00
	135.87	224.24	291.81	320.41
Unsecured				
a. Inter Corporate Deposit from Company	1272.10	-	1,162.45	-
b. LIC of India	34.00	-	34.00	-
	1306.10	-	1,196.45	-
TOTAL	1441.97	224.24	1,488.26	320.41

3.1 Security details for secured loan

a. Secured by hypothecation of raw materials, stock-in-process, finished goods, book-debts, plant and machinery and equitable mortgage of factory, land and building situated at Village : Karanj, Taluka : Mandvi, Dist.: Surat and Village : Mota Borasara, Taluka : Mangrol, Dist.:Surat. Facility is further secured by equitable mortgage of office premises third floor, Dawer Chambers, Ring Road, Surat and Hypothecation of Windmill situated at Village : Suthari, Taluka : Abdasa, Dist.: Kutch

b. Secured against hypothecation of Car

c. Secured against hypothecation of vehicle

\* Refer Note 7 for Current maturities of Long-term debt

4 DEFERRED TAX LIABILITY (NET)				
Deferred Tax Asset				
a. Unabsorbed Depreciation	-		-	
b. Disallowance under Income Tax	-		-	
c. Provision for Bonus	1.35		1.24	
d. Provision for Leave	1.40	2.75	1.22	2.45
Deferred Tax Liability				
a. Block of Assets		107.02		124.85
TOTAL		104.27		122.39

PARTICULARS	As at 31-Mar-14	As at 31-Mar-13
(₹ in Lacs)		
<b>5 SHORT TERM BORROWING</b>		
<b>Secured</b>		
a. Working Capital Loans From Banks		
Rupee Loan (Refer Note no. 5.1)	<u>2,518.18</u>	<u>2,161.09</u>
<b>Unsecured</b>		
b. Short Term Loan from ICICI Bank Ltd. (Under Channel Financing)	<u>261.04</u>	<u>296.98</u>
<b>TOTAL</b>	<u><u>2,779.22</u></u>	<u><u>2,458.07</u></u>
<b>5.1 Security details for secured loan</b>		
Secured by hypothecation of raw materials, stock-in-process, finished goods, book-debts, plant and machinery and equitable mortgage of factory, land and building situated at Village : Karanj, Taluka : Mandvi, Dist.: Surat and Village : Mota Borasara, Taluka : Mangrol, Dist.:Surat. Facility is further secured by equitable mortgage of office premises third floor, Dawer Chambers, Ring Road, Surat and Hypothecation of Windmill situated at Village : Suthari, Taluka : Abdasa, Dist.: Kutch		
<b>6 TRADE PAYABLES</b>		
a. For goods & other purchases	<u>1368.53</u>	<u>174.59</u>
b. For expenses	<u>40.89</u>	<u>46.23</u>
<b>TOTAL</b>	<u><u>1409.42</u></u>	<u><u>220.81</u></u>
<b>7 OTHER CURRENT LIABILITIES</b>		
Current Maturities of long term debts (Refer Note 3)	<u>224.24</u>	<u>320.41</u>
Interest accrued but not due on borrowings	<u>1.52</u>	<u>0.55</u>
Unclaimed Dividend	<u>13.92</u>	<u>13.16</u>
Employees benefits payables	<u>35.44</u>	<u>35.86</u>
Advance from Customers	<u>31.12</u>	<u>286.46</u>
Expenses Payable	<u>57.69</u>	<u>62.57</u>
Duties & Taxes	<u>33.47</u>	<u>14.06</u>
<b>TOTAL</b>	<u><u>397.40</u></u>	<u><u>733.06</u></u>
<b>8 SHORT TERM PROVISIONS</b>		
Provision for Taxation (Net of Advance Taxation)	<u>60.67</u>	<u>23.27</u>
Proposed dividend	<u>45.75</u>	<u>45.75</u>
Tax on Dividend	<u>7.78</u>	<u>7.42</u>
Provision for earned Leave	<u>4.31</u>	<u>3.93</u>
Provision for earned Bonus	<u>4.17</u>	<u>4.00</u>
<b>TOTAL</b>	<u><u>122.67</u></u>	<u><u>84.38</u></u>



**9. DEPRECIATION CHART FOR THE YEAR ENDED MARCH 31, 2014**

Sr. No.	Particulars	Gross Block				Depreciation			Net Block	
		As on 01.4.2013	Addition 2013-14	Deletion 2013-14	As on 31.3.2014	Up To 31.3.2013	For the Year 2013-14	On Deletion 2013-14	As on 31.3.2014	As on 31.3.2013
1	LAND	143.13	-	-	143.13	-	-	-	143.13	143.13
2	FACTORY BUILDING	423.50	-	-	423.50	137.27	14.08	-	272.15	286.24
3	PLANT AND MACHINERY	1,354.75	18.31	-	1,373.06	862.02	97.57	-	413.47	492.73
4	OFFICE EQUIPMENT	38.61	2.08	0.27	40.43	19.55	2.62	0.06	18.32	19.07
5	COMPUTER	106.40	2.46	-	108.86	86.52	10.63	-	11.71	19.88
6	VEHICLES	92.39	5.53	4.47	93.45	49.54	8.67	3.18	38.43	42.85
7	FURNITURES & FIXTURE	32.95	0.68	-	33.62	26.15	1.05	-	6.42	6.79
8	BEAM PIPE	32.75	9.83	-	42.58	25.22	12.68	-	4.68	7.53
9	OFFICE BUILDING	15.03	-	-	15.03	4.27	0.24	-	10.52	10.76
10	ELECTRICAL INSTALLATION	2.19	-	-	2.19	1.27	0.10	-	0.82	0.92
11	PLANT & MACHINERY UNDER TUF	1,130.43	13.29	-	1,143.72	719.60	63.80	-	360.32	410.83
12	WIND MILL	372.68	-	-	372.68	235.99	20.95	-	115.74	136.69
	TOTAL	3,744.81	52.17	4.74	3,792.24	2,167.39	232.41	3.25	1,395.69	1,577.42
	Previous Year	3,619.28	203.88	78.35	3,744.81	1,977.30	262.20	72.11	1,577.42	1,641.98

Depreciation on revalued portion of Fixed Asset calculated on written down method over balance useful life of assets, is transferred from revaluation reserve to the profit & loss Amounting to Rs. 12.04 Lacs (PY - 16.68 Lacs)

PARTICULARS	As at 31-Mar-14	As at 31-Mar-13
		(₹ in Lacs)
<b>10 NON CURRENT INVESTMENTS</b>		
<b>"In Equity Shares of Associate Companies-Unquoted fully paid up (Valued at cost)"</b>		
224000 (224000) Shares of Shahlon Industrial Infrastructure Pvt.Ltd.	22.40	22.40
880733 (880733) Share of Fairdeal Textiles Park Pvt.Ltd.	186.05	186.05
<b>TOTAL</b>	<b>208.45</b>	<b>208.45</b>
<b>11 LONG TERM LOANS &amp; ADVANCES (Unsecured and Considered Good)</b>		
Keyman Insurance Premium	124.37	120.37
Utility Deposits	51.75	52.12
Pre-paid Expenses	1.15	0.67
<b>TOTAL</b>	<b>177.27</b>	<b>173.16</b>
<b>12 INVENTORIES</b>		
Raw Materials	256.02	218.85
Stock in Process	83.13	113.36
Finished Goods	357.71	287.66
Traded Goods	2.23	28.92
Consumable stores, etc.	66.25	82.74
<b>TOTAL</b>	<b>765.33</b>	<b>731.52</b>
<b>13 TRADE RECEIVABLES (Unsecured and Considered Good)</b>		
Outstanding for more than six months	135.81	135.12
Other debts	4505.71	3,169.96
<b>TOTAL</b>	<b>4641.51</b>	<b>3,305.08</b>
<b>14 CASH AND BANK BALANCE</b>		
Cash in hand	3.91	2.93
Balance with Banks		
Current Account	1.55	1.30
Unpaid Dividend	13.92	13.16
<b>TOTAL</b>	<b>19.38</b>	<b>17.39</b>
<b>15 Other Bank Balance</b>		
Fixed Deposit with Bank	14.16	14.57
<b>TOTAL</b>	<b>14.16</b>	<b>14.57</b>

PARTICULARS	As at 31-Mar-14	As at 31-Mar-13
(₹ in Lacs)		
<b>16 SHORT TERM LOANS &amp; ADVANCES</b>		
<b>(Unsecured and Considered Good)</b>		
Balance with Revenue Authorities	78.71	87.79
Interest subsidy under TUF receivable (Refer Note 16.1)	88.14	88.14
Advance recoverable in cash or in kind or for value to be received	34.83	25.06
Others	10.24	13.55
<b>TOTAL</b>	<b>211.92</b>	<b>214.53</b>
16.1 Interest subsidy claim of Rs. 187.87 lacs has been submitted to Ministry of Textile through bank whereas providing for accruals of subsidy has been stopped since last three years as there is lacking reasonable certainty of claim process.		
<b>17 REVENUE FROM OPERATIONS</b>		
Sales	17,054.62	15,966.94
Add : Job charges	89.40	172.16
Less : Excise Duty	27.52	42.75
Less : Value Added Tax	605.78	638.98
<b>Net Sales</b>	<b>16510.73</b>	<b>15457.38</b>
Commission Income (Net)	84.95	125.60
Duty Draw Back/ DFIC/DEPB License	53.68	48.73
Profit/(Loss) from Currency Swap/Option Contract/Exchange variance	2.62	31.11
Other Operating Income	20.63	11.74
Loss /(Profit) on sale of assets / Investment	0.16	64.96
Sundry Balances written off	2.16	6.77
<b>TOTAL</b>	<b>16,674.92</b>	<b>15746.29</b>
<b>18 OTHER REVENUES</b>		
Interest	6.53	8.04
<b>TOTAL</b>	<b>6.53</b>	<b>8.04</b>
<b>19 CONSUMPTION OF RAW MATERIALS</b>	<b>% of Consumption</b>	<b>% of Consumption</b>
	<b>Rs. In Lacs</b>	<b>Rs. In Lacs</b>
Imported	0%	-
Indigenous	100%	5,269.67
<b>TOTAL</b>	<b>100%</b>	<b>5,269.67</b>
<b>19.1 Changes in Raw Material</b>		
Opening Stock	218.85	220.86
Purchases Indigenous	5977.61	5267.66
	6196.46	5488.52
Less: Closing Stock	256.02	218.85
<b>TOTAL</b>	<b>5940.44</b>	<b>5269.67</b>
<b>19.2 Particulars of Material Consumed</b>		
Yarn	5940.44	5,269.67

PARTICULARS	As at 31-Mar-14		As at 31-Mar-13	
(₹ in Lacs)				
<b>20 CHANGES IN FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN- TRADE</b>				
Opening Stock				
Finished Goods/Stock-in-Trade	316.58		423.40	
Stock-in-Process	<u>113.36</u>	<u>429.94</u>	<u>130.23</u>	553.63
Less :				
Closing Stock				
Finished Goods/Stock-in-Trade	359.94		316.58	
Stock-in-Process	<u>83.13</u>	<u>443.06</u>	<u>113.36</u>	<u>429.94</u>
<b>TOTAL</b>		<u><u>(13.13)</u></u>		<u><u>123.69</u></u>
<b>21 EMPLOYEE BENEFITS EXPENSE</b>				
Salary, Wages, Bonus & Benefits		491.99		464.00
Contribution to Provident fund & expenses		9.42		9.38
Group Gratuity Expenses		3.09		5.70
Staff Welfare Expenses		<u>12.78</u>		<u>11.77</u>
<b>TOTAL</b>		<u><u>517.27</u></u>		<u><u>490.85</u></u>
<b>Gratuity :</b>				
The employee gratuity fund is managed by "Life Insurance Corporation of India". The Present value of obligation is determined based on actuarial valuation. The liability is fully funded.				
<b>a. Amounts recognized in Balance Sheet are as follows :</b>				
A. Present Value of Defined Benefit Obligation				
- Wholly Funded		60.43		54.69
- Wholly Unfunded		<u>-</u>		<u>-</u>
		60.43		54.69
Less : Fair Value of Plan Assets		<u>60.43</u>		<u>54.69</u>
<b>Amount to be recognized as Liability or (Assets)</b>		<u><u>-</u></u>		<u><u>-</u></u>
B. Amount Reflected in Balance Sheet				
- Liability		-		-
<b>b. Amounts recognized in Profit &amp; Loss Account :</b>				
1. Current Service Cost		2.72		5.34
2. Interest Cost		4.72		4.21
3. Expected Return on Plan Assets		4.72		4.21
4. Actuarial Losses/(Gains)		(0.37)		(0.36)
<b>Total included in " Payments to and Provision for Employees"</b>		3.09		5.70

PARTICULARS	As at 31-Mar-14	As at 31-Mar-13
(₹ in Lacs)		
<b>c. <u>Changes in present value of defined benefit obligation representing reconciliation of opening &amp; closing balances thereof are as follows:</u></b>		
Opening Value of present value of defined benefit obligation	54.69	46.73
Add : Current service cost	2.72	5.34
Add : Interest Cost	4.72	4.21
Add : Contribution made	-	-
	<u>62.12</u>	<u>56.28</u>
Less : Benefits paid	1.69	1.59
<b>Closing Value of present value of defined benefit obligation</b>	<u>60.43</u>	<u>54.69</u>
<b>d. <u>Principal Actuarial Assumptions at the Balance Sheet Date (expressed as Weighted Averages)</u></b>		
Discount Rate (p.a.)	8.00%	9.15%
Expected Rate of Return on Assets (p.a.)	8.00%	9.15%
<b>22 FINANCE COST</b>		
Term Loan Interest	40.64	60.13
Interest to Others	24.09	11.20
Working Capital Interest	314.65	312.48
Bill Discount Charges	35.30	37.02
Bank Charges	21.09	16.30
<b>TOTAL</b>	<u>435.78</u>	<u>437.13</u>
<b>23 DEPRECIATION AND AMORTISATION EXPENSE</b>		
Depreciation for the period	232.41	262.20
Less : Depreciation withdrawn from Revaluation Reserve	12.04	16.68
<b>TOTAL</b>	<u>220.36</u>	<u>245.52</u>
<b>24 OTHER EXPENSES</b>		
<b><u>Manufacturing Expenses</u></b>		
Job Charges	6.00	6.23
Leave & Licenses Agreement	0.11	0.01
Lising Charges	4.27	6.44
Power and Fuel	439.11	418.86
Consumption of stores (including Packing and Chemical Materials)	402.62	362.13
Repairs to Machinery	27.29	40.95
Building Repairs	6.87	9.40
Factory Expenses	13.37	12.46
<b><u>Wind Mill Expenses</u></b>		
Lease Rent	0.11	0.03
Insurance Exp.	0.67	0.37
Repairs & Maintenance Charges	9.81	9.71
Sundry Expenses	0.07	10.18
<b>TOTAL</b>	<u>910.30</u>	<u>866.65</u>

PARTICULARS	As at 31-Mar-14	As at 31-Mar-13		
		(₹ in Lacs)		
<b>Administrative &amp; Other Expenses</b>				
Insurance	5.11	5.23		
Printing and Stationary	4.64	4.56		
Postage & Telephone	11.53	9.76		
Electrical Expenses	5.41	5.82		
Tours Travelling & Conveyance	19.52	23.74		
Directors' Remuneration	60.19	60.19		
Director's Fees	0.13	0.09		
Legal and Professional Charges	17.01	24.99		
Audit Fees	3.93	3.37		
Sundry Expenses	4.62	5.62		
Computer Charge	5.50	5.01		
Donation	1.41	0.89		
Repairs & Maint. to Furniture & Office Equip.	2.04	1.88		
Loss /(Profit) on sale of assets / Investment				
<b>TOTAL</b>	<b>141.03</b>	<b>151.16</b>		
<b>Selling &amp; Distribution Expenses</b>				
Brokerage	51.31	56.34		
Advertisement and Sales Promotion	3.93	2.96		
Freight	25.51	20.25		
Bad debts	8.19	2.68		
Vehicle Repairs & Maintenance	0.87	1.13		
	<b>89.81</b>	<b>83.36</b>		
<b>TOTAL</b>	<b>1141.15</b>	<b>1101.16</b>		
<b>24.1 Value of Consumables</b>	<b>Rs. In Lacs</b>	<b>% of Consumption</b>	<b>Rs. In Lacs</b>	<b>% of Consumption</b>
Imported	18.75	4.66%	23.76	6.56%
Indigenous	383.87	95.34%	338.38	93.44%
<b>TOTAL</b>	<b>402.62</b>	<b>100.00%</b>	<b>362.13</b>	<b>100.00%</b>
<b>24.2 Value of Imports on CIF basis in respect of</b>				
Capital goods		-		76.95
<b>24.3 Payment to Auditors as: (Excluding the amount of Service Tax)</b>				
a. As an Auditor	3.50			3.00
(including Tax Audit Fees)				
b. Capacity in respect of :				
i. Company law matter	0.08			0.09
ii. Taxation matter	-			-
iii. Management Services	-			-
iv. In any other manner	0.34			0.34
v. Reimbursement of expenses	-			-
<b>TOTAL</b>	<b>3.92</b>			<b>3.43</b>

PARTICULARS	As at 31-Mar-14	As at 31-Mar-13
		(₹ in Lacs)
<b>24.4 Expenditure in foreign currency (On Payment basis):</b>		
Foreign Travelling Expense	-	2.54
Commission Expense (On Export)	<b>9.87</b>	11.88
<b>TOTAL</b>	<b>9.87</b>	<b>14.42</b>
<b>25 EARNING PER SHARE</b>		
i) Net Profit after tax as per Statement of Profit and Loss attributable to Equity Shareholders	<b>109.39</b>	82.01
ii) Weighted Average number of equity shares used as denominator for calculating EPS	<b>36.60</b>	36.60
iii) Basic Earning per share (Refer Note 25.1)	<b>2.99</b>	2.24
iv) Face Value per equity share	<b>10.00</b>	10.00
<b>25.1</b> There is no diluted equity share of the company.		
<b>26 EARNING IN FOREIGN CURRENCY</b>		
FOB value of Exports	<b>896.70</b>	575.22
<b>27 REMITTANCE IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDEND</b>		
Remittances by the company in foreign currencies for dividends (including amount credited to Non-Resident External Accounts):		
a) No. of Non-resident shareholders	<b>6</b>	6
b) No. of Equity Shares of face value of Rs. 10 each held	<b>124700</b>	124700
c) i) Amount of Dividend Paid (Gross)	<b>1.56</b>	1.56
ii) Year to which dividend relates	<b>2012-13</b>	2011-12

**28 Related parties where common control exist and transactions entered into :**

(₹ in Lacs)

Sr. No.	Name of the Related Party (Relationship)	Nature of Transactions	Amount involved	Balance as on 31.03.14	Amount involved	Balance as on 31.03.13
1	Shahlon Industries Pvt. Ltd. (Common Control of Key Managerial Personnel)	Sales Interest (Income) Job Income Chemical (Income) Yarn Purchase Job charges	356.49 1.27 87.16 14.76 246.62 4.31	NIL	518.86 4.60 113.63 - 121.20 4.94	NIL
2	Shahlon Silk Industries Pvt. Ltd. (Common Control of Key Managerial Personnel)	Sales (Yarn) Interest (Income) Job Income Purchase Job charges	65.59 2.28 0.89 20.43 53.64	NIL	158.36 2.02 58.36 42.21 11.92	NIL
3	Fairdeal Textile Park Pvt. Ltd. (Associates)	Lease Rent Investment	0.11 -	NIL	0.01 113.05	NIL
4	Shahlon Industrial Infrastructure Pvt. Ltd. (Associates)	Power (Expenses)	3.32	NIL	36.84	NIL
5	Shri D. R. Shah (Key Managerial Personnel)	Remuneration	30.09	NIL	30.09	NIL
6	Shri A. R. Shah (Key Managerial Personnel)	Remuneration	30.09	NIL	30.09	NIL



PARTICULARS	As at 31-Mar-14	As at 31-Mar-13
(₹ in Lacs)		
<b>29 CONTINGENT LIABILITIES AND COMMITMENTS</b>		
<b>I) Contingent Liabilities</b>		
Guarantees		
a) Counter guarantees given to banks	<b>2.27</b>	2.27
b) Bank Guarantee provided to DGFT to secure texturising under EPCG Scheme	<b>6.11</b>	6.11
Others		
a) Custom Duty on Capital Goods or Raw Material Imported under Advance Licence/ EPCG Scheme, against which export obligation is to be fulfilled	<b>20.53</b>	25.70
<b>30. Sale /Purchase includes inter-divisional transfer is Nil (Previous Year-Nil)</b>		
<b>31. There are no dues (Previous Year - Nil) from the companies or firms where Directors are Directors/Partners.</b>		
<b>32. Previous year figures have been regrouped/reclassified wherever necessary to correspond with the Current year's Classification/disclosure.</b>		
As per our attached report of even date	For and on behalf of the Board,	
<b>For, NATVARLAL VEPARI &amp; CO.</b>		
CHARTERED ACCOUNTANTS		
Firm Reg. No. 123626W		
<b>R. N. Vepari</b> Partner	<b>Prachi V. Shukla</b> Company Secretary	<b>D. R. Shah</b> Managing Director
<b>A. R. Shah</b> Whole-time Director		
Membership No. : 6728 SURAT, Date : 28.05.2014	SURAT, Date : 28.05.2014	

### Significant Accounting Policies

**(a) Basis of preparation of financial statements :**

- i) The financial statements have been prepared to comply in all material respects with the Notified Accounting Standard by Companies (Accounting Standard) Rules, 2009 (as amended) and the relevant provisions of the Companies Act, 1956.
- ii) The financial statements have been prepared under the historical cost convention on an accrual basis and in accordance with Generally Accepted Accounting Principles except in case of assets for which provision for impairment is made and revaluation is carried out.
- iii) The Accounting policies are consistently applied by the Company.

**(b) Fixed Assets :**

Fixed Assets (except land) are carried at cost of acquisition or construction (net of CENVAT) less accumulated depreciation and impairment losses, if any. All costs including interest and financing cost till the assets put to use are capitalized to the extent they are measurable. Subsequent expenditure incurred on assets put to use is capitalized only where it increases future benefits/functioning capabilities from/of such assets.

**(c) Depreciation :**

- i) Depreciation on all assets is provided on Straight Line Method basis as stipulated in Schedule XIV to the Companies Act, 1956 on pro-rata basis while on the machineries of Karanj unit acquired on or after 01-04-2001 is provided on Written down value as stipulated under Schedule XIV to the Companies Act, 1956 on pro-rata basis.
- ii) Assets individually costing less than Rs. 5000/- are depreciated at 100% over a period of one year from the date of acquisition.
- iii) Depreciation on revalued portion of fixed assets is calculated on Written down method over balance useful life of assets and is transferred from Revaluation Reserve to the Profit and Loss Account.

**(d) Impairment :**

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use.

**(e) Investments :**

All investments are stated at cost of acquisition. No provision is made in respect of diminution in the value of investment, which is temporary in nature.

**(f) Inventories :**

Inventories are valued in accordance with the requirements of the Revised Accounting Standard 2(AS - 2) issued by the Institute of Chartered Accountants of India on valuation of inventories which are as under:

- i) Raw Material, Stock-in-process, Finished Goods and Stock-in-trade are valued at lower of cost or net realisable value.
- ii) Stores, chemicals, fuel and packing materials are valued at cost or Net Realisable Value whichever is lower.

**(g) Borrowing Cost :**

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

**(h) Revenue recognition :**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

**i) Sale of Goods :**

Sale is accounted when goods are supplied and recorded net of trade discount and rebates.

**ii) Late Payment Charges / Discount :**

Late payment charges / discounts are recognized on the ground of prudence as and when recovered.

**(i) Foreign Currency Transactions :****i) The reporting currency of the company is Indian rupees.**

ii) Transactions in foreign currencies are recognized at the prevailing exchange rates on the transaction dates. Realized gain and losses on settlement of foreign currency transactions are recognized in the Profit and Loss Account under the natural revenue heads of accounts.

iii) Foreign currency assets and liabilities at the year end are translated at the year end exchange rates, and the resultant exchange difference is recognized in the Profit and Loss Account.

iv) In case of forward contract, or other financial instruments that are in substance forward exchange contracts, the premium or discounts arising at the inception of the contract is amortize as expense or income over the life of the contract. Gains / (losses) on settlement of the transactions arising on cancellation/renewal of forward exchange contracts are recognized as income or expense.

**(j) Retirement Benefits :****i) Short term Employee Benefits :**

All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, bonus, leave salary, exgratia are recognized in the period in which employee renders the related services.

**ii) Post Employment Plans :**

a) Defined Contribution Plan : Provident fund and pension scheme are the defined contribution plans in the company. The contribution paid /payable under these schemes is recognized during the period in which the employee renders the related services.

b) Defined Benefit Plans : Employee Gratuity fund scheme is the defined benefit plan. The Company makes annual contributions for gratuities to funds administered by trustees and managed by insurance company for amounts notified by the said insurance company. The present value of obligation under such defined benefit plan is determined based on actuarial valuation carried out by an independent actuary.

**(k) Provisions, Contingent Liabilities and Contingent Assets :**

i) Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

ii) Liabilities which are material, and whose future outcome cannot be ascertained with reasonable certainty, are treated as contingent, and disclosed by way of notes to the accounts.

iii) Contingent Assets are neither recognized nor disclosed in the financial statement, Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

**(l) Taxation :**

- i) Income-tax expense comprises current tax/MAT
- ii) In accordance with the Accounting Standard – 22, Accounting for Taxes on Income, issued by the Institute of Chartered Accountants of India ('ICAI'), the Company provides for deferred tax at the year end. Deferred tax resulting from timing differences between taxable income and accounting income for the year and reversal of timing difference of earlier years are recognized at the current rate of tax, to the extent that the timing differences are expected to crystallize.
- iii) Deferred tax asset arising on account of unabsorbed depreciation and other provisions are recognized only when there is a virtual certainty supported by convincing evidence that such assets will be realized.

**(m) Earnings per share :**

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

As per our attached report of even date

For and on behalf of the Board,

**For, NATVARLAL VEPARI & CO.**

CHARTERED ACCOUNTANTS

**Firm Reg. No. 123626W**

**R. N. Vepari**  
Partner

**Prachi V. Shukla**  
Company Secretary

**D. R. Shah**  
Managing Director

**A. R. Shah**  
Whole-time Director

Membership No. : 6728  
SURAT, Date : 28.05.2014

SURAT, Date : 28.05.2014

## ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM

To,  
COMPANY SECRETARY  
**FAIRDEAL FILAMENTS LIMITED**  
3<sup>RD</sup> FLOOR, DAWER CHAMBERS,  
NEAR SUB-JAIL, RING ROAD,  
SURAT – 395002  
Ph.: 0261-3090200

Dear Sir/ Madam,

**RE : Registration for remittance of dividend through electronic mode**

I/We wish to avail ECS facility of the Company for remittance of dividend through electronic mode. Please take on your records my/our following details for the said purpose.

Registered Folio No. : ..... No. of shares : .....

### A. Identity Details (FILL IN CAPITAL LETTERS ONLY)

Name of Sole/Joint Holder(s)	Father's/Husband's Name	Surname of Sole/Joint Holder(s)	Date of Birth

### B. Contact Details

Name of Sole/Joint Holder(s)	E-mail Id	Contact No. (with STD Code)	Registered Address

### C. Permanent Account Number (PAN) (MANDATORY)

Sole/First Holder	Second Holder	Third Holder

**ELECTRONIC CLEARING SERVICE (ECS) DETAILS : (Please fill in Capital Letters only)**

<b>Bank Name</b>																														
<b>Branch Name</b>																														
<b>Branch Code</b>	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table> <p>(9 Digits code number appearing on the MICR Band of the cheque supplied by the Bank)</p> <p><b>Please attach following documents as a mandatory requirement to register/update your ECS details:</b></p> <ol style="list-style-type: none"> <li>1. A cancelled leaf or a xerox copy of a blank cheque of shareholder's bank account duly cancelled for ensuring accuracy of the bank's name, branch name and code number.</li> <li>2. Xerox copy of PAN Card of the shareholder including all the joint holders.</li> </ol>																													
<b>Bank Account No.</b>	<table border="1"> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </table> <p>(As appearing on the cheque book)</p>																													
<b>Type of Account</b>	<table border="1"> <tr> <td>S.B. Account</td> <td>Current Account</td> <td>Cash Credit Account</td> </tr> </table> <p>(Please tick whichever is applicable)</p>															S.B. Account	Current Account	Cash Credit Account												
S.B. Account	Current Account	Cash Credit Account																												

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness in information supplied as above, Fairdeal Filaments Limited will not be held responsible for the same.

I/We further undertake to inform the Company any change in my/our Bank details and Account Number.

<b>Signature(s) as per specimen recorded with Company</b>		
<b>Sole/First Holder</b>	<b>Second Holder</b>	<b>Third Holder</b>

**Place :** \_\_\_\_\_ **Date :** \_\_\_\_\_

**Important Notes :**

1. The Company will register ECS details in its database only if the signatures of the shareholder(s) match with specimen signatures on records of the Company.
2. After ECS registration, dividend, as and when declared by the Company, will be remitted into the bank account as per the details registered with the Folio No. / DP ID & Client ID of the shareholder.
3. Shareholders are requested to keep the Company informed as and when there is any change in bank details registered with the Company.
4. Unless bank details are changed by the shareholder(s) by sending communication in writing, the Company will continue to remit dividend, as and when declared by Company, as per the details registered with the Company.
5. On dematerialization of existing physical shares for which shareholder(s) have availed ECS facility, the bank details are required to be submitted to DP of the shareholder for availing ECS facility.

**INTIMATION FORM FOR CHANGE/CORRECTION IN ADDRESS OF COMMUNICATION**

FOR SHAREHOLDING IN PHYSICAL FORM	FOR SHAREHOLDING IN DEMAT FORM
<b>TO, COMPANY SECRETARY FAIRDEAL FILAMENTS LIMITED 3<sup>RD</sup> FLOOR, DAWER CHAMBERS, NR. SUB-JAIL, RING ROAD, SURAT – 395 002</b>	<b>TO BE SENT TO YOUR DEPOSITORY PARTICIPANT (DP)</b>

Dear Sir/Madam,

**Re. : Change/Correction in address of communication**

Please refer to my/our shareholding in Fairdeal Filaments Limited as per below mentioned details:

**1. No. of equity shares held : .....**

**2. (i) For shareholding in physical form :**

**Registered Folio No. : .....**

**(ii) For shareholding in Demat Form :**

**DP ID : ..... Client ID : .....**

I/We hereby request to change my/our address of communication as per below details, under an intimation to me/us.  
(Please fill in the details in CAPITAL LETTERS ONLY)

Old Address
Flat/Block/House No. : .....
Building/House Name : .....
Landmark Details : .....
Road/Lane/Area Name I : .....
Road/Lane/Area Name II : .....
City : .....
State : .....
PIN Code : .....

### New Address

Flat/Block/House No. : .....

Building/House Name : .....

Landmark Details : .....

Road/Lane/Area Name I : .....

Road/Lane/Area Name II : .....

City : .....

State : .....

PIN Code : .....

I/We hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness in information supplied as above, Fairdeal Filaments Limited will not be held responsible for the same.

I/We further undertake to inform the Company any change in my address of communication.

Thanking You,

	Name	Signature
<b>Sole/First Holder</b>		
<b>Second Holder</b>		
<b>Third Holder</b>		

Place : \_\_\_\_\_ Date : \_\_\_\_\_

#### Important Notes :

1. The Company or its R & T Agent will update the new address in database only if the signatures of the shareholders match with specimen signature on record of the Company.
2. This form must be accompanied by one self-attested copy of new address proof in the name of the shareholder (e.g. Driving License, Passport, Ration Card and Light Bill/Gas Bill)



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## Fairdeal Filaments Ltd.

(CIN : L17110GJ1990PLC013771)

**Regd. Office :** 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat – 395002 (Gujarat)

**Tel :** +91 261 3090200, **Fax :** +91 261 2635550, **Web :** www.shahlon.com

### PROXY FORM

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

**24th Annual General Meeting – 30th September, 2014**

Name of the member (s) :	
Registered address :	
E-mail Id :	
Folio. No. / DP ID No. & Client ID No. :	

I/We being the Member(s) of \_\_\_\_\_ shares of Fairdeal Filaments Limited, hereby appoint :

- 1) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
Email id : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him/her
- 2) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
Email id : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him/her
- 3) Name : \_\_\_\_\_ Address : \_\_\_\_\_  
Email id : \_\_\_\_\_ Signature : \_\_\_\_\_ or failing him/her

as my/our proxy to attend and vote (on a poll) for me/us, on my/our behalf at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company, to be held on Tuesday, 30th day of September, 2014 at 11.00 A.M. at the Registered office of the company and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr.	Resolutions	Vote (*Optional)	
		For	Against
1	To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2014, Profit and Loss Account for the year ended on that date together with the Report of the Board of Directors and Auditors thereon.		
2	To declare Dividend on Equity Shares.		
3	To appoint a Director in place of Shri Jayantilal R. Shah (DIN 00010470), Director who retires by rotation and being eligible, offers himself for re-appointment.		
4	To appoint Auditors and fix their remuneration.		
5	To appoint Mr. Rajendra K. Desai (DIN 00198139), as an Independent Director in pursuance of Companies Act, 2013		
6	To appoint Mr. Nandish S. Vin (DIN 03527827), as an Independent Director in pursuance of Companies Act, 2013		
7	To consider approval of transaction with related party in pursuance of Clause 49 of the Listing Agreement, Section 188 and other applicable provisions of the Companies Act, 2013.		
8	To Authorize Board to take loans by creating charge on Assets of the Company.		
9	To Authorize Board to borrow money in excess of Paid-up Capital & Free Reserves.		

Signed this \_\_\_\_\_ day of September, 2014.

Signature of the Shareholder(s) \_\_\_\_\_

Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Rs.1  
Revenue  
Stamp

- NOTE:**
1. The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting. The Proxy need not be a member of the company.
  2. A Proxy need not be a member of the Company. Pursuant to the provisions of section 105 of the Companies Act, 2013, a person can act as proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as proxy for any other member.
  3. Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.

**Fairdeal Filaments Ltd.**

(CIN : L17110GJ1990PLC013771)

**Regd. Office :** 3rd Floor, Dawer Chambers, Near Sub-Jail, Ring Road, Surat – 395002 (Gujarat)

**Tel :** +91 261 3090200, **Fax :** +91 261 2635550

**Web :** www.shahlon.com

**ATTENDANCE SLIP**  
**TWENTY FOURTH ANNUAL GENERAL MEETING**

- PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTERANCE OF THE MEETING VENUE.
- THIS ATTENDANCE IS VALID ONLY IN CASE SHARES ARE HELD ON THE DATE OF MEETING.

I/We hereby record my/our presence at TWENTY FOURTH ANNUAL GENERAL MEETING of the Company held on Tuesday, 30th September, 2014 at 11.00 A.M. at the registered office of the Company.

**Ledger Folio / Client ID. No.** :

**No. of shares held** :

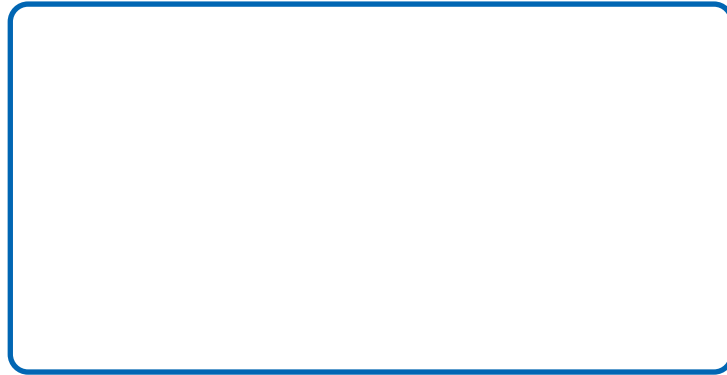
**Name/s of the Shareholder(s) / proxy :**

\_\_\_\_\_  
**Signature of shareholder(s) / Proxy present**



Book-Post  
Printed Matter

To,



If Undelivered please return to :

**Fairdeal Filaments Ltd.**

3rd Floor, Dawer Chambers,  
Near Sub-Jail, Ring Road,  
SURAT - 395 002.

Phone : (0261) 3090200, 2635541-42.

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