

DIRECTORS' REPORT

Dear Members,

The Directors hereby present their Twenty-sixth Annual Report on the business and operations of the Company together with the audited Financial Accounts for the year ended March 31, 2014.

Financial Performance

| Particulars | Amount in Crores | |
|--|---------------------------|---------------------------|
| | Year ending 31.03.2014 | Year ending 31.03.2013 |
| Net Turnover | 830.66 | 894.19 |
| Profit before Depreciation | 26.91 | 42.14 |
| Profit / Loss(-) before Tax | 0.31 | 25.10 |
| Less Provision for Tax (including deferred and fringe benefit tax) | (0.84) | 9.05 |
| Profit / Loss(-) after Taxes | 1.15 | 16.05 |

Operations Detail

Production in both the spinning units was 239.85 lacs kgs. as compared to the figure of 334.05 lacs kgs. In the garment unit, 5.96 lacs pieces of garments & 678.96MT Fabric were produced as compared to the figure of previous year of 9.46 lacs pieces of garments and 749.95MT of fabric. Net Turnover during the year under review has shown decrease of 7.11%. There is net profit of Rs.1.15 Crores as compared to net profit of 16.05 Crores in the previous year. Cash profit during the current year ending on 31.03.2014 decreased to Rs.26.50 Crores from the figure of Rs. 41.39 Crores in the previous year ending on 31.03.2013.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry and Economic Scenario

The Indian economy further slowed down with GDP growth in FY 13-14 estimated to be less than 5%. Industrial growth rate continued to stay weak at 0.5%. The economic slowdown has impacted the performance of your Company as well. Though demand continued to grow globally, margins contracted given rising raw material prices coupled with subdued realisation in line with the global scenario due to the large surplus capacities in China. It is expected that the economy should grow in the coming years and the demand for and prices of textile products should improve which will enable the Company to regain steady or better performance.

Opportunities, Threats & Outlook

There is good scope for growth for the textile industry as India's share in the global trade in textiles is weak compared to other countries. The free trade environment is a great opportunity for the Indian textile industry to increase its share in the global market. Chinese exports are slowing down on account of various factors inclusive of increase in domestic demand and rising costs. This is a good opportunity of which our textile industry should make use but smaller countries like Bangladesh, Sri Lanka, Pakistan, Turkey and Vietnam etc. are becoming formidable challengers.

Lack of uninterrupted power, increased power costs, higher transaction costs, high cost of labour are hindering the progress. However, we are making all out efforts to cope with all these challenges by continuous efforts at cost reduction, process improvements, diversification of products and improving productivity by improving efficiencies.

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 Rs.229.87 crore and accounts for about 27.67% 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.

Risk Management

Risk Management is an integral part of the Company's business strategy. The risk management process is governed by the Enterprise Wide Risk management framework. The Board reviews compliance with risk policies, monitors risk tolerance limits, reviews and analyzes risk exposure related to specific issues and provides oversight of risk across the organization. The Board nurtures a healthy and independent risk management function to inculcate a strong risk management culture in the Company.

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

The Company's internal control system is designed to ensure operational efficiency, protection and conservation of resources, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficacy of the Company's internal controls, including its systems and processes and compliance with regulations and procedures. 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

The Company recognizes people as its most valuable asset and it has built an open, transparent and meritocratic culture to nurture this asset. Talent Management is a key people planning tool that provides an integrated means of identifying, selecting, developing and retaining top talent within our organization. STML has kept a sharp focus on Employee Engagement.

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 low profits company has decided not to declare any dividend

EXPANSION PLAN

No expansion was done during the Financial Year 2013-14.

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 *undisputed income tax payable of Rs. 4,80,12,000/- for previous year ended on 31.03.2013 has not been deposited with Income Tax Authorities & has been outstanding for more than six months.*

The Management of the Company in this regard has explained that due to cash crunch the amount of Income Tax could not be paid the same will be paid in the current Financial Year. The other points of Auditors' report on the Accounts are self-explanatory and needs no comments.

DIRECTORS

Mr. Sanjay Gupta, Whole time Director, Mr. B.B Goel and Mr. R. C Singal – Independent Directors resigned during the year. Office of Director of Mr. Marcel Menda was also vacated pursuant to the provisions of Section 283 of the Companies Act, 1956. Your Directors on behalf of the Company convey their thanks to the outgoing Directors for the services rendered by them. Mr. Daljeet Singh Sandhu and Mr. Rajeev Bhambri was appointed as an additional Director during the year to hold the office up to the conclusion of the ensuing Annual general Meeting. In the month of May Mr. Rajeev Bhambri also resigned from the office of Director and Mr. Ashok Kumar Singla was appointed as additional director on the Board of the Company.

Mr. Ajay Gupta and Mr. Kuldeep Singh- Directors are liable to retire by rotation at the ensuing Annual General Meeting of the Company. In accordance with the provisions of Section 149 of the Companies Act, 2013 and the Rules made there under, which came into effect from April 1, 2014, approval of the Members will be sought at the ensuing Annual General Meeting of the Company for formalizing the appointment of Mr. Daljeet Singh Sandhu, and Mr. Ashok Kumar Singla- Director as an Independent Director of the Company not liable to retire by rotation, for a term of five years.

PERSONNEL

Since there is no employee receiving salary Rs.60 Lacs or more P.A. or Rs.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

Particular 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. 31.03.2014 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 ACKNOWLEDGEMENTS

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

Place: Ludhiana
Dated: 30.05.2014

S/d-
(AJAY GUPTA)
Managing Director

S/d-
(GAUTAM GUPTA)
Jt. Managing Director

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 | 2013-14 | 2012-13 | |
|----------|--|----------------|----------------|--------|
| 1 | Electricity - Own Generation | | | |
| | Unit Produced | KWH in Lac | 4.96 | 14.54 |
| | Unit Produced /Ltr. of Diesel | KWH | 3.68 | 3.61 |
| | Cost Per Unit | Rs. | 14.11 | 11.62 |
| 2 | Electricity – Purchased | | | |
| | Unit Purchased | KWH in Lac) | 644.13 | 623.03 |
| B | Electricity Consumed Per Kg of Production | 2013-14 | 2012-13 | |
| | Yarn | KWH/Kg | 2.29 | 2.30 |
| | Dyeing | KWH/Kg | 1.01 | 0.64 |
| | Garment | KWH/Kg | 2.66 | 1.29 |

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: (Rs. in crore)

| | |
|---|--------|
| Foreign Exchange Earned (FOB value of export) | 229.87 |
| Foreign Exchange Used (CIF Value of Imports) | 2.04 |

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 31.03.2014 was as under:

One Non-Executive Independent Chairman
 Three Executive Directors
 Four 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:

| Name of Directors | 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 | 8 | - | - |
| 2.S.K. Ahuja | Director | NED-I | 10 | -- | -- |
| 3.A.P Gupta | Director | NED-I | 6 | -- | -- |
| 4.Rajeev Bhambri | Director | NED-I | 1 | -- | -- |
| 5.Daljeet Singh Sandhu | Director | NED-I | -- | - | - |
| 6.Ajay Gupta | Managing Director | EXE | 3 | -- | -- |
| 7.Gautam Gupta | Joint Managing Director | EXE | 4 | -- | -- |
| 8. 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 31st March, 2014 Five Board Meetings were held on the following dates: 30.05.2013, 14.08.2013, 20.09.2013, 14.11.2013, 13.02.2013

c) Directors Attendance Record:

Attendance of Directors at Board Meeting and at Annual General Meeting (AGM)

| NAME OF DIRECTORS | NO. OF BOARD MEETING(S) ATTENDED | WHETHER ATTENDED THE AGM HELD ON 30.08.2013 |
|--|---|--|
| 1. Ajay Mahajan | 0 (Zero) | No |
| 2. S.K. Ahuja | 0(Zero) | No |
| 3. Mr. A.P Gupta | 0 (Zero) | No |
| 4. Rajeew Bhambri | 2 (Two) | No |
| 5. Daleet Singh Sandhu | 1 (One) | No |
| 6. Ajay Gupta | 5 (Five) | Yes |
| 7. Mr. Gautam Gupta | 5 (Five) | Yes |
| 8. Mr. Kuldep Singh | 5 (Five) | No |
| 9. Sh. Sanjay Gupta* | 0 (Zero) | No |
| 10. Sh. B.B. Goel* | 3 (Three) | No |
| 11. Sh. R. C Singal* | 4 (Four) | Yes |
| 12. Mr. Marcel Menda* | 0 (Zero) | No |
| *Sh. Sanjay Gupta, Sh. B. B Goel, Sh. R .C Singal and Mr. Marcel Menda resigned during the year. | | |

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, 2014 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 the in the listing Agreement with the stock exchange.

Composition and Attendance

During the year ended 31st March, 2014, Five Meetings of the Audit Committee were held on the following dates:

30.05.2013, 14.08.2013, 20.09.2013, 14.11.2013, 13.02.2013

| NAME OF THE MEMBER | CATEGORY | NO. OF MEETING ATTENDED |
|--|------------------------|--------------------------------|
| 1. Ajay Gupta | Executive Director | 5 (Five) |
| 2. B.B.Goel* | Non-executive Director | 3 (Three) |
| 3. R.C.Singal* | Non-executive Director | 4 (Four) |
| 4. Daljeet Singh Sandhu | Non-executive Director | 1 (One) |
| 5. Rajeew Bhambri | Non-executive Director | 2 (Two) |
| *Mr. B. B Goel and Mr. R. C Singal resigned during the year. | | |

There 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. Ajay 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 annual remuneration (all inclusive) consisting of Basic salary, Allowances and bonus as approved by the Board and shareholders as given below:

| | |
|------------------|-----------------|
| Mr. Ajay Gupta | Rs. 20,73,360/- |
| Mr. Gautam Gupta | Rs. 20,00,360/- |
| Mr. Sanjay Gupta | Rs. 1,03,980/- |

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 2013-2014.

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

This committee comprises of Sh. Daljeet Singh Sandu, Sh. Rajeev Bhambri and Sh. Ajay 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 31st March, 2014, the company has not received any shareholders complaint from Stock Exchange/SEBI/Department of Company Affairs/Registrar of Companies. Two meetings of Shareholders/Investors Grievance and Share Transfer cum Management Remuneration Committee were held on 30.04.2013 and 30.05.2013. 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@supremetexmart.com

8. GENERAL BODY MEETINGS

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

| <u>FY ending</u> | <u>Date</u> | <u>Day</u> | <u>Time</u> | <u>Held At</u> |
|------------------|-------------|------------|-------------|----------------------------------|
| 31.03.2013 | 30.08.2013 | Friday | 12.00 Noon | 424, Industrial Area-A, Ludhiana |
| 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 |

No Special Resolutions passed in the previous three AGM:

23rd AGM in 2011 No special Resolution was passed.
 24th AGM in 2012 No special Resolution was passed.
 25th AGM in 2013 One Special Resolution regarding remuneration of Mr. Gautam Gupta was passed

During the year ended 31st March, 2014, one Extra-ordinary General Meeting was held on 15.04.2013.

9. Postal Ballot:

During the year ended 31st March, 2014, 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:

- a) Contract was entered with company's sister concern which is a limited company for sale/purchase of goods at market price.
- b) Building of a sister concern is being used by the company as Registered Office of the company at a very nominal annual rent of Rs.2.4 lacs.
- c) Interest free Loan amounting to Rs. 9.25 Crores was obtained from sister concern.

Except as aforesaid, during the financial year 2013-2014 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. Compliances by the Company

- a) 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.
- b) Company has not denied any personnel, access to Audit Committee for informing unethical or improper practice.
- c) 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 Tuesday the 30th September, 2014 at 12.00 noon at Registered Office of the company at 424, Industrial Area – A, Ludhiana.

b) **Date of Book Closure**

26th day of September, 2014 to 30th day of September 2014.

(Both days inclusive – for the purpose of AGM/Annual closure of books).

c) **Listing**

The share of the company is listed on

| | | |
|--|---------------|----------------------|
| Bombay Stock Exchange Limited, Mumbai | Scrip code | 531934 |
| National Stock Exchange of India Limited | Symbol Series | SUPREMETEX EQ |

The Company has paid the Annual Listing fees, for the financial years 2013-14 & 2014-15.

d) **Registrar and Transfer Agent:**

Shares are transferred through the under noted agent only:

Beetal Financial & Computer Services (P) Limited,
Beetal House, 3rd Floor,
99, Madangir, BH-Local Shopping Complex
Near Dada Harsukhdas Mandir,
New Delhi – 110062.

Phone 011- 29961281 – 82
Contact Person Mr.Punit Mittal
E-mail beetal_99@sify.com

e) **Market Price Data for the year 2013-14:**

BSE

Maximum Price Quoted Rs. 11.00 per share of Rs.5.
Minimum Price Quoted Rs. 3.47 per share of Rs.5.

NSE

Maximum Price Quoted Rs. 10.00 per Share of Rs.5.
Minimum Price Quoted Rs. 4.80 per Share of Rs.5.

f) **Shareholding Pattern as on 31st March, 2014.**

| <u>Category</u> | <u>No. of Shares</u> | <u>%age of Shareholding</u> |
|------------------------|-----------------------------|------------------------------------|
| Promoters | | |
| Private | 38089080 | 55.83 |
| PSIDC | 1645222 | 2.41 |
| Indian Public | 15140515 | 22.19 |
| NR/OCB | 13355418 | 19.57 |
| Grand Total | 68230235 | 100.00 |

g) **Distribution Schedule as on 31st March, 2014.**

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 | 993 | 72.43 | 346727 | 1733635 | 0.51 |
| 5001 to 10000 | 137 | 9.99 | 230179 | 1150895 | 0.34 |
| 10001 to 20000 | 82 | 5.98 | 251453 | 1257265 | 0.37 |
| 20001 to 30000 | 34 | 2.48 | 176420 | 882100 | 0.26 |
| 30001 to 40000 | 19 | 1.39 | 134727 | 673635 | 0.20 |
| 40001 to 50000 | 20 | 1.46 | 186997 | 934985 | 0.27 |
| 50001 to 100000 | 27 | 1.97 | 389025 | 1945125 | 0.57 |
| 100001 and above | 59 | 4.30 | 66514707 | 332573535 | 97.49 |
| Total | 1371 | 100.00 | 68230235 | 341151175 | 100.00 |

- g) **Dematerialization of shares and liquidity:**
Percentage of Shares as on 31.03.2014 held in
Physical form : 41.42
Electronic form with NSDL : 40.39
Electronic form with CDSL : 18.19
The Company's shares are traded on the Bombay Stock Exchange Limited and on The National Stock Exchange of India Limited.
- h) 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.supremetexmart.com.
- i) The financial year of the company under review is from 1st April 2013 to 31st March 2014.
- j) **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.
- k) **Address for the Correspondence:**
Supreme Tex Mart Limited
424, Industrial Area-A, Ludhiana -141003.
Phones: 0161-6614400, 2222719 Fax: 0161-2609949
E-mail: robinvijan@supremetexmart.com
Website: www.supremetexmart.com

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, 2014.

For Supreme Tex Mart limited

Ludhiana
May 30, 2014

S/d-
(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 31.03.2014 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: 30.05.2014

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, 2014 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**

**Place: Ludhiana
Dated: 30.05.2014**

**S/d-
(ASHISH AGARWAL)
Partner
M. No. 089579**

Independent Auditor's Report

To the Members of Supreme Tex Mart Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Supreme Tex Mart Limited ("the Company") which comprise the balance sheet as at 31 March 2014, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (i) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014;
- (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 the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - ii) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii) The balance sheet, statement of profit and loss and cash flow statement dealt with by this Report are in agreement with the books of account;
 - iv) In our opinion, the balance sheet, statement of profit and loss and cash flow statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. ; and
 - v) On the basis of written representations received from the directors as on 31 March 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2014, from being appointed as a director 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, 2014**

**S/d-
Ashish Agarwal
Partner
M. No. 089579**

Annexure to the Independent Auditors' Report

The Annexure referred to in our report to the members of Supreme Tex Mart Limited ("the Company") for the year ended 31 March, 2014. We report that:

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.

2. 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 loan during different time of the year aggregating `9.25 crore from one party & paid `12.98 crore to two parties covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was `22.23 crore and the year end balance of loans taken from such parties was `9.25 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, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues *except income tax*, 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 31st March, 2014, for a period of more than six months from the date they become payable *except undisputed income tax payable of Rs. 4,80,12,000/- for previous year ended on 31.03.2013 has not been deposited with Income Tax Authorities & has been outstanding for more than six months.*

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 shares, 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 made preferential allotment to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year. In our opinion and according to the information and explanations given to us, the price at which such shares have been issued is not prejudicial to the interest of the company.
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 31st March 2014.

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

**S/d-
Ashish Agarwal
Partner
M. No. 089579**

**Ludhiana
May 30, 2014**

**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 31st March, 2014 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**

**S/d-
Ashish Agarwal
Partner
M. No. 089579**

**Ludhiana
May 30, 2014**

SUPREME TEX MART LIMITED**Balance Sheet As at March 31, 2014**

(Amount in `)

| Particulars | Note | As at March 31, | |
|---|---------|-------------------|-------------------|
| | | 2014 | 2013 |
| EQUITY AND LIABILITIES | | | |
| Shareholders' Funds | | | |
| Share Capital | 2 | 340556075 | 322279715 |
| Reserves and Surplus | 3 | 1682347632 | 1469778107 |
| | | 2022903707 | 1792057822 |
| Share Application Money Pending Allotment | 4 | - | 206731301 |
| Non-Current Liabilities | | | |
| Long Term Borrowings | 5 | 1775693499 | 2180120060 |
| Deferred Tax Liability (net) | 6 | 303496030 | 316030506 |
| Long Term Provisions | 7 | 20417461 | 7207863 |
| | | 2099606990 | 2503358429 |
| Current Liabilities | | | |
| Short Term Borrowings | 8 | 1831915958 | 1785559403 |
| Trade Payables | 9 | 1291849516 | 848015248 |
| Other Current Liabilities | 10 | 631294941 | 480258480 |
| Short Term Provisions | 7 | 52154220 | 52693684 |
| | | 3807214635 | 3166526815 |
| TOTAL | | 7929725332 | 7668674367 |
| ASSETS | | | |
| Non-Current Assets | | | |
| Fixed Assets | | | |
| Tangible Assets | 11 | 3139502078 | 3286988919 |
| Intangible Assets | 12 | 3086042 | 4818948 |
| Expenditure on Power Lines | 13 | 0 | 49345 |
| Capital Work-in-Progress | | 3255677 | 18674432 |
| Long Term Loans and Advances | 14 | 80499570 | 54102318 |
| Other Non-Current Assets | 15 | 63942289 | 63354812 |
| | | 3290285656 | 3427988774 |
| Current Assets | | | |
| Inventories | 16 | 2288454456 | 2624964416 |
| Trade Receivables | 17 | 1429591222 | 837202883 |
| Cash and Bank Balances | 18 | 65104137 | 121209065 |
| Short Term Loans and Advances | 14 | 517159392 | 423494325 |
| Other Current Assets | 15 | 339130469 | 233814904 |
| | | 4639439676 | 4240685593 |
| TOTAL | | 7929725332 | 7668674367 |
| 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

Ajay Gupta
Managing Director

Gautam Gupta
Jt. Managing Director

Robin Vijan
Company Secretary

(Ashish Agarwal)
PARTNER
M.NO. 089579

LUDHIANA
May 30, 2014

SUPREME TEX MART LIMITED**Statement of Profit and Loss for the Year Ended March 31, 2014**

(Amount in `)

| Particulars | Note | For the Year Ended March 31, | |
|---|------|------------------------------|-------------------|
| | | 2014 | 2013 |
| INCOME | | | |
| Revenue from Operations (gross) | 19 | 8313044195 | 8949220475 |
| Less: Excise Duty | | 8802047 | 13389916 |
| Revenue from Operations (net) | 19 | 8304242148 | 8935830559 |
| Other Income | 20 | 2326593 | 6107714 |
| Total Revenue | | 8306568741 | 8941938273 |
| EXPENSES | | | |
| Cost of Raw Material Consumed | 21 | 5277007252 | 6025704451 |
| Purchases of Traded Goods | 22 | 623939588 | 586701302 |
| (Increase)/Decrease in Inventories of Finished Goods and Work in Progress | 23 | 86784649 | 87233406 |
| Employee Benefit Expense | 24 | 241508102 | 169355478 |
| Finance Cost | 25 | 501548898 | 492134187 |
| Depreciation and Amortization Expense | 26 | 266064187 | 170364074 |
| Other Expenses | 27 | 1306633008 | 1159391811 |
| Total Expenses | | 8303485684 | 8690884709 |
| Profit Before Tax | | 3083057 | 251053564 |
| Tax Expenses | | | |
| Current Tax | | 620000 | 53693000 |
| MAT Credit Entitlement | | 587477 | 50230000 |
| Wealth Tax | | 30445 | 4410 |
| Deferred Tax | | (12534476) | 82996406 |
| Taxes of Earlier Years | | 4025000 | 4057914 |
| Profit for the Year From Continuing Operations | | 11529565 | 160531834 |
| Profit for the Year | | 11529565 | 160531834 |
| Earning Per Equity Share of ` 5/- each | | | |
| Basic | | 0.17 | 2.49 |
| Diluted | | 0.17 | 2.49 |

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

Ajay Gupta
Managing Director

Gautam Gupta
Jt. Managing Director

Robin Vijan
Company Secretary

(Ashish Agarwal)
PARTNER
M.NO. 089579

LUDHIANA
May 30, 2014

SUPREME TEX MART LIMITED

Cash Flow Statement for the Year Ended March 31, 2014

(Amount in `)

| PARTICULARS | FOR THE YEAR ENDED MARCH 31, | |
|---|------------------------------|---------------|
| | 2014 | 2013 |
| A CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit before tax and extraordinary items | 3083057 | 251053564 |
| Adjusted for: | | |
| Depreciation and Amortization | 266064187 | 170364074.00 |
| Bad Debts written off | 10775183 | 2546375.00 |
| Insurance claim written off | 7657374 | 17925043.00 |
| Miscellaneous balances written off | 11916487 | 12047.00 |
| Provisions no longer required written back | (816032) | (262022.00) |
| Interest received | (11803996) | (10355125.00) |
| Interest and Financial charges | 513352894 | 492134187.00 |
| Profit(-)/Loss on sale of Fixed Assets | (359580) | 2644616 |
| Operating Profit before Working Capital Changes | 796786517 | 675009195 |
| | 799869574 | 926062759 |
| Adjusted for: | | |
| Increase(-)/Decrease in Trade and Other Receivables | (847299234) | 81056953 |
| Increase(-)/Decrease in Inventories | 336509960 | (721488865) |
| Increase/Decrease(-) in Trade and Other Liabilities | 473077876 | 224262231 |
| Cash Generated from Operations | 762158176 | (416169681) |
| | | 509893078 |
| Taxes Paid | (5476304) | (58445094) |
| Net Cash from Operating Activities | 756681872 | 451447984 |
| B CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of Fixed Assets | (101590459) | (675504871) |
| Sale of Fixed Assets | 573700 | 14956092 |
| Interest received | 11803996 | 10355125 |
| Net Cash used in Investing Activities | (89212763) | (650193654) |
| C CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from Long Term Borrowings | (404426561) | 264555089 |
| Proceeds from Short Term Borrowings | 181620399 | 273562085 |
| Interest Paid | (513352894) | (488286528) |
| Proceeds from Issue of Share Capital | 219316320 | - |
| Proceeds from Share Application money | (206731301) | 206731301 |
| Net Cash from Financing Activities | (723574037) | 256561947 |
| NET INCREASE IN CASH & CASH EQUIVALENTS | (56104928) | 57816277 |
| CASH & CASH EQUIVALENTS AS ON 01.04.2013 | 121209065 | 63392788 |
| CASH & CASH EQUIVALENTS AS ON 31.03.2014 | 65104137 | 121209065 |

For and on behalf of Board

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

Ajay Gupta
Managing Director

Gautam Gupta
Jt. Managing Director

Robin Vijan
Company Secretary

(Ashish Agarwal)
PARTNER
M.NO. 089579

LUDHIANA
May 30, 2014

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 types 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. The financial statements have been prepared to comply with the Accounting Principles Generally accepted in India, the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956.

B) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, require judgments, estimates and assumptions to be made that affect 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 /materialised.

C) Revenue Recognition:

a) Sales

Sales comprises of 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 undiscounted 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 net of recoverable taxes, trade discounts and rebates less accumulated depreciation and impairment loss, if any.
- ii) Cost of fixed assets comprises its purchase price, borrowing cost 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 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:

STML operates in one single segment i.e. textile segment. The disclosure requirements as prescribed in the Accounting Standard (AS) – 17 on "Segment Reporting" issued by The Institute of Chartered Accountants of India are not applicable.

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 its 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
 - i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - ii) a reliable estimate of amount of the obligation cannot be made.

2. Share Capital

| | (Amount in `) | |
|--|---------------------|---------------------|
| | As at March 31, | |
| | 2014 | 2013 |
| Authorized: 90000000 (Previous Year 73000000) Equity Shares of ` 5 each | 450000000 | 365000000 |
| Issued, Subscribed and Paid up: 68230235 (Previous Year 64574963) Equity Shares of ` 5 each fully paid up Less: Calls in arrear - by others | 341151175 595100 | 322874815 595100 |
| | 340556075 | 322279715 |

a. Reconciliation of the number of shares outstanding

| | (Amount in `) | | | |
|---|-----------------|------------------|-----------------|------------------|
| | As at March 31, | | | |
| | 2014 | | 2013 | |
| | No. | Amount | No. | Amount |
| At the beginning of the period | 64574963 | 322874815 | 64574963 | 322874815 |
| Issued during the period | 3655272 | 18276360 | - | - |
| Outstanding at the end of period | 68230235 | 341151175 | 64574963 | 322874815 |

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 shareholder.

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

| | As at March 31, | | | |
|---|-----------------|------------------------|----------|------------------------|
| | 2014 | | 2013 | |
| | No. | % holding in the class | No. | % holding in the class |
| Equity shares of ` 5 each fully paid | | | | |
| Sindia Investment Group Pte Ltd. | 7000000 | 10.26% | 7000000 | 10.84% |
| Sinochamp Corporation Ltd. | 4807143 | 7.05% | 4807143 | 7.44% |
| Gold Leaf International Pvt. Ltd. | 4000000 | 5.86% | 4000000 | 6.19% |
| Sanjay Gupta | 11933823 | 17.49% | 11933823 | 18.48% |
| Ajay Gupta | 9575445 | 14.03% | 9575445 | 14.83% |
| Bhavna Gupta | 3534665 | 5.18% | 3534665 | 5.47% |
| White Stone Yarns Pvt. Ltd. | 3350000 | 4.91% | 3350000 | 5.19% |
| Venus Tex Spin Ltd. | 3350000 | 4.91% | 3350000 | 5.19% |

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

3. Reserves and Surplus

| | (Amount in `) | |
|--|-------------------|-------------------|
| | As at March 31, | |
| | 2014 | 2013 |
| Capital Reserve | | |
| Balance as per last financial statements | 3000000 | 3000000 |
| Securities Premium Account | | |
| Balance as per last financial statements | 834567541 | 834567541 |
| Add: Premium on issue of fully paid equity shares | 201039960 | - |
| Closing balance | 1035607501 | 834567541 |
| General Reserve | | |
| Balance as per last financial statements | 38829209 | 38829209 |
| Surplus/(deficit) in the Statement of Profit and Loss | | |
| Balance as per last financial statements | 593381357 | 432849523 |
| Profit for the year | 11529565 | 160531834 |
| Net Surplus in the Statement of Profit and Loss | 604910922 | 593381357 |
| Total Reserves and Surplus | 1682347632 | 1469778107 |

4. Share application money pending allotment

During the year, the company has made the allotment of 36,55,272 equity shares against the share application money pending for allotment as on the date of previous balance sheet.

5. Long-term Borrowings

| | (Amount in `) | | | |
|---|---------------------|-------------------|--------------------|------------------|
| | Non-current portion | | Current maturities | |
| | As at March 31, | | As at March 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Secured | | | | |
| Term Loans | | | | |
| Indian rupee loan from banks | 1682773452 | 2049032990 | 380816196 | 345403696 |
| Other loans and advances | | | | |
| Indian rupee loan from banks | 419302 | 938610 | 1110206 | 514747 |
| From financial institutions | - | 307070 | 307070 | 333530 |
| Unsecured | | | | |
| From directors | - | 129841390 | - | - |
| From related parties (including inter corporate loans) | 92500745 | - | - | - |
| | 1775693499 | 2180120060 | 382233472 | 346251973 |
| Amount disclosed under the head "Other Current Liabilities" (note 10) | | | (382233472) | (346251973) |
| Net amount | 1775693499 | 2180120060 | - | - |

| | (Amount in `) | | | |
|--|---------------------|------|--------------------|------|
| | Non-current portion | | Current maturities | |
| | As at March 31, | | As at March 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Unsecured Long-term Borrowings include | | | | |
| Loans from Gautam Terry Tech Ltd. in which relatives of company's managing directors are directors | 92500745 | - | - | - |

- a.** Indian rupee term loan amounting to ` 575.00 lacs from State Bank of India carries interest @ 9.20% p.a. 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 @ 10.00% 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 and last one monthly installment 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 @ 8.00% 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 installment 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 @ 8.84% p.a. net of TUF subsidy. The loan is repayable in 96 monthly installments of ` 14.06 lacs each along with interest commencing from 01.01.2011. *
- e.** Indian rupee term loan amounting to ` 2319.94 lacs from Punjab National Bank carries interest @ 9.65% p.a. The loan is repayable in 77 monthly installments of ` 30.21 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 @ 13.59% 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 @ 10.09% 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 along 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 Director Mr. Ajay Gupta and Promoter Mr. Sanjay Gupta located at 445 Sant Nagar Ludhiana. Further, the loans have been guaranteed by the personal guarantee of Directors Mr. Ajay Gupta , Mr. Gautam Gupta and Promoter Mr. Sanjay Gupta.

j. Other loan and advance represents term loan on vehicles. This loan from HDFC Bank is taken during the financial year 2013-14 and carries interest @12.55% p.a. The loan is repayable in 23 monthly installments of ` 0.15 lacs including interest. Another loan from HDFC Bank is taken during the financial year 2013-14 and carries interest @13.65% p.a. The loan is repayable in 24 monthly installments of ` 0.34 lacs including interest. This loan from UCO Bank is taken during the financial year 2012-13 and carries interest @10.45% p.a. The loan is repayable in 36 monthly installments of ` 0.54 lacs including interest. Loan from financial institution is taken during the financial year 2011-12 and carries interest 10.94% p.a. The loan is repayable in 35 monthly installments of ` 0.32 lacs 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 Director of the company.

6. Deferred Tax Liability (net)

(Amount in `)

| | As at March 31, | |
|---|------------------|------------------|
| | 2014 | 2013 |
| Deferred tax liability | | |
| Impact of difference between Income Tax depreciation and depreciation/amortization charged for financial reporting | 317240092 | 321349965 |
| Gross deferred tax liability | 317240092 | 321349965 |
| Impact of unabsorbed depreciation arising under Income Tax Act, 1961 | 11148462 | 2723859 |
| Impact of expenditure charged to the statement of Profit and Loss in the current year but not allowed for Tax purposes on payment basis | 2595600 | 2595600 |
| Gross deferred tax asset | 13744062 | 5319459 |
| Net Deferred Tax Liability | 303496030 | 316030506 |

Note: Due to the change in the method of depreciation from the single shift allowance to the triple shift allowance, deferred tax liability has been lower by ` 2,71,19,024/- (` 8,77,63,833/- * 30.90%)

7. Provisions

(Amount in `)

| | Long-term | | Short-term | |
|--|-----------------|----------------|-----------------|-----------------|
| | As at March 31, | | As at March 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Provision for Employee Benefits | | | | |
| Provision for gratuity (note 34) | 16796669 | 3941509 | - | - |
| Provision for leave benefits | 3620792 | 3266354 | 2670301 | 2408906 |
| | 20417461 | 7207863 | 2670301 | 2408906 |
| Other Provisions | | | | |
| Provision for current tax | - | - | 112933620 | 108288620 |
| Less: prepaid taxes | - | - | (63480146) | (58008252) |
| Provision for wealth tax | - | - | 36255 | 5810 |
| Less: prepaid taxes | - | - | (5810) | (1400) |
| | - | - | 49483919 | 50284778 |
| | 20417461 | 7207863 | 52154220 | 52693684 |

8. Short-term Borrowings

(Amount in `)

| | As at March 31, | |
|------------------------------|-------------------|-------------------|
| | 2014 | 2013 |
| Secured | | |
| Working Capital Loans | | |
| From Banks | | |
| Foreign Currency Loans | 400596 | 392873966 |
| Indian Rupee Loans | 1823766955 | 1382303287 |
| | 1824167551 | 1775177253 |
| Unsecured | | |
| Working Capital Loans | | |
| From Banks | | |
| Indian Rupee Loans | - | 2593700 |
| From NBFCs | | |
| Indian Rupee Loans | 7748407 | 7788450 |
| | 7748407 | 10382150 |
| | 1831915958 | 1785559403 |

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 loans are also secured by equitable mortgage of residential house of Director Mr. Ajay Gupta and Promoter Mr. Sanjay Gupta located at 445 Sant Nagar Ludhiana. Further, the loans have been guaranteed by the personal guarantee of Directors Mr. Ajay Gupta , Mr. Gautam Gupta and Promoter Mr. Sanjay Gupta.

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, | |
| 2014 | 2013 |
| - | - |
| 1291849516 | 848015248 |
| 1291849516 | 848015248 |

Trade payables (including acceptances) includes

Dues to Gautam Terry Tech Ltd. in which relatives of company's managing directors are directors

| (Amount in `) | |
|-----------------|------|
| As at March 31, | |
| 2014 | 2013 |
| 36817083 | - |

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, | |
| 2014 | 2013 |
| 382233472 | 346251973 |
| 28622415 | 31740135 |
| 15010888 | 3806365 |
| - | 23879 |
| 109384 | 110256 |
| 2255509 | 3300259 |
| 38169164 | 26628123 |
| 19073221 | 24154609 |
| 68000 | 68000 |
| 7908970 | 4927499 |
| 137843918 | 39247382 |
| 631294941 | 480258480 |

11. Tangible Assets

(Amount in `)

| | Freehold Land | Leasehold Land | Buildings | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computer equipment | Total |
|---------------------------------------|------------------|-----------------|------------------|---------------------|------------------------|-----------------|------------------|--------------------|-------------------|
| Cost or valuation | | | | | | | | | |
| At 1 st April, 2012 | 118438428 | 19452591 | 809621263 | 2699884162 | 3950353 | 15263484 | 7665783 | 9690435 | 3683966499 |
| Additions | - | 185000 | 7753798 | 687207617 | 707494 | 2610823 | 491056 | 487639 | 699443427 |
| Disposals | - | - | - | (24894794) | - | (1311585) | (14700) | - | (26221079) |
| At 31st March, 2013 | 118438428 | 19637591 | 817375061 | 3362196985 | 4657847 | 16562722 | 8142139 | 10178074 | 4357188847 |
| Additions | 95157600 | 66781 | 4150151 | 16552504 | 290629 | 396859 | 201194 | 193496 | 117009214 |
| Disposals | - | - | - | (1010304) | - | (225477) | - | - | (1235781) |
| At 31st March, 2014 | 213596028 | 19704372 | 821525212 | 3377739185 | 4948476 | 16734104 | 8343333 | 10371570 | 4472962280 |
| Depreciation | | | | | | | | | |
| At 1 st April, 2012 | - | 987843 | 114287012 | 779450871 | 2538012 | 5414012 | 2999903 | 4882154 | 910559807 |
| Charge for the year | - | 198478 | 26216860 | 138278510 | 321142 | 1471323 | 297338 | 1476841 | 168260492 |
| Disposals | - | - | - | (8018334) | - | (601155) | (882) | - | (8620371) |
| At 31st March, 2013 | - | 1186321 | 140503872 | 909711047 | 2859154 | 6284180 | 3296359 | 6358995 | 1070199928 |
| Charge for the year | - | 198984 | 26482295 | 234200728 | 270374 | 1410221 | 296463 | 1422871 | 264281936 |
| Disposals | - | - | - | (959789) | - | (61873) | - | - | (1021662) |
| At 31st March, 2014 | - | 1385305 | 166986167 | 1142951986 | 3129528 | 7632528 | 3592822 | 7781866 | 1333460202 |
| Net Block | | | | | | | | | |
| At 31st March, 2013 | 118438428 | 18451270 | 676871189 | 2452485938 | 1798693 | 10278542 | 4845780 | 3819079 | 3286988919 |
| At 31st March, 2014 | 213596028 | 18319067 | 654539045 | 2234787199 | 1818948 | 9101576 | 4750511 | 2589704 | 3139502078 |

a. Building includes those constructed on leasehold land:

Gross block ` 157929936 (Previous Year ` 157929936)

Depreciation charge for the year ` 5250492 (Previous Year ` 5276263)

Accumulated depreciation ` 33076856 (Previous Year ` 27826364)

Net book value ` 124853080 (Previous Year ` 130103572)

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.

c. The company has changed its method of charging depreciation for the fixed assets installed at Spinning Unit-2, Apparels & Knits Unit, Hand Knitting Unit, Fabric Processing Unit & Knitting Unit from the Single Shift Allowance to Triple Shift Allowance with effect from 01-10-2013, Accordingly, company has calculated depreciation on Triple Shift Allowance basis w.e.f 01-10-2013 in accordance with the Schedule XIV of Companies Act, 1956 amounting to Rs. 8,77,63,833/-. Consequent to this change, profits are lower by the like amount.

12. Intangible Assets

| | (Amount in `) |
|---------------------------------------|----------------|
| | <u>Total</u> |
| Computer software | |
| Gross block | |
| At 1 st April, 2012 | 8475142 |
| Purchase | 366357 |
| At 31st March, 2013 | <u>8841499</u> |
| Purchase | - |
| At 31st March, 2014 | <u>8841499</u> |
| Amortization | |
| At 1 st April, 2012 | 2329381 |
| Charge for the year | 1693170 |
| At 31st March, 2013 | <u>4022551</u> |
| Charge for the year | 1732906 |
| At 31st March, 2014 | <u>5755457</u> |
| Net Block | |
| At 31st March, 2013 | <u>4818948</u> |
| At 31st March, 2014 | <u>3086042</u> |

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 `) |
|---------------------------------------|----------------|
| | <u>Total</u> |
| Gross block | |
| At 1 st April, 2012 | 2052063 |
| Additions | - |
| At 31st March, 2013 | <u>2052063</u> |
| Additions | - |
| At 31st March, 2014 | <u>2052063</u> |
| Amortization | |
| At 1st April 2012 | 1592306 |
| Charge for the year | 410412 |
| At 31st March, 2013 | <u>2002718</u> |
| Charge for the year | 49345 |
| At 31st March, 2014 | <u>2052063</u> |
| Net Block | |
| At 31st March, 2013 | <u>49345</u> |
| At 31st March, 2014 | <u>0</u> |

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.

14. Loans and Advances

(Amount in `)

| | Non-current | | Current | |
|---|--------------------|-----------------|------------------|------------------|
| | As at March 31, | | As at March 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Capital advances | | | | |
| Unsecured, considered good | 50347602 | 24546500 | - | - |
| (A) | 50347602 | 24546500 | - | - |
| Security deposit | | | | |
| Unsecured, considered good | 30151968 | 29555818 | 24500 | 24500 |
| (B) | 30151968 | 29555818 | 24500 | 24500 |
| Advances recoverable in cash or kind | | | | |
| Unsecured, considered good | - | - | 342909596 | 245214403 |
| (C) | - | - | 342909596 | 245214403 |
| Other loans and advances | | | | |
| Loans and advances to employees | - | - | 1723431 | 2625935 |
| Advances to suppliers | - | - | 172501865 | 175629487 |
| (D) | - | - | 174225296 | 178255422 |
| Total (A+B+C+D) | 80499570 | 54102318 | 517159392 | 423494325 |

15. Other Assets

(Amount in `)

| | Non-current | | Current | |
|--|--------------------|-----------------|------------------|------------------|
| | As at March 31, | | As at March 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Prepaid expenses | - | - | 6365803 | 10731861 |
| Interest accrued on fixed deposits | - | - | 9955340 | 9241878 |
| Balances with statutory/ government authorities | - | - | 101078192 | 111108710 |
| Mat credit entitlement* | 63942289 | 63354812 | 92000000 | 92000000 |
| Others | - | - | 129731134 | 10732455 |
| | 63942289 | 63354812 | 339130469 | 233814904 |

*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, | |
| | 2014 | 2013 |
| Raw Materials (note 21) | 1725801589.00 | 1980375201 |
| Work-in-Progress (note 23) | 121073186.00 | 78845012 |
| Finished Goods (note 23) | 402584990.00 | 531597813 |
| Stores and Spares | 38994691.00 | 34146390 |
| | 2288454456 | 2624964416 |

17. Trade receivables (considered good unless otherwise stated)

| | (Amount in `) | |
|---|-------------------|------------------|
| | As at March 31, | |
| | 2014 | 2013 |
| Receivables outstanding for a period exceeding six months from the due date of payment | | |
| Unsecured | | |
| Considered good | 81413893 | 18247687 |
| Considered doubtful | - | 816032 |
| Less: Allowance for doubtful debts | - | 816032 |
| (A) | 81413893 | 18247687 |
| Other receivables | | |
| Unsecured | | |
| Considered good | 1348177329 | 818955196 |
| (B) | 1348177329 | 818955196 |
| Total (A+B) | 1429591222 | 837202883 |

Trade receivables (considered good unless otherwise stated) includes

| | (Amount in `) | |
|---|-----------------|-------------|
| | As at March 31, | |
| | 2014 | 2013 |
| Dues from Venus Tex Spin Ltd. | 133242304 | - |
| Dues from Ganeshgee Textile Trading Ltd. | 13350978 | - |
| Dues from Gttl | 4015482 | 689372 |
| in which company's managing directors / their relatives are directors | | |

18. Cash and bank balances

| | (Amount in `) | | | |
|----------------------------------|-----------------|-------------|-----------------|------------------|
| | Non-current | | Current | |
| | As at March 31, | | As at March 31, | |
| | 2014 | 2013 | 2014 | 2013 |
| Cash and cash equivalents | | | | |
| Balance with banks: | | | | |
| On current accounts | - | - | 5316063 | 31277832 |
| On unpaid dividend accounts | - | - | - | 24204 |
| Cash in hand | - | - | 5702916 | 4268304 |
| | - | - | 11018979 | 35570340 |
| Other bank balances | | | | |
| Margin money deposit | - | - | 54085158 | 85638725 |
| | - | - | 54085158 | 85638725 |
| Total | - | - | 65104137 | 121209065 |

Margin money deposits given as security

Margin money deposits with a carrying amount of ` 54085158 (Previous Year ` 85638725) are subject to first charge to secure the company's inland letter of credit limits with banks.

19. Revenue from Operations:-

| | (Amount in `) | |
|--|------------------------------|-------------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| Sale of Products | | |
| Finished goods | 7224851654 | 7957181618 |
| Traded goods | 640150650 | 593205081 |
| Other Operating Revenue | | |
| Job work charges | 224979240 | 210896327 |
| Waste sales | 98274205 | 34022578 |
| Export Incentives | 120885539 | 87478725 |
| Difference in exchange rate* | 3902907 | 66436146 |
| Revenue from Operations (gross) | 8313044195 | 8949220475 |
| Less: Excise Duty | 8802047 | 13389916 |
| Revenue from Operations (net) | 8304242148 | 8935830559 |

*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, | |
| | 2014 | 2013 |
| Finished goods sold | | |
| Yarn | 4089744366 | 4703528446 |
| Fabrics | 2445564177 | 2727702445 |
| Garments | 689543111 | 525950727 |
| | 7224851654 | 7957181618 |
| Traded goods sold | | |
| Manmade fibres | 419869287 | 289278640 |
| Cotton | 18228788 | 122639708 |
| Yarn | 192322817 | 179631383 |
| Fabrics | 9729758 | 1655350 |
| | 640150650 | 593205081 |
| | 7865002304 | 8550386699 |

20. Other Income

| | (Amount in `) | |
|-------------------------------------|------------------------------|----------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| Interest income on Insurance claim | - | 5845692 |
| Profit on sale of fixed assets(net) | 909580 | - |
| Excess provision written back | 816032 | 262022 |
| Other receipts | 600981 | - |
| | 2326593 | 6107714 |

21. Cost of Raw Material Consumed

| | (Amount in `) | |
|--|------------------------------|-------------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| Inventory at the beginning of the year | 1980375201 | 1173692168 |
| Purchases | 5022433640 | 6832387484 |
| Less: inventory at the end of year | 7002808841 | 8006079652 |
| Cost of raw material consumed | 5277007252 | 6025704451 |

Details of cost of Raw Material Consumed

| | (Amount in `) | |
|----------------|------------------------------|-------------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| Manmade fibres | 439168638 | 505687063 |
| Cotton | 1808200151 | 1782187242 |
| Yarn | 699692694 | 998318357 |
| Fabrics | 2325165719 | 2739511789 |
| Garments | 4780050 | - |
| | 5277007252 | 6025704451 |

Details of Purchases of Raw Material

| | (Amount in `) | |
|----------------|------------------------------|-------------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| Manmade fibres | 430103879 | 560746506 |
| Cotton | 1561924903 | 2141567735 |
| Yarn | 908117985 | 1479207711 |
| Fabrics | 2117506823 | 2650865532 |
| Garments | 4780050 | - |
| | 5022433640 | 6832387484 |

Details of Inventory of Raw Material

| | (Amount in `) | |
|----------------|------------------------------|-------------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| Manmade fibres | 93206434 | 102271193 |
| Cotton | 300074624 | 546349872 |
| Yarn | 782547475 | 574122184 |
| Fabrics | 549973056 | 757631952 |
| | 1725801589 | 1980375201 |

22. Details of Purchase of Traded Goods

| | (Amount in `) | |
|----------------|------------------------------|------------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| Manmade fibres | 409403272 | 284018048 |
| Cotton | 18372145 | 120576582 |
| Yarn | 186505635 | 180451341 |
| Fabrics | 9658536 | 1655331 |
| | 623939588 | 586701302 |

23. (Increase)/Decrease in Inventories

| | (Amount in `) | | |
|---|------------------------------|------------------|-----------------|
| | For the Year Ended March 31, | | (Increase) / |
| | 2014 | 2013 | Decrease |
| Inventories at the end of the year | | | |
| Work-in-progress | 121073186 | 78845012 | (42228174) |
| Finished goods | 402584990 | 531597813 | 129012823 |
| | 523658176 | 610442825 | 86784649 |

Inventories at the beginning of the year

| | | | |
|---|------------------|------------------|-----------------|
| Work-in-progress | 78845012 | 77663129 | (1181883) |
| Finished goods | 531597813 | 620013102 | 88415289 |
| | 610442825 | 697676231 | 87233406 |
| (Increase)/Decrease in Inventories | 86784649 | 87233406 | |

Details of Inventory

(Amount in `)

| | For the Year Ended March 31, | |
|-------------------------|------------------------------|------------------|
| | 2014 | 2013 |
| Work-in-Progress | | |
| Yarn | 56806234 | 62749507 |
| Fabrics | 4039830 | 4460564 |
| Processed fabrics | - | 435413 |
| Garments | 59180138 | 10672350 |
| Other | 1046984 | 527178 |
| | 121073186 | 78845012 |
| Finished Goods | | |
| Yarn | 315531926 | 449514145 |
| Fabrics | 8324936 | 16302795 |
| Processed fabrics | 19774248 | 11922201 |
| Garments | 49488352 | 45824092 |
| Other | 9465528 | 8034580 |
| | 402584990 | 531597813 |

24. Employee Benefit Expense

(Amount in `)

| | For the Year Ended March 31, | |
|---|------------------------------|------------------|
| | 2014 | 2013 |
| Salaries, wages and bonus | 209325432 | 156819014 |
| Contribution to provident and other funds | 30054621 | 11305991 |
| Staff welfare expenses | 2128049 | 1230473 |
| | 241508102 | 169355478 |

25. Finance Cost

(Amount in `)

| | For the Year Ended March 31, | |
|------------------|------------------------------|------------------|
| | 2014 | 2013 |
| Interest | | |
| -Term loans | 212432502 | 205517433 |
| -Working capital | 244791148 | 236513422 |
| Bank charges | 44325248 | 50103332 |
| | 501548898 | 492134187 |

26. Depreciation and Amortization Expense

(Amount in `)

| | For the Year Ended March 31, | |
|---|------------------------------|------------------|
| | 2014 | 2013 |
| Depreciation/Amortization on Tangible Assets | | |
| Leasehold land | 198984 | 198478 |
| Building | 26482295 | 26216860 |
| Plant and machinery | 234200728 | 138278510 |
| Furniture & fixtures | 270374 | 321142 |
| Vehicles | 1410221 | 1471323 |
| Office equipment | 296463 | 297338 |
| Computer equipment | 1422871 | 1476841 |
| | 264281936 | 168260492 |

Amortization of Intangible Assets

Computer software

1732906 1693170

1732906 1693170**Amortization of Expenditure on Power Lines**

49345

410412

Total**266064187****170364074****27. Other expenses**

(Amount in `)

For the Year Ended March 31,

Manufacturing Expenses**2014****2013**

Consumption of stores and spares

163740926

105775371

Consumption of packing material

84250228

78455472

Consumption of dyes and chemicals

239047631

211149332

Power and fuel

554150187

534442548

Freight and cartage inward

1870499

1547930

Testing charges

1351565

746780

Value added tax

218676

134921

Water disposal charges

64589

70960

Repairs to Plant and machinery

5762215

4541187

1050456516**936864501****Administrative & Other Expenses**

Lease Rent

240000

1224608

Rates and taxes

688713

564216

Insurance

8247515

7721055

Repairs to building

1465117

1062524

Travelling and conveyance

768374

852283

Printing and stationery

2093979

1806938

Telephone and postage

1913178

1561578

Legal and professional

3862753

1688441

Fees & subscription

2708390

2922221

Director's meeting fees

228106

284091

Director's travelling

355800

291189

Auditors remuneration

459901

411054

Directors remuneration

4177700

5344080

Vehicle maintenance

6212422

4781893

Bad debts written off

10775183

2546375

Loss on sale of fixed assets(net)

-

2644616

Insurance claim written off

7657374

17925043

Charity and donation

10000

8000

Difference in exchange rate

50700453

44421905

Miscellaneous balances written off

11916487

12047

Miscellaneous administrative expenses

883880

1208605

115365325**99282762****Selling Expenses**

Freight and octroi outward

108446430

81314164

Advertisement

79458

106505

Commission

29320536

36840887

Rebate and Discount

2211705

3281029

Service Tax

317892

503852

Sale Promotion Expenses

435146

1198111

140811167**123244548****1306633008****1159391811**

Payment to auditor

| | (Amount in `) | |
|-------------------------------------|------------------------------|---------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| As auditor: | | |
| Audit fee | 224720 | 224720 |
| Tax audit fee | 84270 | 84270 |
| In other capacity: | | |
| Other services (certification fees) | 68315 | 34859 |
| Reimbursement of expenses | 82596 | 67205 |
| | 459901 | 411054 |

28. Contingent Liabilities:

| | (Amount in `) | |
|--|-----------------|-------------|
| | As at March 31, | |
| | 2014 | 2013 |
| (a) Bank guarantee outstanding | - | - |
| (b) Bills discounted with banks against irrevocable letter of credit | 240863002 | 377282842 |

29. Capital and Other Commitments:

| | (Amount in `) | |
|--|-----------------|-------------|
| | As at March 31, | |
| | 2014 | 2013 |
| (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. | 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 ` 240000. The future minimum lease payments in respect of non-cancellable operating leases as at 31st March, 2014 are:

| | (Amount in `) | |
|--|-----------------|-------------|
| | As at March 31, | |
| | 2014 | 2013 |
| a) not later than one year | 240000 | 240000 |
| b) later than one year but not later than five years | 960000 | 960000 |
| c) later than five years | - | - |

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:

| Sr. Particular | (Amount in `) | |
|---|-----------------|------|
| | As at March 31, | |
| | 2014 | 2013 |
| 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 | - | - |

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, | |
| | 2014 | 2013 |
| - Weighted Average Number of equity shares (No.) | 66607895 | 64574963 |
| - Profit for the year attributable to equity shareholders | 11529565 | 160531834 |
| - Nominal value of equity share | 5/- | 5/- |
| - Earning Per Equity Share – Basic | 0.17 | 2.49 |
| - Earning Per Equity Share – Diluted | 0.17 | 2.49 |

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 st March, 2014 | | 31 st March, 2013 | |
|---|------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
| Present Value of obligation as at the beginning of the year | 9348804 | 3266354 | 12774074 | 2916497 |
| Interest Cost | 747905 | 409832 | 1021926 | 331774 |
| Current Service Cost | 4889063 | 2147680 | 7064159 | 2964753 |
| Benefits Paid | (2710709) | (2911546) | (2011574) | (2446721) |
| Actuarial Loss/gain on obligation | 7583055 | 708472 | (9499781) | (499949) |
| Present value of obligation as at the close of the year | 19858118 | 3620792 | 9348804 | 3266354 |

b) Change in Fair Value of Plan Assets (Amount in `)

| | 31 st March, 2014 | 31 st March, 2013 |
|---|------------------------------|------------------------------|
| | Gratuity (Funded) | Gratuity (Funded) |
| Fair Value of Plan Assets as at the beginning of the year | 5407295 | 6886436 |
| Expected return on plan assets | 364863 | 532433 |
| Employer's Contributions | 0 | 0 |
| Benefits Paid | (2710709) | (2011574) |
| Actuarial Loss/gain on obligations | 0 | 0 |
| Fair Value of Plan Assets as at the close of the year | 3061449 | 5407295 |

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

c) Amount recognized in Balance Sheet

(Amount in `)

| | 31 st March, 2014 | | 31 st March, 2013 | |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
| Estimated Present value of obligations as at the end of the year | 19858118 | 3620792 | 9348804 | 3266354 |
| Fair value of Plan Assets as at the end of the year | 3061449 | - | 5407295 | - |
| Net Liability as at the end of the year (Unfunded deficit)/Surplus | 16796669 | 3620792 | 3941509 | 3266354 |

d) Expenses Recognized in Statement of Profit and Loss

(Amount in `)

| | 31 st March, 2014 | | 31 st March, 2013 | |
|---|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | Gratuity (Funded) | Leave Encashment (Unfunded) | Gratuity (Funded) | Leave Encashment (Unfunded) |
| Current Service Cost | 4889063 | 2147680 | 7064159 | 2964753 |
| Interest Cost | 747905 | 409832 | 1021926 | 331774 |
| Expected return on Plan Assets | (364863) | - | (532433) | - |
| Net Actuarial (Gain)/Loss recognized in the year | 7583055 | 708472 | (9499781) | (499949) |
| Total expenses recognized in Statement of profit and loss | 12855160 | 3265984 | (1946129) | 2796578 |

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

(Amount in `)

| | 31 st March, 2014 | | 31 st March, 2013 | |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | 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 |

f) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

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,

2014 **2013**

h) Short term employee's benefits

Short term leave encashment liability

2670301 2408906

i) Contribution to Provident Fund

9361628 7659339

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 overprovided to the tune of ` 1379699 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 | Whole time Director (upto 18th April, 2013) |
| | Sh.Ajay Gupta | Managing Director |
| | Sh. Gautam Gupta | Joint Managing Director |
| b) Enterprises controlled by Key Management Personnel and their relatives : | | |
| | -Venus Tex Spin Ltd | |
| | -Gautam Terry Tech Ltd. | |
| | -Gttl | |
| | -Goldleaf International Pvt. Ltd.* | |
| | -Cimero Industrial Enterprises Ltd.* | |
| | -Ganeshgee Textile Trading Ltd. | |

* No transaction has taken place during the year

B. a) Transaction with Key Management Personnel

| Particulars | (Amount in `) | |
|-----------------------|------------------------------|-----------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| i) Loans | | |
| -Opening Balance | 129841390 | 684090 |
| - Loan taken | - | 129157300 |
| -Loan repaid | 129841390 | - |
| -Closing balance | - | 129841390 |
| ii) Remuneration Paid | 4177700 | 5344080 |

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.

b) Transaction with Entity Controlled by Key Management Personnel

| Particulars | (Amount in `) | |
|--------------------------|------------------------------|------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| i) Purchase | 934378865 | 1120616382 |
| ii) Sale | 990352954 | 1126190329 |
| iii) Rent Paid | 240000 | 240000 |
| iv) Rent Received | 575352 | - |
| iv) Unsecured Loan taken | 92500745 | - |

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'.

36. Derivative Instruments and unhedged foreign currency exposure

| a) Derivatives outstanding as at the balance sheet date Particulars | As at March 31, | |
|---|-----------------|-------------|
| | 2014 | 2013 |
| Forward contract to sell US\$ | 5885692 | 8903167 |
| Forward contract to sell Pound £ | 2605392 | - |

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

| b) The foreign currency exposures remaining unhedged at the year end Particulars | As at March 31, | |
|--|-----------------|-------------|
| | 2014 | 2013 |
| Against Creditors of Import [In US Dollars] | 2780538 | 1034945 |
| Equivalent approximate in ` | 167002509 | 56176697 |

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.

38. CIF value of imports

| | (Amount in `) | |
|----------------------------|------------------------------|------------------|
| | For the Year Ended March 31, | |
| | 2014 | 2013 |
| Raw materials | 11092546 | 47276013 |
| Components and spare parts | 8958707 | 10088092 |
| Capital goods | 326214 | 477895186 |
| | 20377467 | 535259291 |

39. Expenditure in foreign currency

(Amount in `)

| | For the Year Ended March 31, | |
|-----------------------|------------------------------|----------------|
| | 2014 | 2013 |
| Director's travelling | - | 443347 |
| Commission | 7526397 | 9274180 |
| | 7526397 | 9717527 |

40. Earnings in foreign currency

(Amount in `)

| | For the Year Ended March 31, | |
|----------------------|------------------------------|-------------------|
| | 2014 | 2013 |
| FOB value of exports | 2298731080 | 1847253705 |
| | 2298731080 | 1847253705 |

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

| | 31 st March, 2014 | | 31 st March, 2013 | |
|-----------------------------------|------------------------------|------------------------|------------------------------|------------------------|
| | (in `) | % of total consumption | (in `) | % of total consumption |
| Raw materials | | | | |
| Imported | 11092546 | 0 | 47276013 | 1 |
| Indigeneous | 5889854294 | 100 | 6565129740 | 99 |
| | 5900946840 | 100 | 6612405753 | 100 |
| Components and spare parts | | | | |
| Imported | 8958707 | 2 | 10088092 | 3 |
| Indigeneous | 478080078 | 98 | 385292083 | 97 |
| | 487038785 | 100 | 395380175 | 100 |

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

Ajay Gupta
Managing Director

Gautam Gupta
Jt. Managing Director

Robin Vijan
Company Secretary

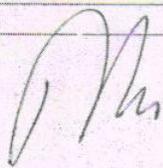
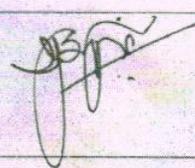
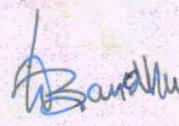
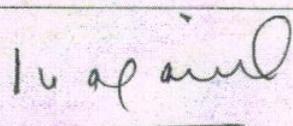
(Ashish Agarwal)
PARTNER
M.NO. 089579

LUDHIANA
May 30, 2014

FORM B

(Clause 31 (a) of the Listing Agreement)

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

| | | |
|----|---|---|
| 1. | Name of the Company | Supreme Tex Mart Ltd |
| 2. | Annual financial statements for the year ended | 31 st March 2014 |
| 3. | Type of Audit Observation | Qualified |
| 4. | Frequency of Observation | First Time |
| 5. | Draw Attention to relevant notes in the annual financial statement and management response to the qualification in the Directors report | <p>Observation:-</p> <p>The Statutory Auditors of the company in their Report have made an observation that <i>undisputed income tax payable of Rs. 4,80,12,000/- for previous year ended on 31.03.2013 has not been deposited with Income Tax Authorities & has been outstanding for more than six months.</i></p> <p>Management response:</p> <p>The Management of the Company in this regard has explained that due to cash crunch the amount of Income Tax could not be paid the same will be paid in the current Financial Year.</p> |
| 6. | Additional Comments from the Board/ Audit Committee Chairman | Not Applicable |
| 7. | To be signed by- Managing Director |  |
| | CFO |  |
| | Audit Committee Chairman |  |
| | Auditor of the Company |  |

SUPREME TEX MART LIMITED

Reg. Off: 424, INDUSTRIAL AREA "A", LUDHIANA- 141003
Ph: 0161-6614400 Fax: 0161-2609949, CINNO: L17117PB1988PLC016933
Website: www.supremetexmart.com; E-MAIL: info@supemetexmart.com

NOTICE is hereby given that Twenty-Sixth Annual General Meeting of the members of SUPREME TEX MART LIMITED will be held at the Registered Office of the Company at 424, Industrial Area – A, Ludhiana on Tuesday, the 30th day of September, 2014 at 12 Noon to transact the following Businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Directors' Report and Audited Balance Sheet as at 31st March 2014 and Profit and Loss Account for the year ended on that date, together with Auditors' Report thereon.
2. To appoint a Director in place of Mr. Ajay Gupta who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Kuldip Singh who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors for the year 2014-15 and to fix their remuneration.

SPECIAL BUSINESS:

5. To appoint Mr. Daljit Singh Sandhu (DIN: 06750304) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Daljit Singh Sandhu (DIN: 06750304), in respect of whom the Company has received a notice in writing along with deposit of Rs. 100,000/- from a Member proposing him as a candidate for the office of director under the provisions of Section 160 of the Companies Act, 2013, and who is eligible for appointment as an independent Director, be and is hereby appointed as an independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 31st Annual General Meeting of the Company in the calendar year 2019.”

6. To appoint Mr. Ashok Kumar Singla (DIN: 00285760) as an Independent Director and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 read with Schedule IV and all other applicable provisions of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Clause 49 of the Listing Agreement, Mr. Ashok Kumar Singla (DIN: 00285760), in respect of whom the Company has received a notice in writing along with deposit of Rs. 100,000/- from a Member proposing him as a candidate for the office of director under the provisions of Section 160 of the Companies Act, 2013, and who is eligible for appointment as an independent Director, be and is hereby appointed as an independent Director of the Company to hold office for 5 (Five) consecutive years for a term up to the conclusion of the 31st Annual General Meeting of the Company in the calendar year 2019.”

7. To approve the Transactions with Related Parties u/s 188 of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 188 and all other applicable provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, consent of the Company be and is hereby accorded for entering into related party transactions by the Company with effect from April 1st 2014 up to maximum per annum amounts as appended below:

(Rs. in Crores)

| MAXIMUM VALUE OF CONTRACT/ TRANSACTION (PER ANUM) WEF IST APRIL 2014 | | | |
|--|---|--|---------------------------------|
| NAME OF THE RELATED PARTIES | Sale, Purchase or Supply of any Goods Materials | Selling or otherwise disposing of, or, buying property of any kind | Leasing of property of any kind |
| 1. Venus Tex Spin Ltd. | 100.00 | – | – |
| 2. Gautam Terrytech Ltd. | 20.00 | – | – |
| 3. Ganeshgee Textiles Trading Ltd. | 15.00 | – | 0.12 |

RESOLVED FURTHER THAT to give effect to this resolution the Board of Directors and/or any committee thereof be and is hereby authorized to do all acts, deeds, things, as may be necessary in its absolute discretion deem necessary, proper desirable and to finalize any documents and writings related thereto.”

8. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Section 14 and all other applicable provisions of the Companies Act, 2013 read with Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the draft regulations contained in the Articles of Association submitted to this meeting be and are hereby approved and adopted in substitution, and to the entire exclusion, of the regulations contained in the existing Articles of Association of the Company;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

By Order of the Board of Directors
For **Supreme Tex Mart Limited**
Sd/-

Robin Vijan
Company Secretary

Place: Ludhiana
Date: 30.05.2014

NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on poll instead of himself/herself and the proxy need not be a member of the company. Proxy Form, in order to be effective, must be delivered at the Regd. office of the Company atleast 48 hours before the scheduled time of the meeting. The blank Proxy Form is enclosed.

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

2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 in respect of item nos. 5 to 8 of Special Business is annexed hereto and forms part of this Notice.
3. The Register of Members and Share Transfer Books of the company will remain closed from Thursday, the 25th September, 2014 to Tuesday, the 30th September, 2014 (both days inclusive).
4. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Registrar & Share Transfer Agents of the company. However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participants (DPs).
5. Members are requested to send their queries on the accounts and operations of the Company, if any, so as to reach the Registered Office of the Company at least seven days before the meeting to enable the company to have relevant information ready at the meeting.
6. Members are requested to bring their Attendance slips along with their copy of Annual Report to the Annual General Meeting.
7. Members may also note that the equity shares of the company have been included in the list of securities for compulsory trading in dematerialized form under ISIN No. INE 651G01027. Shareholders are, therefore, advised to dematerialize their shareholding to avoid inconvenience in future. They are requested to send their Dematerialization Request Form (DRF) through their Depository Participant (DP).
8. Members are requested to quote their Registered Folio Number or Demat Account Number & Depository Participant (D.P.) ID Number on all correspondence with the Company.
9. Members who are holding shares in more than one folio are requested to intimate to the Company the detail of all folio numbers for consolidation into a single folio.
10. Details under clause 49 of the listing agreement with the Stock Exchange in respect of Directors seeking appointment/reappointment at the Annual General Meeting, forms integral part of notice. The Directors have furnished the requisite declarations for their appointment/reappointment.
11. The SEBI has mandated the submission of Permanent Account Number (PAN) by every participant in Securities Market. Members holding shares in electronic form are, therefore, requested to submit detail of PAN to their Depository Participants with whom they maintain their Demat Account(s). Members holding shares in physical form can submit their PAN to Company.
12. Relevant Documents referred to in the accompanying notice and the statements are available for inspection by the members at registered office of Company on all working days during business hours upto the date of Annual General Meeting.
13. In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules framed thereunder, Members have been provided with the facility to cast their vote electronically, through the e-voting services provided by Central Depository Services Ltd, on all resolutions set forth in this Notice.
14. Notice of the 26th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting along with Attendance Slips is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes through electronic mode unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies of the Notice of the 26th Annual General Meeting of the Company, inter alia, indicating the process and manner of e-voting is being sent through the permitted mode.

PROCESS AND MANNER FOR E-VOTING:

The instructions for e-voting are as under:

A. In case of members receiving e-mail from RTA/CDSL (for Members whose e-mail ids are registered with the Company/Depositories):

- i. If you are holding shares in Demat form and had logged on to www.evotingindia.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- ii. Log on to the e-voting website www.evotingindia.com.
- iii. Click on “Shareholders” tab.
- iv. Now, select the “**Electronic Voting Sequence Number (EVSN) - 140902062**” along with “**Company Name – Supreme Tex Mart Limited**” from the drop down menu and click on “Submit”.
- v. Now, fill up the following details in the appropriate boxes:

| | For members holding shares in Demat Form | For members holding shares in Physical Form |
|------------------------------|---|--|
| User ID | For 8 character DP ID followed by 8 digits Client ID For 16 digits beneficiary ID CDSL: | Folio Number registered with the Company |
| PAN* | Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none">• Members holding shares in physical form who have not updated their PAN with the Company are requested to use the first two letters of their name in ‘Capital Letter’ followed by 8 digit folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0’s before the folio number. For example: If your name is Suresh Kumar with folio number 1234 then enter SU00001234 in the PAN field.• Members holding shares in Demat form who have not updated their PAN with their Depository Participant are requested to use the first two letters of their name in ‘Capital Letter’ followed by 8 digit CDSL/NSDL Client ID. For example: If your name is Suresh Kumar and your CDSL DematA/c. No. is 12058700 00001234 then enter SU00001234 or if your NSDL DPID-CLID is IN300100-10001234 then enter SU10001234 in the PAN field. | |
| DOB | Enter the Date of Birth as recorded in your demat account or in the Company records for the said demat account or folio in dd/mm/yyyy format. | |
| Dividend Bank Details | Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio. <ul style="list-style-type: none">• Please enter the DOB or Dividend Bank Details in order to login. If details are not recorded with the Depository or the Company please enter your Folio No. / Demat A/c. No. / DPID-CLID, as the case may be, in the Dividend Bank details field. | |

- vi. After entering these details appropriately, click on “SUBMIT” tab.

- vii. Members holding shares in physical form will then reach directly to the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily change their login password, in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@#\$%&* _). Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii. Click on the **EVSN- 140902062** for Supreme Tex Mart Limited to vote.
- ix. On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or No as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- x. Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
- xi. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

B. In case a Members receiving the physical copy of Notice of AGM (for Members whose e-mail ids are not registered with the Company/Depositories):

Please follow all steps from Sr. no. (ii) to Sr. no. (xii) above, to cast vote.

- C.** Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.com> and register themselves, link their account which they wish to vote on and cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

General Instructions:

- i. The e-voting period shall commence at 9.30 a.m. on Tuesday, 23rd September, 2014 and shall end at 5.30 p.m. on Thursday, 25th September, 2014. During this period members of the Company, holding shares either in physical or in dematerialized form, as on the record date i.e Friday, 22nd August, 2014, may cast their vote electronically. The voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
- ii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (FAQs) and e-voting manual available at www.evotingindia.com under help Section or write an email to helpdesk.evoting@cdslindia.com.
- iii. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the record date i.e. Friday, 22nd August, 2014.
- iv. The Company has appointed Mr. Rajeev Bhambri, Practicing Company Secretary (Membership No. FCS – 4331 & C.P. No. 9491) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- v. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

- vi. The results shall be declared on or after the AGM of the Company. The results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.supremetexmart.com two (2) days of the passing of the resolutions at the 26th AGM of the Company to be held on Tuesday, the 30th September, 2014.
15. The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated 21st April, 2011 and 29th April, 2011, respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode, allowing to send documents such as Notice convening General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and any other Notice/Documents, henceforth in electronic form in lieu of the paper form.

We strongly urge you to support your Company's concern for this 'Green Initiative' by opting for electronic mode of communication. You are requested to please register your e-mail ID with your Depository Participant (DP), if you hold the Company's shares in electronic form, under intimation to the Registrar & Share Transfer Agents through your registered e-mail ID. However, if you hold the shares in physical form then you may register your e-mail ID with Registrar & Share Transfer Agents of the Company by sending a letter under your Registered Signature at the below mentioned address:

Beetal Financial & Computer Services (P) Limited,
Beetal House, 3rd Floor,
99, Madangir, BH-Local Shopping Complex
Near Dada Harsukhdas Mandir,
New Delhi – 110062.

By Order of the Board of Directors
For **Supreme Tex Mart Limited**
Sd/-

Robin Vijan
Company Secretary

Place : Ludhiana
Date : 30.05.2014

EXPLANATORY STATEMENT UNDER SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No 5 & 6:

Mr. Daljit Singh (holding DIN 06750304) and Mr. Ashok Kumar Singla (holding DIN 00285760) both joined the Board as an Additional Directors on December 4, 2013 and May 1, 2014 respectively pursuant to relevant provisions of Companies Act 1956/2013, and hold office upto the date of the Twenty Sixth Annual General Meeting of the Company but are eligible for appointment.

The Company has received notice in writing under the provisions of section 160 of the Companies Act, 2013, from a Member(s) along with a deposit of Rs. 1,00,000/- each proposing the candidature of Mr. Daljit Singh Sandhu and Mr. Ashok Kumar Singla for the office of Independent Directors, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013

The resolution seeks the approval of members for the appointment of Mr. Daljit Singh Sandhu and Mr. Ashok Kumar Singla as an Independent Director of the Company for a period of five years pursuant to section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder. They both are not liable to retire by rotation.

In the opinion of the Board of Directors, Mr. Daljit Singh Sandhu and Mr. Ashok Kumar Singla, the Independent Directors proposed to be appointed, fulfil the conditions specified in the Act and the Rules made thereunder and both are Independent of the Management. The Board considers that their continued association would be of immense benefit to the Company.

No Director, Key Managerial Personnel or their relatives, except Mr. Daljit Singh Sandhu and MR. Ashok Kumar Singla, to whom the resolution relate/s, is interested or concerned in the resolution

The Board recommends the resolution set forth in item no.5 & 6 for the approval of members.

Item No7

The Provisions of Section 188 (1) of the Companies Act, 2013 states that related party transactions require a Company to obtain prior approval of the Board of Directors and in case the Paid up Share Capital of the Company is Rs. 10.00 Crores or more, the prior approval of Shareholders by way of Special Resolution.

Further, third provision to Section 188 (1) provides that nothing shall apply to any transaction entered into by the Company in its ordinary course of business other than transactions which are not at arm's length basis.

The provisions of Section 188 (3) also provide that any Contract or Arrangement entered into u/s. 188 (1) may be ratified by the Board, or as the case may be, by the Shareholders at a General Meeting within three months from the date on which such contract or arrangement was entered into.

In the light of the provisions of 2013 Act, the Board of Directors of your Company has approved the proposed transactions along with annual limits that your Company may entered into with related parties (as defined under 2013 Act) for the Financial Year 2014-15 and beyond.

All prescribed disclosures required to be given under provisions of the 2013 Act and the Companies (Meetings of Board and its Powers) Rules, 2014 are given herein below in a tabular format for kind perusal of the members.

(Rs. in Crores)

| MAXIMUM VALUE OF CONTRACT/ TRANSACTION (PER ANUM) WEF IST APRIL 2014 | | | |
|--|---|--|---------------------------------|
| NAME OF THE RELATED PARTIES | Sale, Purchase or Supply of any Goods Materials | Selling or otherwise disposing of, or, buying property of any kind | Leasing of property of any kind |
| 1. Venus Tex Spin Ltd. | 100.00 | – | – |
| 2. Gautam Terrytech Ltd. | 20.00 | – | – |
| 3. Ganeshgee Textiles Trading Ltd. | 15.00 | – | 0.12 |

Members are hereby informed that pursuant to second proviso of Section 188 (1) of the 2013 Act, no member of the Company shall vote on such Special Resolution to approve any Contract or Arrangement which may be entered into by the Company, if such Member is a Related Party.

The Board of Directors of your Company has approved this item in the Board Meeting held on 30th May, 2014 and recommends the resolution as set out in the accompanying notice for the approval of members of the Company as a Special Resolution.

Except Promoter Directors, no other Director is concerned or interested in the Resolution.

Item No.8:

The Articles of Association (“AoA”) of the Company as presently in force was being drafted in the year of 1988 when the Company was incorporated. The existing AoA are based on the Companies Act, 1956 and several regulations in the existing AoA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Act.

The New Companies Act, 2013 is now largely in force. With the coming into force of the Act several regulations of the existing AoA of the Company require alteration or deletions in several articles. Given this position, it is considered expedient to wholly replace the existing AoA by a new set of Articles.

The new AoA to be substituted in place of the existing AoA are based on Table ‘F’ of the Act which sets out the model articles of association for a company limited by shares.

The proposed new draft AoA is being uploaded on the Company’s website for perusal by the shareholders.

None of the Directors / Key Managerial Personnel of the Company / their relatives is, in any way, concerned or interested, financially or otherwise, in the Special Resolution set out at Item No. 8 of the Notice.

The Board commends the Special Resolution set out at Item No. 8 of the Notice for approval by the shareholders.

By Order of the Board of Directors
For **Supreme Tex Mart Limited**

Sd/-

Robin Vijan
Company Secretary

Place : Ludhiana
Date : 30.05.2014

Information pursuant to clause 49 of the Listing Agreement in respect of Directors seeking Appointment/ Re-appointment at the 26th Annual General Meeting:-

| | | | | |
|---|---|---|--|--|
| Name of Director | Mr. Ajay Gupta | Mr. Kuldip Singh | Mr. Daljeet Singh Sandhu | Mr. Ashok Kumar Singla |
| Date of Birth | 02.02.1965 | 30.05.1958 | 12.12.1962 | 10.02.1965 |
| Expertise | Management | Management | Accounts, Finance, Taxation | Legal, Corporate Matters |
| Qualification | Graduate | B.S.C | Chartered Accountant | Company Secretary |
| Shareholding in company | 9575445 Equity Shares of Rs. 5/- each. | Nil | Nil | Nil |
| Present / Past Occupation | Managing Director of Supreme Tex Mart Ltd. | Factory Manager, Supreme Tex Mart Limited | Senior Manager Accounts in Sukhbir Agro & Energy Ltd | Practicing Company Secretary |
| Relationship inter-se | Paternal Uncle of Mr. Gautam Gupta | – | NA | NA |
| Directorship in other Companies | 1.Venus Texspin Ltd. 2.Cimero Industrial Enterprises Ltd. 3.Gold Leaf Internation Pvt. Ltd. | Nil | NIL | 1.AVS Financial Services Private Limited 2.Punjab Woolcombers Limited |
| Membership/ Chairman Ship in the Committees of the Board in other Companies | Nil | Nil | Nil | Nil |

SUPREME TEX MART LIMITED

Reg. Off: 424, INDUSTRIAL AREA "A", LUDHIANA- 141003
 Ph: 0161-6614400 Fax: 0161-2609949, CINNO: L17117PB1988PLC016933
 Website: www.supremetexmart.com; EMAIL: info@supemetexmart.com

ATTENDANCE SLIP Please fill in attendance slip and hand it over at the entrance of the factory.

Name and address of the shareholder:
 No. of shares held:

Folio No.:

I hereby record my presence at the Annual General Meeting of the Company held on Tuesday, the 30th day of September, 2014 at 12 noon at 424, Industrial Area-A, Ludhiana.

SIGNATURE OF THE SHAREHOLDERS OR PROXY

PROXY FORM

Name of the member(s) : Registered Address:
 DP. ID*: Folio No. :
 Client ID* : No. of Share(s) held:

I/We, being the member/members of **SUPREME TEX MART LIMITED**, hereby appoint:

1. Name _____ 2. Name _____ 3. Name _____
 Address _____ Address _____ Address _____
 E-mailid _____ E-mail id _____ E-mailid _____
 Signature _____ or failing him/her Signature _____ or failing him/her Signature _____

| Resolution No. | Resolution | I/We assent to the Resolution | I/We dissent to the Resolution |
|--------------------------|--|-------------------------------|--------------------------------|
| Ordinary Business | | For | Against |
| 1. | Consider and adopt Audited Financial Statements, Reports of the Board of Directors and Auditors. | | |
| 2. | To appoint a Director in place of Mr. Ajay Gupta who retires by rotation and being eligible offers himself for re-appointment. | | |
| 3. | To appoint a Director in place of Mr. Kuldip Singh who retires by rotation and being eligible offers himself for re-appointment. | | |
| 4. | Appointment of Statutory Auditor and fixing their remuneration. | | |
| Special Business | | | |
| 5. | Appointment of Mr. Daljit Singh Sandhu (holding DIN-06750304) as an Independent Director. | | |
| 6. | Appointment of Mr. Ashok Kumar Singla (holding DIN-00285760) as an Independent Director. | | |
| 7. | Special Resolution for authorizing Board to adopt new Articles of Association in conformity with the Companies Act, 2013. | | |
| 8. | Special Resolution u/s 188 of the Companies Act, 2013 for authorizing the Board of Directors to approve the transactions with related parties. | | |

as my/our proxy to attend and vote for me/us on my/our behalf at the 26th Annual General Meeting of the Company to be held on Tuesday, the 30th September, 2014 at 12 Noon and at any adjournment thereof in respect of such resolutions as are indicated below:

Signed this ___ day of _____ 2014. Signature _____

* Applicable for investors holding shares in electronic form.

| |
|---------------------------|
| Affix Revenue Stamp |
|---------------------------|

Notes:

- (i) A Member entitled to attend & vote at the meeting is entitled to appoint a proxy to attend & vote on poll instead of himself/herself.
- (ii) The proxy form duly signed across the revenue stamp of Re. 1/- should reach the Company's Regd. Office at least 48 hours before the scheduled time of the meeting.