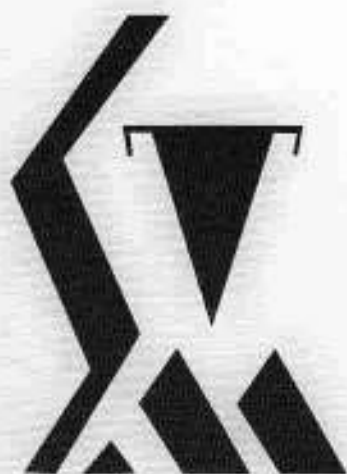


**FORM B**  
**Format of covering letter of the annual audit report to be filed with the  
stock exchanges**

Name of the Company	<b>SUPREME TEX MART LIMITED</b>
Annual financial statements for the year ended	<b>31<sup>ST</sup> MARCH 2013</b>
Type of Audit qualification	a) <b>QUALIFICATION:</b> - As indicated in Note No.17, the company has not provided for doubtful debts in respect of debtors outstanding for over 2 years and we have relied on the representations received from the management with respect to the recoverability of these debtors.
Frequency of qualification	<b>FIRST TIME</b>
Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report	<p>In the Note No 17 of the Balance Sheet for the period ending 31st March 2013 the company has not provided for doubtful debts in respect of debtors outstanding for over two years amounting to Rs. 15759575 since the management is of the view that these are good and recoverable.</p> <p><b>MANAGEMENT RESPONSE TO THE QUALIFICATION IN THE DIRECTOR REPORT:-</b></p> <p>The Management of the Company is confident about the recoverability of the said Debtors amounting to Rs.1.57 crore as a result they haven't shown these debtors in doubtful debts.</p>
Additional comments from the board/audit committee chair	<b>Not Applicable</b>
To be signed by- <ul style="list-style-type: none"> <li>• CEO/Managing Director</li> <li>• CFO</li> <li>• Auditor of the company</li> <li>• Audit Committee Chairman"</li> </ul>	<p><i>Gauran Gy?</i></p> <p><i>Overman</i></p> <p><i>Harapandil</i> CA</p> <p><i>CR-C-Singh</i></p>

25th **ANNUAL**  
**REPORT**  
2012-2013



**Supreme Tex Mart Limited**



## Board of Directors

Mr. Ajay Mahajan  
Mr. Sanjay Ahuja  
Mr. A.P. Gupta  
Mr. R. C. Singal  
Mr. B. B. Goel  
Mr. Marsel Menda  
Mr. Sanjay Gupta  
Mr. Ajay Gupta  
Mr. Gautam Gupta

**Chairman**

**Managing Director  
Jt. Managing Director**

## Company Secretary

Mr. Robin Vijan

## Bankers

State Bank of India  
Punjab National Bank  
UCO Bank  
Allahabad Bank  
IDBI Bank Limited  
Punjab & Sind Bank  
Central Bank of India  
Union Bank of India

## Register & Share Transfer Agent

Ms/. Beetal Financial & Computer Services (P) Limited,  
Beetal House, 3rd Floor,  
99, Madangir, Bh-Local Shopping Complex,  
Near Dada Harsukhdas Mandir,  
New Delhi-110 062

Demat At CDSL & NSDL    ISIN-INE651G01027

## Registered Office

424, Industrial Area-A, Ludhiana-141 003  
E-mail : info@supremetextmart.com  
Phone : 0161-2600593, 2222719, 6614400  
Fax : 0161-2609949

## Works

1. Spinning Unit-1  
Village Kanganwal, P.O. Jugiana,  
Ludhiana.
2. Spinning Unit-2  
Village Kanganwal, P.O. Jugiana,  
Ludhiana.
3. Dyeing Unit B-72  
Phase-VIII, Focal Point, Ludhiana.
4. Apparels & Knits Unit  
Village Paharuwal,  
P.O. Budhewal, Chandigarh Road,  
Ludhiana.
5. Hand Knitting Yarn Unit  
B-72, Phase-VIII, Focal Point, Ludhiana.

**DIRECTORS' REPORT**

Dear Members,

The Directors hereby present their Twenty-fifth Annual Report on the business and operations of the Company together with the audited Financial Accounts for the year ended March 31, 2013.

**Financial Performance****Amount in Crores**

Particulars	Year ending 31-03-13	Year ending 31-03-12
Net Turnover	894.19	846.56
Profit before Depreciation	42.14	41.09
Profit / Loss (-) before Tax	25.10	23.76
Less Provision for Tax (including deferred and fringe benefit tax)	9.05	7.92
Profit / Loss(-) after Taxes	16.05	15.84

**Operations Detail**

Production in both the spinning units was 334.05 lacs kgs. as compared to the figure of 222.51 lacs kgs. In the garment unit, 9.46 lacs pieces of garments & 749.95 MT Fabric were produced as compared to the figure of previous year of 17.24 lacs pieces of garments and 2393 MT of fabric. Net Turnover during the year under review has shown an increase of 5.84%. There is net profit of ₹16.05 Crores as compared to net profit of ₹15.84 Crores in the previous year. Cash profit during the current year ending on 31.03.2013 increased to ₹41.39 Crores from the figure of ₹41.05 Crores in the previous year ending on 31.03.2012.

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT****Industry Outlook**

The Textiles industry has witnessed an incipient turn around in financial year 2012-13 as cotton yarn prices have picked up and rupee depreciation has enhanced competitiveness. The prospect of the Textiles Industry seems to be bright in all aspects. Government places all its trust and relies on textile sector for its strong employment creation capability. The industry provides direct employment to over 35 million people and is the second largest provider of employment after agriculture. Textile Industry has gone through various stages from a historical perspective - where the textile industry evolved from being a domestic small-scale industry, to the status of supremacy it currently holds. Even customers are now more of quality concern than price concern with the increase in standard of living. Modernization has enabled the companies to provide quality and volume solutions which is in constant demand by international buyers.

**Opportunities, Threats & Outlook**

Indian textiles industry is a well-established with showing strong features and a bright future. In fact, the country is the second biggest textiles manufacturer worldwide, right after China. Experts are of the opinion that the era of domination of the world's textile and apparel market by goods originating in China has reached its zenith and that the base is gradually shifting to India and Pakistan. Cotton prices which have been highly volatile are of major concern for textile manufacturers along with ever increasing energy prices.

**Financial / Operational Performance**

Supreme is manufacturer and exporter of cotton yarn, synthetic yarn, blended yarn, knitted fabric (both grey and processed) and knitted garments. During the year under review, the Company's exports (FOB value) were to the tune of ₹184.72 Crore and accounts for about 20.66% of Company's revenues. The Company has identified two segment yarn segment and garments segment. The yarn segment comprises production of various types of yarn (from cotton, manmade fibers and blend thereof) and yarn processing activities. Garment segment comprises of knitted garments.



# Supreme Tex Mart Limited

## **Risk Management**

Your Company has a comprehensive risk management policy. The risk management policy inter alia provides for risk identification, assessment, reporting and mitigation procedure. The risk management framework actively supports the Board in its strategic decision making. During the year, the Board, reviewed the adequacy of the risk management framework of the Company, the key risks associated with the different businesses and the measures in place to mitigate the same.

Risk of rising pricing, fluctuation in foreign currency, change in Government policies and changing demand pattern are some of the examples of risks being faced by companies. Company is taking adequate steps to mitigate such risk by buying raw material in big quantities at lower prices, hedging its currency by forward booking, keep sharp track of Government policies and by expanding its suppliers range.

## **Internal Control Systems and their adequacy**

Supreme Tex Mart Limited ("STML") has appropriate internal control systems for business processes, with regard to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations, etc. Clearly defined roles & responsibilities down the line for all managerial positions have also been institutionalized. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them from time to time.

## **Human Resources**

During the year under review, your Company continued its concern for development of its personnel through various training programmes. Besides, Management has laid special emphasis on strengthening HR activities for all levels in the Organization. Industrial relations during the year were cordial.

## **Corporate Social Responsibility**

STML is fulfilling its Corporate Social Responsibility in true spirit. STML has a strong sense of Corporate Social Responsibility towards various stakeholders viz. Employees, Shareholders, Government, Customers, Suppliers, Competitors, Society & Environment.

## **Cautionary Statement**

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

## **DIVIDEND**

In view of ensuing expansions, Company has decided not to declare any dividend.

## **EXPANSION PLAN**

The Projects related to Knitted Garments, 66 KVA and expansion in Spinning Unit are fully installed.

## **AUDITORS**

The Auditors, M/s. Ashish Agarwal & Co., Chartered Accountants, Ludhiana will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

## **AUDITORS' REPORT**

The Statutory Auditors of the Company in their Report have made an observation that the Company has not provided



for doubtful debts in respect of debtors outstanding for over 2 years as indicated in Note No. 17 and they have relied on the representations received from the management with respect to the recoverability of these debtors.

The Management of the Company is confident about the recover ability of the said Debtors amounting to ₹1.57 crore as a result they haven't shown these debtors in doubtful debts. The other points of Auditors' report on the Accounts are self-explanatory and needs no comments.

## **DIRECTORS**

Mr. S.K.Ahuja, Mr. Ajay Mahajan & Mr. R. C Singal - Directors of the Company retire by rotation at the conclusion of the forthcoming Annual General Meeting. They all are eligible for reappointment.

## **PERSONNEL**

Since there is no employee receiving salary ₹ 60 Lacs or more P.A. or ₹ 5.00 Lacs or more P.M., there is no information requires to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars with respect to conservation of energy and other areas as per Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto and form part of this report.

## **CORPORATE GOVERNANCE**

Company is required to comply with the provision of Clause 49 of the Listing Agreements with Stock Exchanges and Company has accordingly complied all the required provisions as detailed in annexure of Annual Report.

## **LISTING**

Shares of the Company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, confirm that –

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) they have, in the selection of the 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 the financial year viz. 31.03.2013 and of the profit of the Company for that period;
- iii) 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;
- iv) they have prepared the annual accounts on a going concern basis.

## **APPRECIATION AND ACKNOWLEDGMENTS**

Your Directors take this opportunity to express gratitude for valuable assistance and co-operation extended to the Company by Financial Institutions, Employees, Commercial Banks and other authorities.

**For and on behalf of the Board**

sd/-

**(AJAY GUPTA)**  
Managing Director

sd/-

**(GAUTAM GUPTA)**  
Jt. Managing Director

**LUDHIANA**  
May 30, 2013

## ANNEXURE TO THE DIRECTORS' REPORT

INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013 :-

### 1. CONSERVATION OF ENERGY:

With continuous efforts, Company keeps on trying to reduce and control the consumption of fuel & electricity.

#### Form - A

A.	Power and Fuel Consumption		2012-13	2011-12
1.	<b>ELECTRICITY - Own Generation</b>			
	Unit Produced	KWH in Lac	14.54	9.94
	Unit Produced /Ltr. of Diesel	KWH	3.61	3.52
	Cost Per Unit	Rs.	11.62	10.51
2.	<b>Electricity - Purchased</b>			
	Unit Purchased	KWH in Lac)	623.03	586.88
B.	<b>Electricity Consumed Per Kg of Production</b>			
	Yarn	KWH/Kg.	2.30	2.26
	Dyeing	KWH/Kg.	0.64	0.87
	Garment	KWH/Kg.	1.29	1.21

### 2. TECHNOLOGY ABSORPTION:

Technology absorption, Innovation and Research & Development (R & D) is a continuing Process and a continued emphasis is given on quality improvement and product upgradation. Information as per Form-B of the Annexure to the Rules is given below:

#### RESEARCH & DEVELOPMENT (R & D)

##### (a) Specific Areas in which R & D carried by the Company:

The Company has adopted latest new technology. However, R & D has been carried in the areas of new product development, improvement in the production process and quality of products.

##### (b) Benefits desired as a result of above R & D:

The efforts have resulted in cost competitiveness.

##### (c) Future Course of action:

The management is committed to continue R&D to increase market competitiveness.

### 3. FOREIGN EXCHANGE EARNINGS AND OUTGO:

(Amount in Crore)

Foreign Exchange Earned (FOB Value of Export)	184.72
Foreign Exchange Used (CIF Value of Imports)	53.52

## CORPORATE GOVERNANCE REPORT

### 1. Company's Philosophy on Corporate Governance:

The Company, while conducting its business has been upholding the core values such as transparency, integrity, honesty, accountability and compliance of laws. In continuation of its efforts towards performance, the Company intends to seize opportunities of tomorrow and create a future that will make it the best Company in its area of operations. This in turn will help to improve the quality of life of the communities it serves, e.g. Customers, Suppliers, Government, Shareholders, local Community, etc.

Your Company is Committed to follow the best & established Corporate practices. We are happy to inform you that your Company's practices and policies are significantly in conformity with the requirements stipulated by the SEBI.

### 2. BOARD OF DIRECTORS

#### a) Size & Composition of Board

The Board is in conformity with clause 49 of listing agreement and the composition as on 31.03.2013 was as under:

One Non-Executive Independent Chairman

Four Executive Directors

Five Non-Executive Independent Directors

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I)(C)(ii)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies.

The detail of the Composition of the Board, number of directorship and committee position held by each of the directors are given here under:

S. No.	Name of Director	Designation	Category	No. of Directorship held in other Companies	No. of Board Committee Membership held in other Companies	No. of Board Committee chairman held in other Companies
1.	Ajay Mahajan	Chairman	C-NE-I	7	2	2
2.	S.K. Ahuja	Director	NED-I	10	2	2
3.	A.P. Gupta	Director	NED-I	6	--	--
4.	R.C. Singal	Director	NED-I	9	5	4
5.	B.B. Goel	Director	NED-I	2	2	--
6.	Ajay Gupta	Managing Director	EXE	3	--	--
7.	Sanjay Gupta	Whole-time Director	EXE	3	--	--
8.	Marsel Menda	Director	NED-I	--	--	--
9.	Gautam Gupta	Jt. Managing Director	EXE	3	--	--
10.	Kuldeep Singh	Whole-time Director	EXE	--	--	--
"C-NE-I" Chairman — Non Executive-Independent "EXE" Executive "NED-I" Non Executive –Independent						



## b) Board Meeting:

During the year ended 31<sup>st</sup> March, 2013 Six Board Meetings were held on the following dates:

30.05.2012, 21.07.2012, 14.08.2012, 09.11.2012, 13.02.2013, 14.03.2013

## c) Directors Attendance Record:

### Attendance of Directors of Board Meeting & at Annual General Meeting (AGM)

NAME OF DIRECTOR	NO. OF BOARD MEETING ATTENDED	WHETHER ATTENDED THE AGM HELD ON 18.08.2012
1. Ajay Mahajan	0 (Zero)	No
2. S.K. Ahuja	0(One)	No
3. A.P Gupta	0 (Zero)	No
4. B.B.Goel	6 (Six)	No
5. R.C. Singal	6 (Six)	Yes
6. Ajay Gupta	6 (Six)	Yes
7. Sanjay Gupta	6 (Six)	Yes
8. Gautam Gupta	6 (Six)	Yes
9. Marsel Menda	0 (Zero)	No
10. Kuldep Singh	5 (Five)	No

## d) BOARD PROCEDURE

The annual calendar of Board Meetings is the beginning of the financial year. The Agenda is circulated in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. The Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

## e) SHAREHOLDING OF NON-EXECUTIVE DIRECTORS

None of the Non-Executive Director as on March 31, 2013 was holding shares of the Company. However, Mr.Ajay Mahajan, Mr.S.K.Ahuja & Mr. A.P Gupta are Nominee Directors of a shareholder namely PSIDC (holding 1645222 Equity Shares).

## 3. CODE OF CONDUCT

The Company had adopted the Code of Conduct for all the Board members and senior management personnel. Further all the Board members and senior management personnel (as per Clause 49 of the listing Agreement) have affirmed the compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report.

## 4. AUDIT COMMITTEE

The Audit Committee has been constituted as per section 292A of the Companies Act, 1956 and the guidelines set out in the listing Agreement with the stock exchange.

### Composition and Attendance

During the year ended 31<sup>st</sup> March, 2013, Four Meetings of the Audit Committee were held on following dates:

30.05.2012, 14.08.2012, 09.11.2012, 13.02.2013

NAME OF THE MEMBER	CATEGORY	NO. OF MEETING ATTENDED
1. R.C.Singal- Chairman	Non-Executive Director	4 (Four)
2. B.B.Goel	Non-Executive Director	4 (Four)
3. Sanjay Gupta	Executive Director	4 (Four)

These terms of reference stipulated by the Board of Director to the Audit Committee are as contained the section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the members are non-executive Directors except Mr. Sanjay Gupta, who is Managing Director, and all the members have requisite financial and management expertise. The Company Secretary acts as the Secretary to the Committee. Minutes of meeting of Audit Committee are circulated to members of the committee and Board kept apprised.

## **5. REMUNERATION OF DIRECTORS:**

### **Remuneration of Managing/Executive Directors for the services rendered by them:**

Managing/Executive directors have drawn their monthly remuneration (all inclusive) consisting of Basic salary, Allowances and bonus as approved by the Board and shareholders as given below:

Mr. Sanjay Gupta	₹172780
Mr. Ajay Gupta	₹172780
Mr. Gautam Gupta	₹ 95,780

Detail regarding total amount of remuneration paid and its eligibility under Companies Act, 1956 has been provided in the notes on Annual Accounts for the year.

### **Remuneration to Non-Executive Independent Directors:**

The Company pays sitting fee to all the non-executive directors for attending meetings of the Board and/or committee thereof.

The Company did not have any pecuniary relationship or transactions with the Non Executive Directors during the financial year 2012-2013.

## **6. SHAREHOLDERS/INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE CUM MANAGEMENT REMUNERATION COMMITTEE.**

This committee comprises of Sh.R.C.Singal (Chairman), Sh.B.B.Goel and Sh.Sanjay Gupta.

The objective of the Shareholders / Investors Grievance and Share Transfer Committee Cum Management Remuneration Committee is to focus on the shareholders Grievance and to strengthen the investor relations. It also decides the matters regarding Management Remuneration.

During the year ended 31<sup>st</sup> March, 2013, the Company has not received any shareholders complaint from Stock Exchange/SEBI/Department of Company Affairs/Registrar of Companies. Five meetings of Shareholders/Investors Grievance and Share Transfer cum Management Remuneration Committee were held on 21.05.2012, 21.07.2012, 03.11.2012, 05.01.2013, 13.02.2013. No requests for share transfer are pending with the Company.

## **7. Name and Address of the Compliance Officer:**

Mr. Robin Vijan  
Company Secretary  
424, Industrial Area – A  
Ludhiana.  
Ph. 0161-6614400, 2222719, 9915700175  
E-mail – [robinvijan@supremetextmart.com](mailto:robinvijan@supremetextmart.com)

## **8. GENERAL BODY MEETINGS**

The last three Annual General Meetings were held as per detail given below:

<b>FY ending</b>	<b>Date</b>	<b>Day</b>	<b>Time</b>	<b>Held at</b>
31.03.2012	18.08.2012	Saturday	12.00 Noon	424, Industrial Area-A, Ludhiana



31.03.2011	06.08.2011	Saturday	12.00 Noon	424, Industrial Area-A, Ludhiana
31.03.2010	06.08.2010	Friday	12.00 Noon	424, Industrial Area-A, Ludhiana

22 <sup>nd</sup> AGM in 2010	One Special Resolution regarding appointment of Mr. Gautam Gupta as an Executive Director was passed.
23 <sup>rd</sup> AGM in 2011	No special Resolution was passed.
24 <sup>th</sup> AGM in 2012	No special Resolution was passed.

During the year ended 31<sup>st</sup> March, 2013, none Extra-ordinary General Meetings was held.

## **9. Postal Ballot:**

During the year ended 31<sup>st</sup> March, 2013, the Company has not passed any resolutions through postal ballot.

## **10. DISCLOSURES**

### **A. Related Party Transactions**

During the year under review the Company has entered into the following transaction, however these are not in conflict with the interest of the Company:

- Contract was entered with Company's sister concern which is a limited Company for sale/purchase of goods at market price.
- Building of a sister concern is being used by the Company as Registered Office of the Company at a very nominal annual rent of ₹2.4 Lacs.

Except as aforesaid, during the financial year 2012-2013 there were no materially significant transactions entered into between the Company and its promoters, directors or the management or relatives, etc. that may have potential conflict with the interests of the Company. Declarations have been received from the senior management personnel to this effect. Company does not have any subsidiary.

### **B. Compliance by the Company**

- During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities on matters related to capital markets.
- Company has not denied any personnel, access to Audit Committee for informing unethical or improper practice.
- Company has complied with all the mandatory requirements of corporate governance.

## **11. GENERAL INFORMATION FOR SHAREHOLDER**

### **a) Annual General Meeting**

The Annual General Meeting will be held on Friday the 30<sup>th</sup> August, 2013 at 12.00 noon at Registered Office of the Company at 424, Industrial Area - A, Ludhiana.

### **b) Date of Book Closure**

26<sup>th</sup> day of August, 2013 to 30<sup>th</sup> day of August 2013.  
(Both days inclusive - for the purpose of AGM/Annual closure of books).

### **c) Listing**

The shares of the Company are listed on  
Bombay Stock Exchange Limited, Mumbai  
National Stock Exchange of India Limited

Scrip code	531934
Symbol Series	SUPREMETEX EQ

The Company has paid the Annual Listing fees, for the financial years 2012-13 & 2013-14.

**d) Registrar and Transfer Agent:**

Shares are transferred through the under noted agent only:

Beetal Financial & Computer Services (P) Limited,  
Beetal House, 3<sup>rd</sup> Floor,  
99, Madangir, BH-Local Shopping Complex  
Near Dada Harsukhdas Mandir,  
New Delhi - 110 062.

Phone 011-29961281-82  
Contact Person Mr. Punit Mittal  
E-mail beetal\_99@sify.com

**e) Market Price Data for the year 2012-13:**

**BSE**

Maximum Price Quoted Rs. 9.00 per share of Rs.5.

Minimum Price Quoted Rs. 1.57 per share of Rs.5.

**NSE**

Maximum Price Quoted Rs. 9.10 per Share of Rs.5.

Minimum Price Quoted Rs. 1.70 per Share of Rs.5.

**f) Shareholding Pattern as on 31<sup>st</sup> March, 2013.**

Category	No. of Shares	%age of Shareholding
<b>Promoters</b>		
Private	3,59,00,748	55.60
PSIDC	16,45,222	2.55
Indian Public	1,51,39,225	23.44
NR/OCB	1,18,89,718	18.41
<b>Grand Total</b>	<b>6,45,74,963</b>	<b>100.00</b>

**g) Distribution Schedule as on 31<sup>st</sup> March, 2013.**

Nominal Value of each share is Rs.5

Shareholding of Nominal Value of Rs.	Number of Share holders	%age to Total	No. of Shares	Amount in Rs.	%age to Total
Up to 5000	974	72.26	3,38,634	16,93,170.00	0.52
5001 to 10000	138	10.24	2,29,986	11,49,930.00	0.36
10001 to 20000	83	6.16	2,52,919	12,64,595.00	0.39
20001 to 30000	30	2.23	1,55,761	7,78,805.00	0.24
30001 to 40000	15	1.11	1,04,023	5,20,155.00	0.17
40001 to 50000	19	1.41	1,78,724	8,93,620.00	0.28
50001 to 100000	28	2.08	4,29,120	21,45,600.00	0.66
100001 and above	61	4.53	6,28,85,796	31,44,28,960.00	97.38
<b>Total</b>	<b>1,348</b>	<b>100.00</b>	<b>6,45,74,963</b>	<b>32,28,74,815.00</b>	<b>100.00</b>



**h) Dematerialization of shares and liquidity:**

Percentage of Shares as on 31.03.2013 held in

Physical form : 45.95

Electronic form with NSDL : 35.44

Electronic form with CDSL : 18.61

The Company's shares are traded on the Bombay Stock Exchange Limited and on The National Stock Exchange of India Limited.

i) The quarterly results and information regarding next Board Meetings is submitted to Stock Exchanges and is published in the newspapers. It is also posted on the website of the Company, viz. [www.supremetextmart.com](http://www.supremetextmart.com).

j) The financial year of the Company under review is from 1<sup>st</sup> April 2012 to 31<sup>st</sup> March 2013.

**k) Plant Location:**

Spinning Unit 1 - Village Kanganwal, P.O. Jugiana, Ludhiana,

Spinning Unit 2 - Village Kanganwal, P.O. Jugiana, Ludhiana,

Dyeing Unit - B-72, Phase VIII, Focal Point, Ludhiana

Garment Unit - Village Paharuwal, Ludhiana.

**l) Address for the Correspondence:**

Supreme Tex Mart Limited

424, Industrial Area-A, Ludhiana -141003.

Phones: 0161-6614400, 2222719 Fax: 0161-2609949

E-mail: [robinvijan@supremetextmart.com](mailto:robinvijan@supremetextmart.com)

Website: [www.supremetextmart.com](http://www.supremetextmart.com)

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## **DECLARATION**

I, Ajay Gupta, Managing Director of Supreme Tex Mart Limited, hereby declare that

- Company has adopted code of conduct for its Directors and the Senior Management personnel and the same is posted on the Company's website.
- All the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the stock exchanges, for the year ended March 31, 2013.

For Supreme Tex Mart limited

Ludhiana  
May 30, 2013

sd/-  
(Ajay Gupta)  
Managing Director

## CERTIFICATE

We hereby further certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2013 and that to the best of their knowledge and belief:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have effective internal audit & control system commensurate with the size & nature of our business;
- d. We are committed to indicate to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year, if any;
  - ii. significant changes in accounting policies during the year, if any, and that the same shall be disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- iv. We have disclosed all the requisite information to Audit Committee & Auditors;
- e. There was no matter regarding non-compliance by the Company of any provision of listing agreement, also there were no penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years;
- f. Secretarial Audit Report regarding reconciliation of shares is being sent regularly to Stock Exchanges.

For Supreme Tex Mart Limited

Ludhiana :  
May 30, 2013

sd/-  
Managing Director

sd/-  
Accounts Head



**Auditor's Certificate on Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement**

**TO  
THE MEMBERS OF  
SUPREME TEX MART LIMITED**

We have examined the compliance of conditions of Corporate Governance by Supreme Tex Mart Limited ("the Company"), for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

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

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

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

**For Ashish Agarwal & Co.  
Chartered Accountants  
Firm Reg. No.010788N**

**Ludhiana  
May 30, 2013**

**(ASHISH AGARWAL)  
Partner  
M. No. 089579**

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**AUDITORS' REPORT**

**To  
The Shareholders,  
Supreme Tex Mart Limited**

1. We have audited the attached balance sheet of M/s **Supreme Tex Mart Limited** as at 31<sup>st</sup> March, 2013, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 of the said order.

4. Further to our comments in the Annexure referred to in paragraph 3 above, 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, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
- e) The Company has received written representations from the directors as on 31<sup>st</sup> March, 2013, except from the nominees directors under section 274(1)(g) of the Companies Act, 1956, which have been taken on record by the Board of Directors. We have been informed that the nominee directors are not required to comply with the requirements of the aforesaid section 274(1)(g) of the Companies Act, 1956 pursuant to the relevant notification issued by the Central Government;

We report that none of the director is disqualified as on March 31<sup>st</sup>, 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.

f) *As indicated in Note No. 17, the Company has not provided for doubtful debts in respect of debtors outstanding for over 2 years and we have relied on the representations received from the management with respect to the recoverability of these debtors.*

Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) in the case of balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2013;
- ii) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- iii) in the case of cash flow statement, of the cash flows for the year ended on that date.

Ludhiana  
May 30, 2013

For Ashish Agarwal & Co.  
Chartered Accountants  
Firm Reg. No.010788N

Ashish Agarwal  
Partner  
M. No. 089579

## Annexure to the Auditor's Report

(Referred to in paragraph 3)

### 1. In respect of fixed assets:

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year. No discrepancies were noticed on such physical verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the Company and nature of its business.
- c) According to the information and explanations given to us, the Company has not disposed off substantial part of its fixed assets during the year.

### 2. In respect of its inventories:

- a) According to the information and explanations given to us, the inventories have been physically verified by the management at the close of 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 as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed on physical verification between physical stocks and book records

### 3. a) According to the information and explanations given to us, the Company has not granted loans secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956.

- b) In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the register maintained under section 301 of the companies Act, 1956, according to information and explanations given to us:

The Company has taken unsecured loans amounting to ₹12.98 crore from two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was ₹12.98 crore.

In our opinion the rate of interest and other terms and conditions of the said loan are not, *prima facie*, prejudicial to the interest of the Company. The loan is repayable on demand.

### 4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

### 5. a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.

- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding Rupees five Lacs or more in respect of each party during the year, have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.

### 6. According to the information and explanations given to us the Company has not accepted deposits covered under the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and



the Companies (Acceptance of Deposits) Rules 1975. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

7. In our opinion the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of accounts relating to materials, labour and other items of cost 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 we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
9. a) According to the records of the Company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to the Company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31<sup>st</sup> March, 2013, for a period of more than six months from the date they become payable.  
b) According to the information and explanations given to us, there are no disputed statutory dues that have not been deposited on account of matters pending before the appellate authorities.
10. The Company does not have accumulated losses. The latter part of the question relating to net worth is thus not applicable to the Company. Further, the Company has not incurred cash losses during the financial year covered under audit and in the immediately preceding financial year.
11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks and financial institutions.
12. 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 share, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
13. The Company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
14. According to the information and explanations given to us, the Company has not dealt or traded in share, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks. Accordingly the provisions of 4(xv) of the Companies (Auditor's Reports) Order 2003 are not applicable to the Company.
16. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long term investment.
18. According to the information and explanations given to us, the Company has not made preferential allotment to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. According to the information and explanations given to us, the Company has not issued debentures during the year. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order 2003 are not applicable to the Company.
20. According to the information and explanations given to us, the Company has not raised money by way of public issue during the year. Accordingly, the provisions of clause 4(xx) of the above said order are not applicable to the Company.
21. Based upon the audit procedures performed and the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year ended 31<sup>st</sup> March 2013.

**For Ashish Agarwal & Co.**  
**Chartered Accountants**  
**Firm Reg. No.010788N**

**ASHISH AGARWAL**  
**Partner**  
**M. No. 089579**

**Ludhiana**  
**May 30, 2013**

**To**  
**The Board of Directors**  
**Supreme Tex Mart Limited**

In terms of Rule 4 (a) of the Companies (Disqualification of Directors under section 274 (1) (g) of the Companies Act, 1956) Rules, 2003 we M/s. Ashish Agarwal & Co., Chartered Accountants based on our examination of the books and records of the Company, carried out in accordance with the requirements of the Guidance Note on Section 227 (3) (e) and (f) of the Companies Act, 1956 issued by the Institute of Chartered Accountants of India, do hereby certify that none of the directors of the Company, M/s. Supreme Tex Mart Limited as on 31<sup>st</sup> March, 2013 is disqualified for appointment as director in the aforementioned Company in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

**For Ashish Agarwal & Co.**  
**Chartered Accountants**  
**Firm Reg. No.010788N**

**Ludhiana**  
**May 30, 2013**

**(ASHISH AGARWAL)**  
**Partner**  
**M. No. 089579**

# Supreme Tex Mart Limited

## Balance Sheet As at March 31, 2013

(Amount in ₹)

Particulars	Note	As at March 31, 2013	2012
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	322279715	322063315
Reserves and Surplus	3	1469778107	1309246273
		<b>1792057822</b>	<b>1631309588</b>
Share Application Money Pending Allotment	4	206731301	-
<b>Non-Current Liabilities</b>			
Long Term Borrowings	5	2180120060	1915564971
Deferred Tax Liability (net)	6	316030506	233034100
Long Term Provisions	7	7207863	8804135
		<b>2503358429</b>	<b>2157403206</b>
<b>Current Liabilities</b>			
Short Term Borrowings	8	1650295589	1376733474
Trade Payables	9	983279092	926680821
Other Current Liabilities	10	480258480	305393851
Short Term Provisions	7	52693684	62416615
		<b>3166526815</b>	<b>2671224761</b>
<b>TOTAL</b>		<b>7668674367</b>	<b>6459937555</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	3286988919	2773406692
Intangible Assets	12	4818948	6145761
Expenditure on Power Lines	13	49345	459757
Capital Work-in-Progress		18674432	42979345
Long Term Loans and Advances	14	54102318	35332869
Other Non-Current Assets	15	63354812	44274812
		<b>3427988774</b>	<b>2902599236</b>
<b>Current Assets</b>			
Inventories	16	2624964416	1903475551
Trade Receivables	17	837202883	755020276
Cash and Bank Balances	18	121209055	63392788
Short Term Loans and Advances	14	423494325	607118193
Other Current Assets	15	233814904	228331511
		<b>4240685593</b>	<b>3557338319</b>
<b>TOTAL</b>		<b>7668674367</b>	<b>6459937555</b>

Significant Accounting Policies &amp; Notes on Financial Statements 1 to 42

For and on behalf of Board

 As per our Report of even date attached  
for ASHISH AGARWAL & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 010788N

 sd/-  
Ajay Gupta  
Managing Director

 sd/-  
Gautam Gupta  
Jt. Managing Director

 sd/-  
Robin Vjan  
Company Secretary

 sd/-  
(Ashish Agarwal)  
PARTNER  
M.NO. 089679

 LUDHIANA  
May 30, 2013



# Supreme Tex Mart Limited

## Statement of Profit and Loss for the Year Ended March 31, 2013

(Amount in ₹)

Particulars	Note	For the Year Ended March 31, 2013	2012
<b>INCOME</b>			
Revenue from Operations (gross)	19	8949220475	8464891162
Less: Excise Duty		13389916	16980131
Revenue from Operations (net)	19	8935830559	8447911031
Other Income	20	6107714	17722071
<b>Total Revenue</b>		<b>8941938273</b>	<b>8465633102</b>
<b>EXPENSES</b>			
Cost of Raw Material Consumed	21	6027018685	5457103333
Purchases of Traded Goods	22	586701302	872229982
(Increase)/Decrease in Inventories of Finished Goods and Work in Progress	23	87233406	(113487028)
Employee Benefit Expense	24	169355478	157508552
Finance Cost	25	492134187	511173870
Depreciation and Amortization Expense	26	170364074	173265472
Other Expenses	27	1158077577	1170189262
<b>Total Expenses</b>		<b>8690884709</b>	<b>8227983443</b>
<b>Profit Before Tax</b>		<b>251053564</b>	<b>237649659</b>
<b>Tax Expenses</b>			
Current Tax		53693000	50795000
MAT Credit Entitlement		50230000	47548000
Wealth Tax		4410	1400
Deferred Tax		82996406	78772347
Taxes of Earlier Years		4057914	(2848398)
<b>Profit for the Year From Continuing Operations</b>		<b>160531834</b>	<b>158477310</b>
<b>Profit for the Year</b>		<b>160531834</b>	<b>158477310</b>
<b>Earning Per Equity Share of ₹ 5/- each</b>			
Basic		2.49	3.04
Diluted		2.49	3.04

Significant Accounting Policies & Notes on Financial Statements

1 to 42

For and on behalf of Board

As per our Report of even date attached  
for ASHISH AGARWAL & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 010788N

sd/-

Ajay Gupta  
Managing Director

sd/-

Gautam Gupta  
Jt. Managing Director

sd/-

Robin Vijan  
Company Secretary

sd/-

(Ashish Agarwal)  
PARTNER  
M.NO. 089579

LUDHIANA  
May 30, 2013

# Supreme Tex Mart Limited

Cash Flow Statement for the Year Ended March 31, 2013

(Amount in ₹)

PARTICULARS	FOR THE YEAR ENDED MARCH 31,	
	2013	2012
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	251053564	237649659
Adjusted for:		
Depreciation and Amortization	170364074	173265472
Bad Debts written off	2546375	3242967
Insurance claim written off	17925043	-
Provisions no longer required written back	(262022)	(2117218)
Interest received	(10355125)	(7377848)
Interest and Financial charges	492134187	511173870
Profit(-)/Loss on sale of Fixed Assets	2644616	(9759161)
Operating Profit before Working Capital Changes	674997148	668428082
	926050712	906077741
Adjusted for:		
Increase(-)/Decrease in Trade and Other Receivables	81069000	156097479
Increase(-)/Decrease in Inventories	(721488865)	(206786700)
Increase/Decrease(-) in Trade and Other Liabilities	224262231	(128943186)
Cash Generated from Operations	(416157634)	(179632407)
	509893078	726445334
Taxes Paid	(58445094)	(23901142)
Net Cash from Operating Activities	451447984	702544192
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(675504871)	(139219075)
Sale of Fixed Assets	14956092	14176942
Interest received	10355125	7377848
Net Cash used in Investing Activities	(650193654)	(117664285)
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	264555089	(188873412)
Proceeds from Short Term Borrowings	273562085	(132728129)
Interest Paid	(488286528)	(493763942)
Proceeds from Issue of Share Capital	-	200263707
Proceeds from Share Application money	206731301	-
Net Cash from Financing Activities	256561947	(615101776)
<b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b>	57816277	(30221869)
CASH & CASH EQUIVALENTS AS ON 01.04.2012	63392788	93614657
CASH & CASH EQUIVALENTS AS ON 31.03.2013	121209065	63392788

For and on behalf of Board

As per our Report of even date attached  
for ASHISH AGARWAL & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 010788N

sd/-

Ajay Gupta  
Managing Director

sd/-

Gautam Gupta  
Jt. Managing Director

sd/-

Robin Vijan  
Company Secretary

sd/-

(Ashish Agarwal)  
PARTNER  
M.NO. 089579

LUDHIANA  
May 30, 2013

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### Company Overview:

Supreme Tex Mart Ltd ("STML") is an integrated textile organization based at Ludhiana. STML manufactures various type of yarns and garments for customers in domestic and international markets.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A) Basis of Preparation of financial statements:

The financial statements are prepared on accrual basis under the historical cost convention, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

#### B) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principals, require estimates and assumptions to be made that effect the reported amount of assets and liabilities as of the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

#### C) Revenue Recognition:

##### a) Sales

Sales comprise sale of goods, services and export incentives. Revenue from sale of goods is recognized.

- i) When all significant risk and rewards of ownership is transferred to the buyer and the Company retains no effective control of the goods transferred to a degree usually associated with ownership and
- ii) No significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.
- iii) The revenue in respect of Export incentives is recognized on the post export basis.

##### b) Interest :

Interest income is recognized on a time proportion basis taking in to account the amount outstanding.

##### c) Insurance and other claims:

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

#### D) Employee Benefits:

##### a) Short Term Employee Benefits:

Short Term Employee Benefits are recognized as an expense on an undescended basis in the profit and loss account of the year in which the related service is rendered.

##### b) Post Employment Benefits:

###### i) Defined Contribution Plans:

###### Provident Fund:

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to the profit and loss account.

###### ii) Defined Benefit Plans

###### Gratuity:

Provision for gratuity liability to employees is made on the basis of actuarial valuation as at the close of the year.

###### Leave Encashment:

Provision for leave encashment is made on the basis of actuarial valuation as at the close of the year.

- iii) The actuarial gain/loss is recognized in statement of profit and loss account.



**E) Tangible fixed Assets:**

- i) Fixed Assets are stated at historical cost less accumulated depreciation.
- ii) Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct and indirect) for bringing an asset to its working condition for its intended use.
- iii) Subsequent expenditure related to an item of fixed asset is added to book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses are charged to statement of profit and loss for the period during which such expenses are incurred.
- iv) Gains or losses arising from de-recognition of fixed assets are measured as difference between net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**F) Intangible Assets:**

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amount of amortization.

**G) Depreciation:**

- i) Depreciation on fixed assets is provided on straight line method in accordance with and in the manner specified in the schedule XIV to the Companies Act, 1956.
- ii) Depreciation on assets costing ₹.5000/- or less is charged @ 100%.

**H) Amortization:**

- i) The leasehold land is amortized over the period of lease.
- ii) Intangible assets are amortized on straight line method over their estimated useful life.

**I) Inventories:**

Inventories are valued at cost or net realizable value, whichever is lower. The cost, in respect of various items of inventory is assigned by using the following cost formula:

- i) Raw Materials on FIFO basis plus direct expenses.
- ii) Stores and spares at weighted average basis plus direct expenses.
- iii) Work in process at raw material cost plus conversion cost depending upon the stage of completion.
- iv) Finished Goods at raw material cost plus conversion cost, excise duty if applicable and other overheads incurred to bring the goods to their present condition and location.

**J) Cenvat:**

Cenvat credit of excise duty paid on inputs, capital assets and input services is recognized in accordance with the Cenvat Credit Rules, 2004.

**K) Subsidy:**

Government grants available to the Company are recognized when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to Capital Reserve. The Government subsidy received for specific asset is reduced from the cost of the said asset.

**L) Borrowing Costs:**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**M) Segment Information:**

Segment information is prepared in conformity with accounting policies adopted for preparing and presenting the financial statements of the enterprises as a whole.

**N) Operating Leases:**

Assets acquired on leases wherein a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating lease. Lease rental paid for such leases are recognized as expense on systematic basis over the term of lease.

## **O) Foreign Currency Transactions**

- (i) Foreign currency transactions are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction except export sales which are recorded at a rate notified by the customs for invoice purposes as the said rate approximate the actual rate at the date of transaction. The exchange fluctuation arising as a result of negotiation of export bill is accounted for as difference in exchange rates. The amount of such differences in exchange rate is included under the head turnover.
- (ii) Monetary items denominated in a foreign currency are reported at the closing rate as at the date of balance sheet. Non-monetary items which are carried at fair value denominated in a foreign currency are reported at the exchange rate that existed when such values were determined.
- (iii) The premium or discount arising at the inception of a forward exchange contracts is amortized as expense or income over the life of contract. Exchange difference on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rate changes. Profit or loss arising on cancellation or renewal of such contract is recognized as income or expense in the period in which such profit or loss arises.
- (iv) The exchange difference to the extent of loss, arising on forward contract to hedge the transactions in the nature of firm commitment and highly probable forecast transactions is recognized in the profit and loss account. The profit if any arising thereon is ignored.

## **P) Accounting for taxes on income:**

The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the aggregate amount of Income Tax Determined to be payable in respect of taxable income for a period. Deferred Tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

## **Q) Earning per share:**

Basic earning per share is computed 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 period. Diluted earning per share is computed by taking into account the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all dilutive potential equity shares into equity shares.

## **R) Impairment of assets**

At each balance sheet an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

## **S) Provisions and Contingent Liabilities**

- (i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:
  - (a) the Company has a present obligation as a result of a past event;
  - (b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - (c) the amount of the obligation can be reliably estimated.
- (ii) Contingent liability is disclosed in case there is:
  - (a) Possible obligation that arises from past event and existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future event not wholly within the control of the enterprise; or
  - (b) a present obligation arising from a past events but is not recognized
- iii) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- iv) a reliable estimate of amount of the obligation cannot be made.

## Notes on financial statements for the year ended March 31, 2013

### 2. Share Capital

#### Authorised:

73000000 (Previous Year 73000000) Equity Shares of ₹ 5 each

(Amount in ₹)	
As at March31,	
2013	2012

365000000 365000000

#### Issued, Subscribed and Paid up:

64574963 (Previous Year 64574963) Equity Shares of ₹ 5 each fully paid up  
Less: calls in arrear - by others

322874815 322874815  
595100 811500  
**322279715 322063315**

#### a. Reconciliation of the number of shares outstanding

	(Amount in ₹)			
	As at March31,			
	2013		2012	
	No.	Amount	No.	Amount
At the beginning of the period	64574963	322874815	52041633	260208165
Issued during the period	-	-	12533330	62666650
<b>Outstanding at the end of period</b>	<b>64574963</b>	<b>322874815</b>	<b>64574963</b>	<b>322874815</b>

#### b. Terms/rights attached to equity shares

The Company has one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by share holder.

#### c. Details of shareholders holding more than 5% shares in the Company

	As at March31,			
	2013		2012	
	No.	%holding in the class	No.	%holding in the class
<b>Equity shares of ₹ 5 each fully paid</b>				
Sindia Investment Group Pte Ltd.	7000000	10.84%	7000000	10.84%
Sinochamp Corporation Ltd.	4807143	7.44%	4807143	7.44%
Chic-Tex Inc	-	-	3840965	5.95%
Punjab State Industrial Corporation Ltd.	1645222	2.55%	4500000	6.97%
Gold Leaf International Pvt. Ltd.	4000000	6.19%	4000000	6.19%
Ram Lal Gupta	-	-	4333400	6.71%
Sanjay Gupta	11933823	18.48%	6912345	10.70%
Ajay Gupta	9575445	14.83%	7408745	11.47%
Bhavna Gupta	3534665	5.47%	3534665	5.47%
White Stone Yarns Pvt. Ltd	3350000	5.19%	3350000	5.19%
Venus Tex Spin Ltd.	3350000	5.19%	3350000	5.19%

As per records of the Company, including its register of share holders/members and other declarations received from shareholders regarding beneficial interest, the above share holding represents both legal and beneficial ownership of shares.



## Notes on financial statements for the year ended March 31, 2013

(Amount in ₹)

### 3. Reserves and Surplus

	As at March 31,	
	2013	2012
<b>Capital Reserve</b>		
Balance as per last financial statements	3000000	3000000
<b>Securities Premium Account</b>		
Balance as per last financial statements	834567541	488334291
Add: Premium on issue of fully paid equity shares		313333250
Add: Premium on revised allotment of equity shares		32900000
<b>Closing balance</b>	<b>834567541</b>	<b>834567541</b>
<b>General Reserve</b>		
Balance as per last financial statements	38829209	38829209
<b>Surplus/(deficit) in the Statements of Profit and Loss</b>		
Balance as per last financial statements	432849523	274372213
Profit for the year	160531834	158477310
<b>Net Surplus in the Statement of Profit and Loss</b>	<b>593381357</b>	<b>432849523</b>
<b>Total Reserves and Surplus</b>	<b>1469778107</b>	<b>1309246273</b>

### 4. Share application money pending allotment

The new shares shall be issued as per the provisions of Chapter VII of SEBI (Issue of Capital and Disclosure Requirements), Regulations 2009 (SEBI ICDR Regulations 2009). It is proposed to issue up to Two Crore new Equity shares and the new Shares shall be issued at a price being the higher of:

(a) ₹ 60/- (Rupees Sixty only) per share; or

(b) The price determined as per SEBI (Issue of Capital and Disclosure Requirements), Regulations 2009 ('SEBI ICDR Regulations 2009')

The Allotment of above said shares shall be completed within 15 days from the date of passing of Special Resolution or within 15 days from the date of approval of this allotment by any statutory body, whichever is later. The Company has sufficient Authorized Capital to cover the share capital amount resulting from allotment of shares out of such share application money.

### 5. Long-term Borrowings

(Amount in ₹)

	Non-current portion		Current maturities	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
<b>Secured</b>				
<b>Term Loans</b>				
Indian rupee loan from banks	2049032990	1914240707	345403696	197302200
<b>Other loans and advances</b>				
Indian rupee loan from banks	938610	-	514747	-
From financial institutions	307070	640174	333530	299124
<b>Unsecured</b>				
From directors	129841390	684090	-	-
	<b>2180120060</b>	<b>1915564971</b>	<b>346251973</b>	<b>197601324</b>
Amount disclosed under the head "Other Current Liabilities" (note 10)			(346251973)	(197601324)
<b>Net amount</b>	<b>2180120060</b>	<b>1915564971</b>		

## **Notes on financial statements for the year ended March 31, 2013**

a. Indian rupee term amounting to ₹ 575.00 Lacs from State Bank of India carries interest @ 8.15% net of TUF subsidy. The loan is repayable in 31 quarterly installments of ₹ 18.54 Lacs each along with interest commencing from 01.10.2007.\*

b. Indian rupee term loan amounting to ₹ 8400.00 lacs from State Bank of India carries interest @ 8.95% p.a. net of TUF subsidy. The loan is repayable in 30 monthly installments of ₹ 42.00 lacs each, next 30 monthly instalments of ₹ 98.00 lacs each, next 35 monthly installments of ₹ 116.66 Lacs each last one monthly installments of ₹ 116.90 lacs along with interest. These installments have been started from 01.12.2010.\*

c. Indian rupee term loan amounting to ₹ 7500.00 Lacs from Punjab National Bank carries interest @ 9.00% p.a. net of TUF subsidy. The loan is repayable in 30 monthly installments of ₹ 37.50 Lacs each, next 30 monthly instalments of ₹ 87.50 Lacs each, next 35 monthly installments of ₹ 104.16 Lacs each and last one monthly installments of ₹ 104.40 Lacs along with interest. These installments have been started from 01.12.2010.\*

d. Indian rupee term loan amounting to ₹ 1350.00 Lacs from Punjab National Bank carries interest @ 9.00% p.a. net of TUF subsidy. The loan is repayable in 96 monthly installments of ₹ 14.00 Lacs each along with interest commencing from 01.01.2011.\*

e. Indian rupee term loan amounting to ₹ 2316.22 Lacs from Punjab National Bank carries interest @ 14.00% p.a. The loan is repayable in 77 monthly installments of ₹ 30.28 Lacs each along with interest commencing from 01.04.2012.\*

f. Indian rupee term loan amounting to ₹ 900.00 Lacs from UCO Bank carries interest @ 7.70% p.a. net of TUF subsidy. The loan is repayable in 96 monthly installments of ₹ 9.37 Lacs each along with interest commencing from 01.12.2010.\*

g. Indian rupee term loan amounting to ₹ 1295.00 Lacs from Allahabad Bank carries interest @ 13.54% p.a. net of TUF subsidy. The loan is repayable in 108 monthly installments of ₹ 12.00 Lacs each along with interest commencing from 01.04.2010.\*

h. Indian rupee term loan amounting to ₹ 1250.00 Lacs from Allahabad Bank carries interest @ 10.04% p.a. net of TUF subsidy. The loan is repayable in 96 monthly installments of ₹ 13.02 Lacs each along with interest commencing from 01.01.2011.\*

i. Indian rupee term loan amounting to ₹ 4500.00 Lacs from Central Bank of India carries interest @ 8.75% p.a. net of TUF subsidy. The loan is repayable in 96 monthly installments of ₹ 47.00 Lacs each long with interest commencing from 01.07.2013.\*

All the above mentioned term loans are secured by first pari-passu charge over fixed assets and second pari-passu charge over current assets of the Company. The loans are also secured by equitable mortgage of residential house of Directors Mr. Ajay Gupta and Mr. Sanjay Gupta located 445 Sant Nagar, Ludhiana. Further, the loans have been guaranteed by the personal guarantee of Executive Directors of the Company.

j. Other loan and advance represents from term loan on vehicles. This loan UCO Bank is taken during the financial year 2012-2013 and carries interest @ 10.45% p.a.. The load is repayable in 36 monthly installments of ₹ 0.54 Lacs including interest. Loan from financial institution is taken during the financial 2011-12 and carries interest 10.94% p.a.. The loan is repayable in 35 monthly installments of ₹ 0.32 Lacs each including interest. These loans are secured by way of hypothecation of respective vehicle. Further the loans have been guaranteed by the personal guarantee of Managing Directors of the Company.

## Notes on financial statements for the year ended March 31, 2013

### 6. Deferred Tax Liability (net)

(Amount in ₹)

#### Deferred tax liability

Imported of difference between Income Tax depreciation and depreciation/amortization charged for financial reporting

#### Gross deferred tax liability

Impact of unabsorbed depreciation arising under Income Tax Act, 1961

Impact of expenditure charged to the statement of Profit and Loss in the current year but not allowed for Tax purposes on payment basis

#### Gross deferred tax asset

#### Net Deferred Tax Liability

As at March 31,	
2013	2012
321349965	282103907
<b>321349965</b>	<b>282103907</b>
2723859	46474207
2595600	2595600
<b>5319459</b>	<b>49069807</b>
<b>316030506</b>	<b>233034100</b>

### 7. Provisions

(Amount in ₹)

#### Provision for Employee Benefits

Provision for gratuity (note 34)

Provision for leave benefits

Long-term		Short-term	
As at March 31,		As at March 31,	
2013	2012	2013	2012
3941509	5887638	-	-
3266354	2916497	2408906	2150890
<b>7207863</b>	<b>8804135</b>	<b>2408906</b>	<b>2150890</b>

#### Other Provisions

Provision for mark to market losses on derivative contracts

Provision for current tax

Less: prepaid taxes

Provision for wealth tax

Less: prepaid taxes

-	-	-	2493175
-	-	108288620	110400615
-	-	(58008252)	(52629557)
-	-	5810	10500
-	-	(1400)	(9008)
		<b>50284778</b>	<b>60265725</b>
<b>7207863</b>	<b>8804135</b>	<b>52693684</b>	<b>62416615</b>

### 8. Short-term Borrowings

(Amount in ₹)

#### Secured

#### Working Capital Loans

#### From Banks

Foreign Currency Loans

Indian Rupee

As at March 31,	
2013	2012

392873966	153503416
1247039443	1209986439
<b>1639913409</b>	<b>1363489855</b>

#### Unsecured

#### Working Capital Loans

#### From Banks

Indian Rupee Loans

#### From NBFCs

Indian Rupee Loan

2593700	3119025
7788450	10124594
<b>10382150</b>	<b>13243619</b>
<b>1650295559</b>	<b>1376733474</b>



## Notes on financial statements for the year ended March 31, 2013

Working Capital Loans from banks are secured by first pari-passu charge over current assets and second pari-passu charge over fixed assets of the company. The loan is also secured by equitable mortgage of residential house of Directors Mr. Ajay Gupta and Mr. Sanjay Gupta located at 445 Sant Nagar Ludhiana. Further, the loans have been guaranteed by the personal guarantee of Executive Directors of the company.

### 9. Trade Payables

Trade payables (including acceptances)

-Total outstanding dues to micro, small and medium enterprises (note 32)

-Others

(Amount in ₹)	
As at March 31,	
2013	2012
-	-
983279092	926680821
<b>983279092</b>	<b>926680821</b>

### 10. Other Current Liabilities

Current maturities of long-term borrowings (note 5)

Interest accrued and due on borrowings

Income received in advance from customers

Investor Education and Protection Fund will be credited by following amounts (as and when due)

Unpaid dividend

Other Payables

Service tax payable

TDS/TCS payable

Employee related expenses payable

Electricity expenses payable

Security payable

Expenses outstanding

Others

(Amount in ₹)	
As at March 31,	
2013	2012
346251973	197601324
31740135	27892476
3806365	15751298
23879	23879
110256	67625
3300259	2108044
26628123	18240379
24154609	13511940
68000	78000
4927499	6588563
39247382	23530323
<b>480258480</b>	<b>305393851</b>

## Notes on financial statements for the year ended March 31, 2013

### 11. Tangible Assets

	Freehold Land	Leasehold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
(Amount in ₹)									
<b>Cost or valuation</b>									
At 1 <sup>st</sup> April, 2011	118438428	19412401	803551564	2594172257	3701865	14952874	6841343	9225642	3570298374
Additions	-	40190	6069699	132334387	248488	1491553	885800	464793	141534910
Disposals	-	-	-	(26622482)	-	(1180943)	(61360)	-	(27864785)
<b>At 31<sup>st</sup> March, 2012</b>	<b>118438428</b>	<b>19452591</b>	<b>809621263</b>	<b>2699884162</b>	<b>3950353</b>	<b>15263484</b>	<b>7665783</b>	<b>9690435</b>	<b>3683966499</b>
Additions	-	185000	7753798	687207617	707494	2610823	491056	487639	699443427
Disposals	-	-	-	(24894794)	-	(1311585)	(14700)	-	(26221079)
<b>At 31<sup>st</sup> March, 2013</b>	<b>118438428</b>	<b>19637591</b>	<b>817375061</b>	<b>3382196985</b>	<b>4657847</b>	<b>16562722</b>	<b>8142139</b>	<b>10178074</b>	<b>4357188847</b>
<b>Depreciation</b>									
At 1 <sup>st</sup> April, 2011	-	791615	88144690	661084280	2299344	4453933	2700833	3375739	762850434
Charge for the year	-	196228	26142322	141361019	238668	1397923	313802	1506415	171156377
Disposals	-	-	-	(22994428)	-	(437844)	(14732)	-	(23447004)
<b>At 31<sup>st</sup> March, 2012</b>	<b>-</b>	<b>987843</b>	<b>114287012</b>	<b>779450871</b>	<b>2538012</b>	<b>5414012</b>	<b>2999903</b>	<b>4882154</b>	<b>910559807</b>
Charge for the year	-	198478	26216860	138278510	321142	1471323	297338	1476841	168260492
Disposals	-	-	-	(8018334)	-	(601155)	(882)	-	(8620371)
<b>At 31<sup>st</sup> March, 2013</b>	<b>-</b>	<b>1186321</b>	<b>140503872</b>	<b>909711047</b>	<b>2859154</b>	<b>6284180</b>	<b>3296359</b>	<b>6358995</b>	<b>1070199928</b>
<b>Net Block</b>									
At 31 <sup>st</sup> March, 2012	118438428	18464748	695334251	1920433291	1412341	9849472	4665880	4808281	2773406692
At 31 <sup>st</sup> March, 2013	118438428	18451270	676871189	2452485938	1798693	10278542	4845780	3819079	3286988919

a. Building includes those constructed on leasehold land:

Gross block ₹ 157929936 (Previous Year ₹ 157773774)

Depreciation charge for the year ₹ 5276263 (Previous Year ₹ 5258771)

Accumulated depreciation ₹ 27826364 (Previous Year ₹ 22550101)

Net book value ₹ 130103572 (Previous Year ₹ 135223673)

b. The company has provided depreciation on computer equipment used for ERP @20% on straight line basis, as useful life of such equipment has been estimated to be not more than five years.

## Notes on financial statements for the year ended March 31, 2013

### 12. Intangible Assets

	(Amount in ')
	Total
Computer software	
Gross block	
At 1 <sup>st</sup> April, 2011	3599138
Purchase	4876004
At 31 <sup>st</sup> March, 2012	8475142
Purchase	366357
At 31 <sup>st</sup> March, 2013	8841499
Amortization	
At 1 <sup>st</sup> April, 2011	630698
Charge for the year	1698683
At 31 <sup>st</sup> March, 2012	2329381
Charge for the year	1693170
At 31 <sup>st</sup> March, 2013	4022551
Net Block	
At 31 <sup>st</sup> March, 2012	6145761
At 31 <sup>st</sup> March, 2013	4818948

Intangible assets which comprises of software have been amortized @20% on straight line basis, as useful life of the such software has been estimated to be not more than five years.  
These intangible assets are not initially generated.

### 13. Expenditure on power lines

	(Amount in ')
	Total
Gross block	
At 1 <sup>st</sup> April, 2011	2052063
Additions	-
At 31 <sup>st</sup> March, 2012	2052063
Additions	-
At 31 <sup>st</sup> March, 2013	2052063
Amortization	
At 1 <sup>st</sup> April, 2011	1181894
Charge for the year	410412
At 31 <sup>st</sup> March, 2012	1592306
Charge for the year	410412
At 31 <sup>st</sup> March, 2013	2002718
Net Block	
At 31 <sup>st</sup> March, 2012	459757
At 31 <sup>st</sup> March, 2013	49345

The company has paid the above mentioned amount to Punjab State Electricity Board for expenditure on power lines. As future economic benefits associated with the installation of such power lines will flow to the company, the same have been reflected in this note. The company has amortised these lines @20% on straight line basis as the useful life is estimated to be five years.



## Notes on financial statements for the year ended March 31, 2013

### 14. Loans and Advances

(Amount in ')

	Non-current		Current	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
<b>Capital advances</b>				
Unsecured, considered good	24546500	5777051	-	-
(A)	<b>24546500</b>	<b>5777051</b>	-	-
<b>Security deposit</b>				
Unsecured, considered good	29555818	29555818	24500	24500
(B)	<b>29555818</b>	<b>29555818</b>	<b>24500</b>	<b>24500</b>
<b>Advances recoverable in cash or kind</b>				
Unsecured, considered good	-	-	245214403	419046869
(C)	-	-	<b>245214403</b>	<b>419046869</b>
<b>Other loans and advances</b>				
Loans and advances to employees	-	-	2625935	1218483
Advances to suppliers	-	-	175629487	186828341
(D)	-	-	<b>178255422</b>	<b>188046824</b>
<b>Total (A+B+C+D)</b>	<b>54102318</b>	<b>35332869</b>	<b>423494325</b>	<b>607118193</b>

### 15. Other Assets

(Amount in ')

	Non-current		Current	
	As at March 31,		As at March 31,	
	2013	2012	2013	2012
Prepaid expenses	-	-	10731861	9949821
Interest accrued on fixed deposits	-	-	9241878	3017885
Balances with statutory/government authorities	-	-	111108710	146201712
Mat credit entitlement*	63354812	44274812	92000000	67648000
Others	-	-	10732455	1514093
	<b>63354812</b>	<b>44274812</b>	<b>233814904</b>	<b>228331511</b>

\*Classification of Mat credit entitlement into non-current and current assets has been done on the basis of estimates made by management.

### 16. Inventories (valued at lower of cost and net realisable value)

(Amount in ')

	As at March 31,	
	2013	2012
Raw Materials (note 21)	1980478061	1173692168
Work-in-Progress (note 23)	78845012	77663129
Finished Goods (note 23)	531597813	620013102
Stores and Spares	34043530	32107152
	<b>2624964416</b>	<b>1903475551</b>

# Supreme Tex Mart Limited

## Notes on financial statements for the year ended March 31, 2013

### 17. Trade receivables (considered good unless otherwise stated)

Receivables outstanding for a period exceeding six months from the due date of payment

Unsecured

\*Considered good

Considered doubtful

Less: Allowance for doubtful debts

(A)

Other receivables

Unsecured

Considered good

(B)

Total (A+B)

(Amount in ')	
As at March 31,	
2013	2012
18247687	30837948
816032	816032
816032	816032
18247687	30837948
818955196	724182328
818955196	724182328
837202883	755020276

\* The company has not provided for doubtful debts in respect of debtors outstanding for over two years amounting to Rs. 15759575 since the management is of the view that these are good and recoverable.

### 18. Cash and bank balances

Cash and cash equivalents

Balance with banks:

On current accounts

On unpaid dividend accounts

Cash on hand

Other bank balances

Margin money deposit

Total

(Amount in ')			
Non-current		Current	
As at March 31,		As at March 31,	
2013	2012	2013	2012
-	-	31277832	6421064
-	-	24204	24204
-	-	4268304	5008795
-	-	35570340	11454063
-	-	85638725	51938725
-	-	85638725	51938725
-	-	121209065	63392788

Margin money deposits given as security

Margin money deposits with a carrying amount of ' 85638725 (Previous Year ' 51938725) are subject to first charge to secure the company's inland letter of credit limits with banks.

### 19. Revenue from Operations:-

Sale of Products

Finished goods

Traded goods

(Amount in ')	
For the Year Ended March 31,	
2013	2012
7957181618	7154978998
593205081	891034048

## Notes on financial statements for the year ended March 31, 2013

Other Operating Revenue		
Job work charges	210896327	199449304
Waste sales	34022578	125332823
Export Incentives	87478725	108351799
Difference in exchange rate*	66436146	(14255810)
<b>Revenue from Operations (gross)</b>	<b>8949220475</b>	<b>8464891162</b>
Less: Excise Duty	13389916	16980131
<b>Revenue from Operations (net)</b>	<b>8935830559</b>	<b>8447911031</b>

\*Difference in exchange rate relating to turnover is included in 'Revenue from operations'. Other exchange differences have been disclosed separately under the note 27 relating to 'Other expenses'.

### Details of Products Sold

	(Amount in ₹)	
	For the Year Ended March 31,	
	2013	2012
<b>Finished goods sold</b>		
Yarn	4703528446	3205252205
Fabrics	2727702445	3268498430
Garments	525950727	681228363
	<b>7957181618</b>	<b>7154978998</b>
<b>Traded goods sold</b>		
Manmade fibres	289278640	380951324
Cotton	122639708	288381288
Yarn	179631383	221701436
Fabrics	1655350	-
	<b>593205081</b>	<b>891034048</b>
	<b>8550386699</b>	<b>8046013046</b>

### 20. Other Income

	(Amount in ₹)	
	For the Year Ended March 31,	
	2013	2012
Interest income on Insurance claim	5845692	5845692
Profit on sale of fixed assets(net)	0	9759161
Excess provision written back	262022	2117218
	<b>6107714</b>	<b>17722071</b>

### 21. Cost of Raw Material Consumed

	(Amount in ₹)	
	For the Year Ended March 31,	
	2013	2012
Inventory at the beginning of the year	1173692168	1073279435
Purchases	6833804578	5595838493
	8007496746	6669117928
Less: raw material destroyed in fire	-	38322427
Less: inventory at the end of year	1980478061	1173692168
<b>Cost of raw material consumed</b>	<b>6027018685</b>	<b>5457103333</b>



## **Notes on financial statements for the year ended March 31, 2013**

### **Details of cost of Raw Material Consumed**

	(Amount in ` )	
	For the Year Ended March 31,	
	2013	2012
Manmade fibres	505643441	472118758
Cotton	1782187242	1809192418
Yarn	998318357	803119688
Fabrics	2739511789	2371155233
Others	1357856	1517236
	<b>6027018685</b>	<b>5457103333</b>

### **Details of Purchases of Raw Material**

	(Amount in ` )	
	For the Year Ended March 31,	
	2013	2012
Manmade fibres	560746506	329860369
Cotton	2141567735	1480365897
Yarn	1479207711	627296497
Fabrics	2650865532	3156834862
Others	1417094	1480868
	<b>6833804578</b>	<b>5595838493</b>

### **Details of Inventory of Raw Material**

	(Amount in ` )	
	For the Year Ended March 31,	
	2013	2012
Manmade fibres	102271193	47168126
Cotton	546349872	186969379
Yarn	574122184	93232831
Fabrics	757631952	846278210
Others	102860	43622
	<b>1980478061</b>	<b>1173692168</b>

### **22. Details of Purchase of Traded Goods**

	(Amount in ` )	
	For the Year Ended March 31,	
	2013	2012
Manmade fibres	284018048	383381910
Cotton	120576582	286332813
Yarn	180451341	202515259
Fabrics	1655331	-
	<b>586701302</b>	<b>872229982</b>

### **23. (Increase)/Decrease in Inventories**

	(Amount in ` )		
	For the Year Ended March 31,		(Increase) /
	2013	2012	Decrease
<b>Inventories at the end of the year</b>			
Work-in-progress	78845012	77663129	(1181883)
Finished goods	531597813	620013102	88415289
	<b>610442825</b>	<b>697676231</b>	<b>87233406</b>

## **Notes on financial statements for the year ended March 31, 2013**

### **Inventories at the beginning of the year**

Work-in-progress	77663129	88504188	10841059
Finished goods	620013102	495685015	(124328087)
	<b>697676231</b>	<b>584189203</b>	<b>(113487028)</b>
<b>(Increase)/Decrease in Inventories</b>	<b>87233406</b>	<b>(113487028)</b>	

### **Details of Inventory**

#### **Work-in-Progress**

	(Amount in ' )	
	For the Year Ended March 31,	
	2013	2012
Yarn	62749507	61083697
Fabrics	4460564	2179297
Processed fabrics	435413	156093
Garments	10672350	7811707
Other	527178	6432335
	<b>78845012</b>	<b>77663129</b>

#### **Finished Goods**

Yarn	449514145	535095473
Fabrics	16302795	3110693
Processed fabrics	11922201	21011175
Garments	45824092	38623326
Other	8034580	22172435
	<b>531597813</b>	<b>620013102</b>

### **24. Employee Benefit Expense**

Salaries, wages and bonus
Contribution to provident and other funds
Staff welfare expenses

	(Amount in ' )	
	For the Year Ended March 31,	
	2013	2012
	156819014	139531709
	11305991	17084170
	1230473	892673
	<b>169355478</b>	<b>157508552</b>

### **25. Finance Cost**

Interest
-Term loans
-Working capital
Bank charges

	(Amount in ' )	
	For the Year Ended March 31,	
	2013	2012
	205517433	218518362
	236513422	255168159
	50103332	37487349
	<b>492134187</b>	<b>511173870</b>

# Supreme Tex Mart Limited

## **Notes on financial statements for the year ended March 31, 2013**

### **26. Depreciation and Amortization Expense**

	(Amount in ' )	
	For the Year Ended March 31,	
	2013	2012
<b>Depreciation/Amortization on Tangible Assets</b>		
Leasehold land		
Building	198478	196228
Plant and machinery	26216860	26142322
Furniture & fixtures	138278510	141361019
Vehicles	321142	238668
Office equipment	1471323	1397923
Computer equipment	297338	313802
	1476841	1506415
	<b>168260492</b>	<b>171156377</b>
<b>Amortization of Intangible Assets</b>		
Computer software	1693170	1698683
	<b>1693170</b>	<b>1698683</b>
<b>Amortization of Expenditure on Power Lines</b>		
	<b>410412</b>	<b>410412</b>
<b>Total</b>	<b>170364074</b>	<b>173265472</b>

### **27. Other expenses**

	(Amount in ' )	
	For the Year Ended March 31,	
	2013	2012
<b>Manufacturing Expenses</b>		
Consumption of stores and spares	105775371	218903258
Consumption of packing material	78455472	76979481
Consumption of dyes and chemicals	209835098	214038690
Power and fuel	534442548	420764995
Freight and cartage inward	1547930	1286019
Testing charges	746780	805100
Value added tax	134921	554566
Water disposal charges	70960	45442
Repairs to Plant and machinery	4541187	3855152
	<b>935550267</b>	<b>937232703</b>
<b>Administrative &amp; Other Expenses</b>		
Lease Rent	1224608	2108630
Rates and taxes	564216	888654
Insurance	7721055	11070733
Repairs to building	1062524	1430837
Travelling and conveyance	852283	994129
Printing and stationery	1806938	2269275
Telephone and postage	1561578	1873744
Legal and professional	1688441	2926469
Fees & subscription	2922221	3348131



# Supreme Tex Mart Limited

## **Notes on financial statements for the year ended March 31, 2013**

Director's meeting fees	284091	294000
Director's travelling	291189	1051452
Auditors remuneration	411054	484436
Directors remuneration	5344080	5340080
Vehicle maintenance	4781893	4522731
Bad debts written off	2546375	3242967
Loss on sale of fixed assets(net)	2644616	-
Insurance claim written off	17925043	-
Charity and donation	8000	10000
Difference in exchange rate	44421905	76206433
Miscellaneous balances written off	12047	52645
Miscellaneous administrative expenses	1208605	1048355
	<b>99282762</b>	<b>119163701</b>

### **Selling Expenses**

Freight and octroi outward	81314164	79439957
Advertisement	106505	74304
Commission	36840887	26874609
Rebate and Discount	3281029	4719958
Service Tax	503852	695585
Sale Promotion Expenses	1198111	1988445
	<b>123244548</b>	<b>113792858</b>
	<b>1158077577</b>	<b>1170189262</b>

### **Payment to auditor**

(Amount in `)	
For the Year Ended March 31,	
2013	2012

#### **As auditor:**

Audit fee	224720	165450
Tax audit fee	84270	82725

#### **In other capacity:**

Taxation matters	-	30333
Company law matters	-	23163
Management services	-	40000
Other services (certification fees)	34859	56520
Reimbursement of expenses	67205	86245
	<b>411054</b>	<b>484436</b>

### **28. Contingent Liabilities:**

	(Amount in ` )	
	As at March 31,	
	2013	2012
(a) Bank guarantee outstanding	-	200000
(b) Bills discounted with banks against irrevocable letter of credit	377282842	119097076

# Supreme Tex Mart Limited

## **Notes on financial statements for the year ended March 31, 2013**

### **29. Capital and Other Commitments:**

- (a) The company has executed bonds in favour of President of India under section 59(2) and 67 of the Customs Act, 1962 and Central Excise Act, 1944 for fulfillment of obligation under the said Acts.

(Amount in ` )	
As at March 31,	
2013	2012
10000000	10000000

30. The current assets, loans and advances are having the value at which they are stated in the balance sheet, if realized in the ordinary course of business.

31. The company has leased facilities under cancellable and non cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter. The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ` 1224608. The future minimum lease payments in respect of non-cancellable operating leases as at 31st March, 2013 are:

	(Amount in ` )	
	As at March 31,	
	2013	2012
a) not later than one year	240000	797769
b) later than one year but not later than five years	960000	-
c) later than five years	-	2315000

32. a) The Company has identified Micro, Small and Medium Enterprises on the basis of information made available. There are no dues to Micro and Small Enterprises, that are reportable under the Micro, Small and Medium Enterprises Development Act 2006.

- b) The detail of amount outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the company are as under:

		(Amount in ` )	
		As at March 31,	
Sr. Particular		2013	2012
1.	Principle amount due and remaining unpaid	-	-
2.	Interest due on (1) above and the unpaid interest	-	-
3.	Interest paid on all delayed payments under the MSMED Act	-	-
4.	Payments made beyond the appointed day during the year.	-	-
5.	Interest due and payable for the period of delay other than (3) above	-	-
6.	Interest accrued and remaining unpaid	-	-
7.	Amount of further interest remaining due and payable in succeeding years	-	-

## Notes on financial statements for the year ended March 31, 2013

### 33. Earning Per Share (EPS):

The calculation of Earning per share as disclosed in the statement of profit and loss has been computed in accordance

with Accounting Standard - 20 on "Earning per share" notified by the Companies (Accounting Standard) Rules, 2006

	(Amount in ₹)	
	For the Year Ended March 31,	
	2013	2012
- Weighted Average Number of equity shares (No.)	64574963	52110121
- Profit for the year attributable to equity shareholders	160531834	158477310
- Nominal value of equity share	5/-	5/-
- Earning Per Equity Share - Basic	2.49	3.04
- Earning Per Equity Share - Diluted	2.49	3.04

### 34. Employee Benefits

The summarized position of post-employment benefits and long term employee benefits recognized in the statement of profit and loss and balance sheet in accordance with AS[15] is as under:-

#### a) Changes in the present value of the defined benefit obligation

(Amount in ₹)

	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Present Value of obligation as at the beginning of the year	12774074	2916497	10335856	3828912
Interest Cost	1021926	331774	1392246	1229735
Current Service Cost	7064159	2964753	6843381	312500
Benefits Paid	(2011574)	(2446721)	(523884)	(2499299)
Actuarial Loss/gain on obligation	(9499781)	(499949)	(5273525)	44649
Present value of obligation as at the close of the year	9348804	3266354	12774074	2916497

#### b) Change in Fair Value of Plan Assets

(Amount in ₹)

	31 <sup>st</sup> March, 2013	31 <sup>st</sup> March, 2012
	Gratuity (Funded)	Gratuity (Funded)
Fair Value of Plan Assets as at the beginning of the year	6886436	7426103
Expected return on plan assets	532433	579479
Employer's Contributions	0	546938
Benefits Paid	(2011574)	(523884)
Actuarial Loss/gain on obligations	0	(1142200)
Fair Value of Plan Assets as at the close of the year	5407295	6886436

Reconciliation of the change in Fair Value of Plan Assets in respect of unfunded leave encashment is not applicable



## **Notes on financial statements for the year ended March 31, 2013**

### **c) Amount recognized in Balance Sheet**

(Amount in ' )

	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Estimated Present value of obligations as at the end of the year	9348804	3266354	12774074	2916497
Fair value of Plan Assets as at the end of the year	5407295	-	6886436	-
Net Liability as at the end of the year (Unfunded deficit)/Surplus	3941509	3266354	5887638	2916497

### **d) Expenses Recognized in Statement of Profit and Loss**

(Amount in ' )

	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Current Service Cost	7064159	2964753	6843381	312500
Interest Cost	1021926	331774	1392246	1229735
Expected return on Plan Assets	(532433)	-	(579479)	-
Net Actuarial (Gain)/Loss recognized in the year	(9499781)	(499949)	(4131325)	44649
Total expenses recognized in Statement of profit and loss	(1946129)	2796578	3524823	1586884

### **e) Principal actuarial assumption at the balance sheet date (expressed as weighted average)**

(Amount in ' )

	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	Gratuity (Funded)	Leave Encashment (Unfunded)	Gratuity (Funded)	Leave Encashment (Unfunded)
Discount Rate	8.00%	8.00%	8.00%	8.00%
Expected rate of return on Plan Assets	9.15%	N.A.	9.15%	N.A.
Expected Rate of Salary Increase	7.00%	7.00%	7.00%	7.00%
Method used	Projected unit credit	Projected unit credit	Projected unit credit	Projected unit credit

## **Notes on financial statements for the year ended March 31, 2013**

- g) The financial assumption considered for the calculations are as under:  
 Discount Rate: The discount rate has been chosen by reference to market yield on government bonds as on date of valuation.  
 Expected Rate of Return: In case of gratuity, the actual return has been taken  
 Salary increase: On the basis of past data provided by the company

	(Amount in ₹)	
	For the Year Ended March 31,	
	2013	2012
h) Short term employee's benefits		
Short term leave encashment liability	2408906	2150890
i) Contribution to Provident Fund	7659339	8060469

The provision for leave with wages during the year has been made on the basis of closing liability as per the actuarial valuation report of LIC. This provision is underprovided to the tune of ₹ 797872 as against the provision required to be made as per actuarial valuation report given by LIC in respect of leave with wages. However, the closing liability of leave with wages is as per the actuarial valuation report.

### **35. Related Party Disclosure**

Related party disclosure is in accordance with the Accounting Standards (AS) 18 on "Related Party Disclosure" notified by the Companies (Accounting Standards) Rules, 2006:-

#### **A. Name of related parties and description of relationship:**

a) Key Management Personnel	Sh. Sanjay Gupta Sh. Ajay Gupta Sh. Gautam Gupta	Whole time Director Managing Director Joint Managing Director
b) Enterprises controlled by Key Management Personnel:	<ul style="list-style-type: none"> <li>- Venus Tex Spin Ltd</li> <li>- Gautam Terry Tech Ltd.</li> <li>- Gtl</li> <li>- Goldleaf International Pvt. Ltd.*</li> <li>- Cimero Industrial Enterprises Ltd.*</li> <li>- Ganeshgee Textile Trading Ltd.*</li> </ul>	

\* No transaction has taken place during the year

#### **B. a) Transaction with Key Management Personnel**

Particulars	(Amount in ₹)	
	For the Year Ended March 31,	
	2013	2012
i) Loans		
- Opening Balance	684090	-
- Loan taken	129157300	684090
- Loan repaid	-	-
- Closing balance	129841390	684090
ii) Remuneration Paid	5340080	5340080

Note: The remuneration to the key managerial personnel does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

# Supreme Tex Mart Limited

## **Notes on financial statements for the year ended March 31, 2013**

### **b) Transaction with Entity Controlled by Key Management Personnel**

Particulars	(Amount in `)	
	For the Year Ended March 31,	
	2013	2012
i) Purchase	1120616382	600662056
ii) Sale	1126190329	329641732
iii) Rent Paid	240000	240000

C. No amount has been provided as doubtful debts or advances/written off or written back in the year in respect of debts due from or to above said related parties.

D. Related party relationship is as identified by the Management and relied upon by the Auditors.

E. Transactions with enterprises controlled by KMP has been made against advance payments. Therefore, provisions of

Section 295 of Companies Act, 1956 are not applicable to the company.

### **36. Derivative Instruments and unhedged foreign currency exposure**

#### **a) Derivatives outstanding as at the balance sheet date**

##### **Particulars**

Forward contract to sell US\$

As at March 31,	
2013	2012
8903167	3577428

Note: The purpose of these forward contracts is to hedge highly probable foreign currency sales.

	(Nos)	31 <sup>st</sup> March, 2013	(Nos)	31 <sup>st</sup> March, 2012
Put and call option contract	-	-	1	400000 US\$

#### **b) The foreign currency exposures remaining unhedged at the year end**

##### **Particulars**

Against Creditors of Import

[In US Dollars]

Equivalent approximate in `

As at March 31,	
2013	2012
1034945	185400
56176697	9436651

37. In accordance with the Accounting Standard (AS) – 28 on "Impairment of Assets", the company has assessed as on balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.



## **Notes on financial statements for the year ended March 31, 2013**

### **38. CIF value of imports**

	(Amount in ` )	
	For the Year Ended March 31,	
	2013	2012
Raw materials	47276013	47381096
Components and spare parts	10088092	15010188
Capital goods	477895186	6765330
	<b>535259291</b>	<b>69156614</b>

### **39. Expenditure in foreign currency**

	(Amount in ` )	
	For the Year Ended March 31,	
	2013	2012
Director's travelling	443347	143548
Commission	9274180	3506984
	<b>9717527</b>	<b>3650532</b>

### **40. Earnings in foreign currency**

	(Amount in ` )	
	For the Year Ended March 31,	
	2013	2012
FOB value of exports	1847253705	1338005838
	<b>1847253705</b>	<b>1338005838</b>

### **41. Value of raw materials, components and spare parts consumed (including traded goods)**

	31 <sup>st</sup> March, 2013		31 <sup>st</sup> March, 2012	
	( in ` )	% of total consumption	( in ` )	% of total consumption
<b>Raw materials</b>				
Imported	47276013	1	47381096	1
Indigeneous	6566443974	99	6281952219	99
	<b>6613719987</b>	<b>100</b>	<b>6329333315</b>	<b>100</b>
<b>Components and spare parts</b>				
Imported	10088092	3	15010188	3
Indigeneous	383977849	97	494911241	97
	<b>394065941</b>	<b>100</b>	<b>509921429</b>	<b>100</b>

42. Previous year's figures have been recast/regrouped whenever necessary to make these comparable with current year's figures.

For and on behalf of Board

As per our Report of even date attached  
for ASHISH AGARWAL & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 010788N

sd/-  
Ajay Gupta  
Managing Director

sd/-  
Gautam Gupta  
Jt. Managing Director

sd/-  
Robin Vlijan  
Company Secretary

sd/-  
(Ashish Agarwal)  
PARTNER  
M.NO. 089579

LUDHIANA  
May 30, 2013