



Pranavadiya
Spinning Mills Ltd.
Annual Report 2013-14



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CORPORATE INFORMATION

Board of Directors

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

Company Secretary & Compliance Officer

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

Auditors

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

Registered Office

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

Registrar & Share Transfer Agent

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

Banker

Union Bank Of India

DIRECTORS' REPORT



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

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

Business Operations Overview and Outlook

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

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

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

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

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

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

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

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

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

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

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

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

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



Management Discussion And Analysis

Industry structure and developments

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

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

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

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

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

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

Opportunities and threats

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

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

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

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

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

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

Risks and concerns

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

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

Segment

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

Dividend

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

Internal control systems and their adequacy

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

Human Resources

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

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



Corporate Governance

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

Compliance with Minimum Public Shareholding Threshold

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

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

New Companies Act, 2013

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

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

Directors' Responsibility Statement

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

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

Directors

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

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

Auditor

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

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

Cost Auditor

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

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

Information required under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 is given in Annexure "A" forming part of this Report.

Acknowledgements

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

On behalf of Board of Directors

ANIL KUMAR JAIN
DIRECTOR

Mumbai, 14th May 2014



ANNEXURE A

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Forming part of the Directors' Report for the financial year ended on 31st March 2014.

A. CONSERVATION OF ENERGY

Form -A

Form for Disclosure of particulars with respect to conservation of energy

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

B. TECHNOLOGY ABSORPTION

Form - B

Technology Absorption, Adaptation and Innovation

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

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

C. Expenditure on R & D

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

2. Technology absorption, adaptation and innovation

The Company has not imported any technology since inception.

D. FOREIGN EXCHANGE EARNINGS AND OUT-GO

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

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

On behalf of Board of Directors

ANIL KUMAR JAIN
DIRECTOR

Mumbai, 14th May 2014



1. Company's Governance Philosophy

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

2. Board of Directors (Board)

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

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

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

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

Board:

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

Notes:

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

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

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

(₹ In lacs)

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

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

3. Audit Committee

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

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

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



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

The role of the Committee includes the following:-

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

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

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

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

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

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

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

The Company Secretary acts as the Secretary to the Committee.

4. Remuneration Committee

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

The Company Secretary acts as the Secretary to the Committee.

5. Reappointment of Directors

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

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

6. Remuneration and Shareholding of Directors

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

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

7. Share Transfer Committee

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



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

8. Shareholder / Investors Grievance Committee

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

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

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

The Company Secretary acts as the Secretary to the Committee.

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

9. General Body Meetings

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

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

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

10. Means of Communication

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

Newspaper and Mumbai Tarun Bharat – Marathi News paper.

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

11. Code for Prevention of Insider Trading

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

12. CEO / CFO Certification

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

13. Reconciliation of Share Capital Audit

M/s. Sandeep Gandhi & Co., a qualified practicing Company Secretary, carries out quarterly Reconciliation of Share Capital audits to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued / paid up capital is in agreement with the aggregate of total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.

14. Compliance

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

15. Compliance Officer

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

Mr. Abhishek Thareja - Company Secretary & Compliance Officer
His contact details are: Tel: 022-43419500, Fax: 022-22823098, E-mail Id: investors@pranavadiya.com

16. Disclosures

a) Subsidiary Companies

The Company has no subsidiary Company.

b) Related party transactions

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



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

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

c) Disclosure of Accounting Treatment

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

d) Board Disclosures-Risk Management

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

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

17. Statutory Compliance, Penalties and Strictures

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

18. General Shareholders' information

Corporate

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

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

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

Listing Fee Paid for 2014-2015

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

Demat ISIN: INE569D01028

Investor Information

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

Share Price

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

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

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

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



Shareholding Pattern as on 31st March 2014 :

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

Share Transfer System

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

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

Complaints received from Investors during the year

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

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

Distribution of shareholding as on 31st March 2014:

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

Dematerialisation of shares and liquidity

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

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

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

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

Service of documents through electronic mode:

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



Mandatory / Non Mandatory Requirements

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

Declaration

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

Mumbai, 14th May 2014

Anil Kumar Jain
Director

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

To the shareholders of Pranavadiya Spinning Mills Ltd.

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

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

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

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

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

Mumbai, 14th May 2014

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

O. P. Shroff
Partner
Membership Number 6329

INDEPENDENT AUDITORS' REPORT



To
The Members
Pranavadiya Spinning Mills Limited

Report on the Financial Statements

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

Management's responsibility for the Financial Statements

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

Auditor's responsibility

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

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

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

Opinion

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

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

Report on Other Legal and Regulatory requirements

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

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

O. P. Shroff
Partner

Mumbai, 14th May 2014

Membership Number 6329

ANNEXURE TO INDEPENDENT AUDITORS' REPORT



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

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



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

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

O. P. Shroff
Partner
Membership Number 6329

Mumbai, 14th May 2014



FINANCIAL STATEMENTS 2013-14

BALANCE SHEET

As at 31st March, 2014



(₹ In Lacs)

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

See accompanying notes to the financial statements

As per our report of even date annexed

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

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

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

Abhishek Thareja
Company Secretary & Compliance Officer

PROFIT & LOSS ACCOUNT

For the year ended 31st March, 2014



(₹ In Lacs)

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

As per our report of even date annexed

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

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

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

Abhishek Thareja
Company Secretary & Compliance Officer

CASH FLOW STATEMENT

For the year ended 31st March, 2014



(₹ In Lacs)

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

CASH FLOW STATEMENT

For the year ended 31st March, 2014



(₹ In Lacs)

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

Notes:

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

As per our report of even date annexed

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

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

O. P. Shroff
Partner

Membership No. 6329
Mumbai, 14th May 2014

Abhishek Thareja
Company Secretary & Compliance Officer

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



1. Significant Accounting Policies adopted by the company

Method of Accounting

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

ii) Use of Estimates

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

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

iv) Fixed Assets

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

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

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

v) Depreciation

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

vi) Investments

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

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

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

vii) Inventories

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

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

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

Wastage and rejections are valued at estimated realizable value.

Obsolete, defective and unserviceable stocks are duly provided for.

viii) Excise and other Duties

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

ix) Retirement and other employee related benefits

i) Short term Employee Benefits

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

ii) Post employment Benefits

a) Defined Contribution Plans

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

b) Defined Benefit Plans

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



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

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

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

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

xi) **Research and Development**

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

xii) **Earnings per share**

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

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

xiii) **Borrowing Costs**

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

xiv) **Operating Leases**

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

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

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

xvi) **Contingent Liabilities**

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



2. SHARE CAPITAL

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

Terms/rights attached to equity shares

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

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

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

3. RESERVES & SURPLUS

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



4. LONG TERM BORROWINGS

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

* Secured against hypothecation of vehicle under auto loan scheme.

Long Term Loans Repayment Schedule

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

5. OTHER LONG TERM LIABILITIES

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

6. SHORT TERM BORROWINGS

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

7. TRADE PAYABLES

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

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

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



8. OTHER CURRENT LIABILITIES

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

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

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

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

9. SHORT TERM PROVISIONS

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



10. FIXED ASSETS

₹ In lacs

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

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

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



11. NON CURRENT INVESTMENTS

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

12. DEFERRED TAX ASSETS

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

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

13. LONG TERM LOANS & ADVANCES

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

14. INVENTORIES

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

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



15. TRADE RECEIVABLES

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

16. CASH & CASH EQUIVALENTS

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

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

17. SHORT TERM LOANS & ADVANCES

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

18. OTHER CURRENT ASSETS

(Unsecured-considered good)

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



19. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

(A) Contingent Liabilities

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

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

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

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

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

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

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

20. REVENUE FROM OPERATIONS

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

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



21. OTHER INCOME

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

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

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

22. COST OF MATERIALS CONSUMED

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

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

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

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



25. EMPLOYEE BENEFITS EXPENSES

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

EMPLOYEE POST RETIREMENT BENEFITS

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



EMPLOYEE POST RETIREMENT BENEFITS (Contd.)

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

26. FINANCE COSTS

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

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

27. DEPRECIATION & AMORTISATION EXPENSES

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



28. OTHER EXPENSES

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

(a) Includes Operating Lease paid to Holding Company.

As Lessee :

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

(b) Includes payment to auditors

Details of Auditors remuneration

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



29. FORWARD CONTRACTS

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

30. RELATED PARTY DISCLOSURE:

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

A. Holding Company :

- i) Indo Count Industries Ltd.

B. Directors :

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

C. Associates :

- i) Margo Finance Ltd.

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

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



31. EARNING PER SHARE (EPS)

₹ In lacs

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

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

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

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

NOTES ON FINANCIAL STATEMENTS

For the year ended 31st March, 2014



36. Other Informations

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

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

As per our report of even date annexed

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

S. K. Agrawal
Chairman

Anil Kumar Jain
Director

O. P. Shroff
Partner

Membership No. 6329
Mumbai, 14th May 2014

Abhishek Thareja
Company Secretary & Compliance Officer



A Subsidiary of



Pranavaditya Spinning Mills Limited

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

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