



# SUSTAINING GROWTH BUILDING MOMENTUM

INDO COUNT INDUSTRIES LIMITED  
ANNUAL REPORT 2013-14

**3**rd largest manufacturer exporter of bed sheets from India

**4**th largest supplier of bed sheets to USA

**14**th largest home textile supplier to USA

**454**th rank in revenue terms among the listed companies in

India in 2012-13



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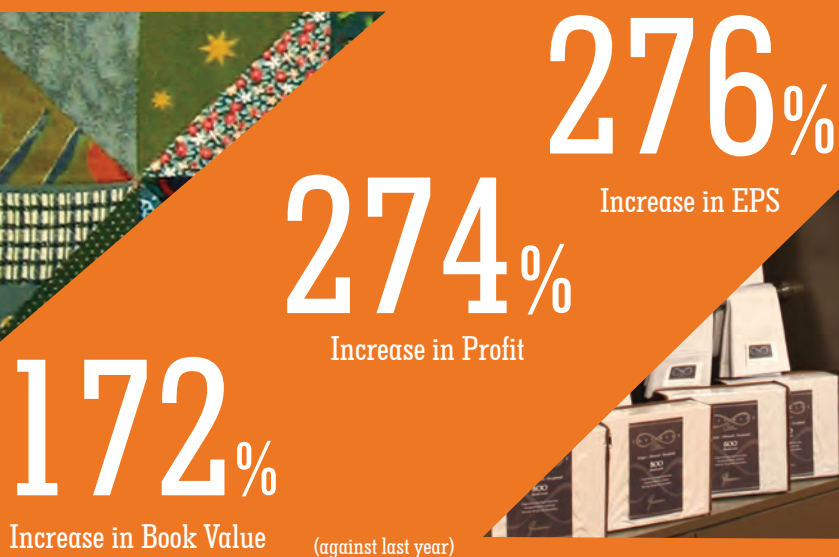
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While the global economy faced road-blocks,  
we saw a race-track.

While the textile industry faced a plateau,  
we saw new peaks.

While the competition faced obstacles,  
we saw opportunities.



**276%**  
Increase in EPS

**274%**  
Increase in Profit

**172%**  
Increase in Book Value  
(against last year)

At the heart of our success are our firm and strong values. At every stage of our journey, we have adhered to our values, ensuring that growth was woven with values. By integrating values, we generated inspiring growth.

Against and amidst persisting challenges, we have been sustaining growth.

By **SUSTAINING GROWTH**, we have been **BUILDING MOMENTUM** which will provide the thrust and power for the next phase of our journey!



# CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me great pleasure to report that the Company continued to grow during the fiscal '14. We witnessed a strong organic growth across our manufacturing businesses.

The Home Textile industry is in a consolidation phase on account of buyers' concentration towards selected suppliers with large market shares and growth potential. Our Homes Textiles business made us proud when we were accorded the status of a preferred supplier by a leading retailer in the USA, and were ranked the 4th largest bed sheets supplier to the United States of America, from across the globe. This is a remarkable achievement as the USA is one of the biggest and most competitive markets. This recognition is a testimony to our dedication and innovation which has contributed to the Company's sustained growth.

We continue to pursue our philosophy of embracing operational excellence, adhering to the best business

practices and transforming our Company from product orientation to service orientation. I am happy to see that we continue to take various initiatives that help us align with our philosophy.

## FINANCIAL HIGHLIGHTS

The consolidated financial performance for fiscal '14 was exceptional, given the challenging and volatile environment globally. The consolidated Revenue grew by 23.1% to ₹ 1,497.91 crores as compared to ₹ 1,217.10 crores in the previous year. The higher capacity utilisation coupled with stricter cost controls helped our EBIDTA improve by 57.5% to ₹ 189.10 crores as compared to ₹ 120.05 crores in the previous year. Our Net Profit grew by 274.1% to ₹ 110.39 crores as compared to ₹ 29.51 crores in the previous year.

## DEBT : EQUITY

During the fiscal '14, the Company repaid long term debts to the tune of ₹ 38.67 crores. This resulted in



For the year 2013-14, our  
NET PROFIT was ₹ 110.39 crores  
against ₹ 29.51 crores in 2012-13,  
an increase of 274 per cent.

reducing the long term debts to ₹ 97.24 crores from ₹ 135.91 crores in the previous year. Generation of profits resulted in increasing the Networth to ₹ 173.45 crores from ₹ 63.88 crores in the previous year. I am pleased to inform you that the Debt : Equity of your Company improved to 0.56 times during the fiscal '14 as compared to 2.13 times during the previous year.

The financial markets have appreciated our performance which is reflected in the steady rise of price of stock all throughout the fiscal '14. This is also a validation that we are on the right track.

### FUTURE OUTLOOK

The current manufacturing capacity is being enhanced to 68 million metres per annum during fiscal '15. This will enhance the current capacity by more than 50%. Our model of integrating across the value chain has given us an edge in our industry. We will continue to stay focussed on strengthening our manufacturing

capabilities in capacities, technologies, R&D skills and design and product development expertise. As I look ahead, our various initiatives should aid in delivering strong operating and financial performances, thereby driving shareholders value.

In conclusion, on behalf of our Board of Directors, I would like to thank our employees for their efforts and our shareholders for reposing their trust in the Company. I look forward to your continued support as we forge ahead together. I am sure with our philosophy of a focussed approach, we would be **SUSTAINING GROWTH & BUILDING MOMENTUM.**

Many thanks.

Anil Kumar Jain  
Chairman and Managing Director



# OPERATIONAL OVERVIEW

## Home Textile Division

The Home Textiles Division continued its fast-paced growth, **BUILDING MOMENTUM** with another record-breaking performance for the year.

The United States of America is the largest market for the Company accounting for a major share of total exports of the home textile products. The Company has its own showroom on the prestigious Fifth Avenue in New York and a warehouse in Charlotte, NC. The Company has been consistently engaging with the top retail chains and brands and has built deep and lasting relationship with them. Being closer to its key customers has enabled the Company to emerge as a preferred supplier of choice. The Company has received accreditations from prestigious customers in the USA.

The Company has been consistently building on its capacity and capabilities over the last few years. Our home textiles plant is the only integrated plant in Maharashtra, comprising of the best-in-class men and

machines. The capacity at the plant is being enhanced keeping in view the increasing demand for quality woven cotton bed linen from across the globe.

The plant is capable of executing every part of the process under one roof with various international certifications. The plant continues to endeavour through sustained R&D to reduce usage of energy per meter. Besides, there is a continuous focus at the plant to ensure that the environment around the plant is preserved and protected.

While we continue to focus on building our capacity through expansion of the plant, we have never shifted our focus from quality. Our passion for quality permeates to the grass root level, from acquiring the best technology, to bringing together quality talent, the products always conform to highest possible customer standards.





## Key Facts

### Products

Bed Sheet, Pillow Cases, Duvet Covers, Bed Skirts, Comforters, Quilts, Window Covering and Institutional Linen

### ■ Capacities

- ▶ 45 million meters per annum leading to 12 million Bed sheets per annum

### ■ Machines and Equipment

- ▶ BENNINGER (Switzerland), TSUDAKOMA (Japan), MONFORTS & OSTHOFF (Germany)
- ▶ JUKI (Japan), MATHIS (UK), ZIMMER (Austria), AIROLI (Italy)

### ■ Markets

- ▶ Existing: United States, Canada, Brazil, Mexico, France, Germany, Austria, Spain, UAE, Korea
- ▶ New : Japan, Russia, Australia and United Kingdom



## Spinning Division

2013-14 was a favorable year for the spinning industry as the sector witnessed increased exports, particularly driven by steady demand from China. In addition, the weak local currency also impacted profitability of the sector.

Spinning is one of the older businesses of the Company that commenced production of yarn over two decades back. Over the years, the Company has built substantial capacity with two units located at Kolhapur in Maharashtra.

Both these units focus on sourcing the best quality of cotton to produce high-quality yarn. Consistency in quality of the yarn has been one of the hallmarks of the Company's spinning business. These plants have a professionally qualified team with decades of experience. The team is passionate with a single-

minded focus on ensuring quality, and has a stellar record of translating their passion for quality into every fiber of yarn spun at these units.

Our products are subject to the most stringent quality control measures at every stage from raw material to end product. Our quality measure is accredited with a certification from TESTEX, Switzerland, declaring its products free from harmful substances accordingly to Oeko-Tex Standard 100. The spinning plant is also certified by Control Union for producing Organic Cotton yarn.

The Company's satisfied and delighted customers range from Italy, Turkey, Korea, Japan, China and Hong Kong.



## Key Facts

### Products

100% Combed Yarns and Knitted Grey Fabrics

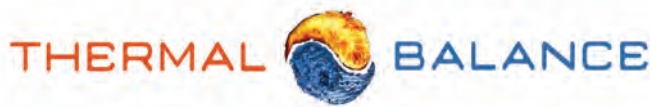
### Capacities

Spinning 38,500 kgs per day

### Machines and Equipments

- ▶ RIETER (Switzerland), SCHLAFHORST (Germany), VOLKMANN TFO (Germany)
- ▶ XORELLA & USTER (Switzerland), MAYER & CIE (Germany), LMW (India)







# INNOVATION THAT CREATES NEW PRODUCTS

**EcoLITE**  
The light-weight Cotton Sheet

**Dermalux**  
Therapeutic Sheet

**color sense**™

**PREMIUM BLEND  
SHEET**

**Dura Shine**

**MICRO TOUCH**



NEW YORK SHOWROOM

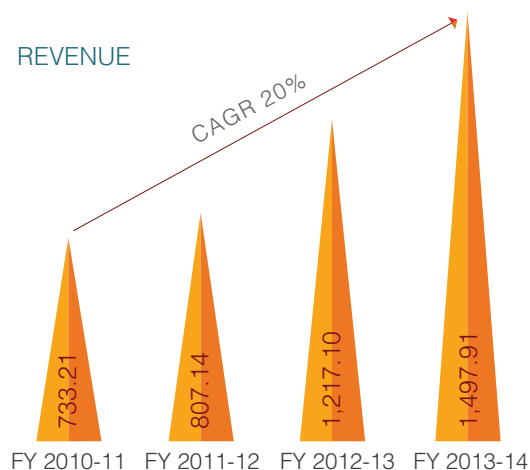


# Key Financial Indicators

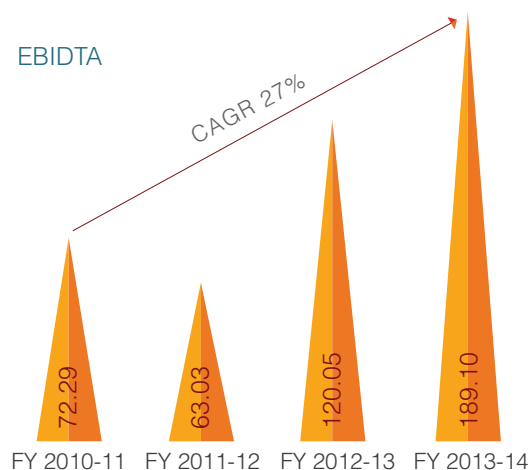
(₹ in Crores)  
Except EPS

	2010-11	2011-12	2012-13	2013-14
Financial Information				
Revenue	733.21	807.14	1,217.10	1,497.91
EBIDTA	72.29	63.03	120.05	189.10
Net Profit	17.47	(3.11)	29.51	110.39
Cash Profit	37.04	15.49	48.43	114.87
Earning Per Share	3.03	(0.61)	8.23	30.96

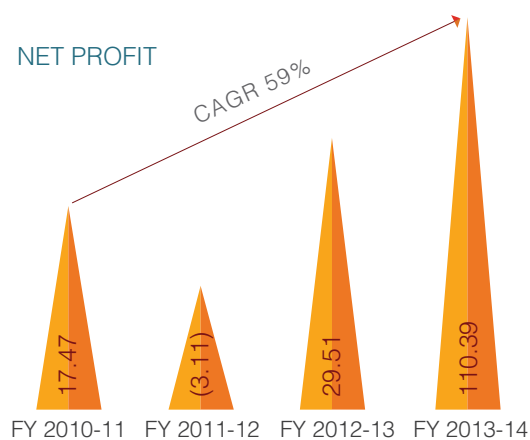
REVENUE



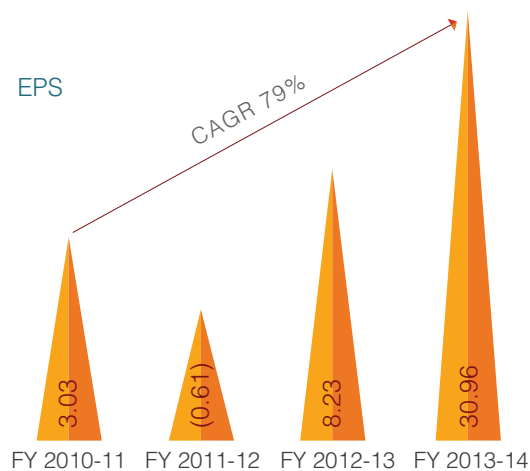
EBIDTA



NET PROFIT



EPS



# Corporate Information

## BOARD OF DIRECTORS

Mr. Anil Kumar Jain - Chairman & Managing Director  
Mr. R. N. Gupta - Joint Managing Director  
Mr. K. R. Lalpuria - Executive Director  
Mr. Kamal Mitra - Director (Works)  
Mr. R. Anand - Director  
Mr. P. N. Shah - Director  
Mr. Sushil Kumar Jiwrajka - Director  
Mr. Dilip Thakkar - Director  
Mr. Prem Malik - Director  
Dr. (Mrs) Vijayanti Pandit - Director  
Mr. Nadeem Panjetan - Director

## CFO & COMPANY SECRETARY

Mr. R. Sundaram

## AUDITORS

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

## REGISTRAR & SHARE TRANSFER AGENT

Link Intime India Pvt Ltd.  
44, Community Centre,  
Phase-I, Near PVR,  
Naraina Industrial Area,  
New Delhi - 110 028.

## REGISTERED OFFICE

# 1 , Plot 266, Village Alte,  
Kumbhoj Road, Taluka : Hatkanangale,  
Dist. Kolhapur - 416 109, Maharashtra

## SUBSIDIARY COMPANIES

### In United States of America

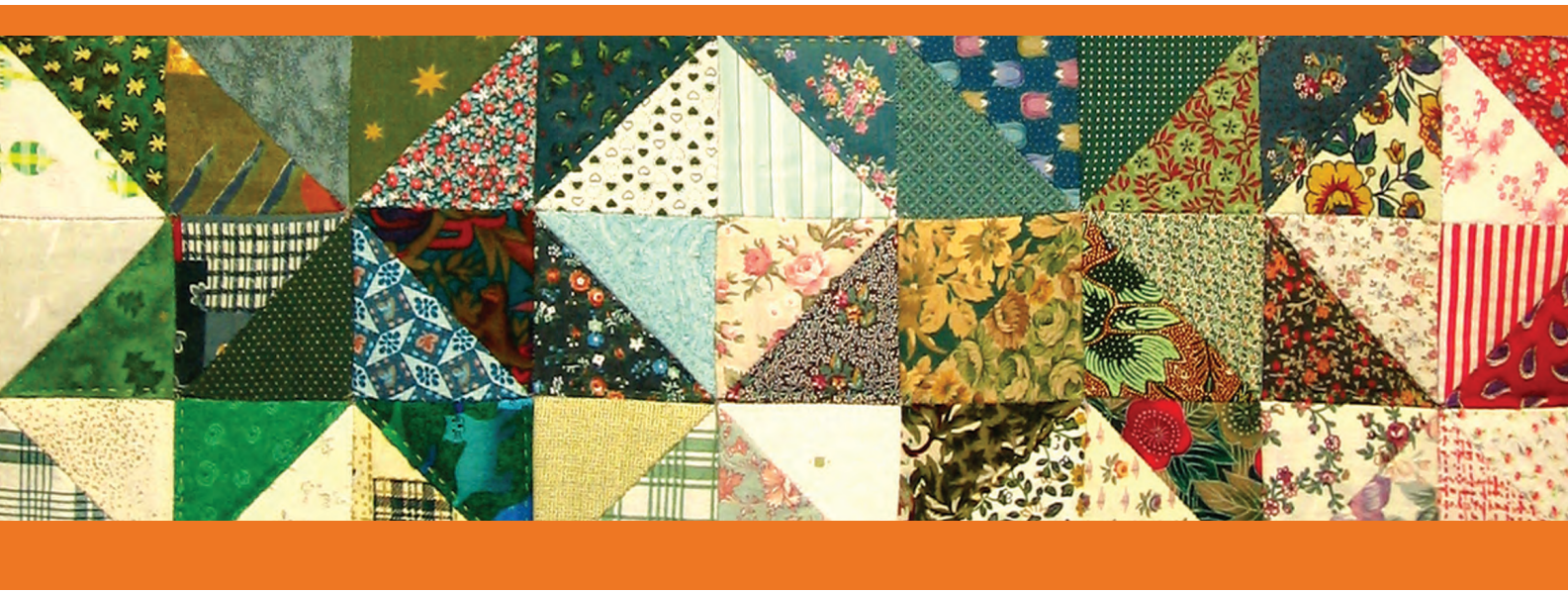
Indo Count Global Inc.,  
Suite# 1019  
The Textile Building  
295 Fifth Avenue  
New York, NY 10016

### In India

Pranavadiya Spinning Mills Ltd.  
Plot 266, Village Alte,  
Kumbhoj Road,  
Taluka Hatkanangale,  
Kolhapur, 416 109  
Maharashtra

## BANKERS

Union Bank of India  
Bank of India  
Bank of Baroda  
Canara Bank  
Exim Bank of India  
Axis Bank of India  
State Bank of India  
State Bank of Patiala  
State Bank of Hyderabad  
ICICI Bank Limited  
IDBI Bank Limited



# New Offices are opening in UK and Australia in 2014





# 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 Crores, except EPS)

FINANCIAL RESULTS	Standalone		Consolidated	
	2013-14	2012-13	2013-14	2012-13
Revenue	1,440.49	1,169.73	1,497.91	1,217.10
EBIDTA	179.87	114.07	189.10	120.05
Less : Interest	48.97	49.62	49.89	49.80
Less : Depreciation	18.83	17.75	19.56	18.48
Less: Exceptional Item	-	15.69	-	15.69
Profit before Tax	112.07	31.01	119.65	36.08
Provision for Tax	7.13	3.90	9.26	6.57
Net Profit	104.94	27.11	110.39	29.51
Cash Profit	108.46	44.00	114.87	48.43
Earning Per Share (₹)	29.54	7.61	30.96	8.23

## Dividend

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

## Management Discussion and Analysis

Report on MDA is given as Annexure B forming part of this Report.

## Business Operations Overview and Outlook

The fiscal year '14 was a period of relative stability. The Group generated significant part of the revenue from exports from developed economies and hence the results are affected by the state of these economies. USA was stable during the past year while the European economies were under continued stress and have started showing signs of revival.

Under these economic conditions, the consolidated revenues grew by 23.1% to ₹ 1,497.91 crores, EBIDTA grew by 57.5% to ₹ 189.10 crores and the net profit grew by 274.1% to ₹ 110.39 crores.

The consumer spending in USA is expected to be stable during the current year. The large retail chains prefer vertically integrated players like your company, due to better product development capabilities and control over supply chains which consequently ensures higher service levels. The Group has a strong in-house capabilities to manage product development and manufacturing.

The Group is focussed on maintaining growth and optimising its return on assets through leveraging distribution capabilities, enhanced utilisation of manufacturing capacities and cost optimisation measures. Your directors are confident that these measures will enhance the shareholders value in the coming years.

Our initiatives have included the successful roll out of SAP ERP across all manufacturing facilities. The result of these measures have significantly enhanced integration between operational and financial verticals. We are in the process of extending SAP ERP to distribution centres across the globe.

Apart from business, we dare to commit to our people who are our living assets. The Group is focussed on introducing various innovative measures as part of our corporate social responsibility and the directors are confident that these measures will reduce malnutrition, promote gender equality, improve education and health care among the various sections of our society.

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

## Awards/Acknowledgement

Your Directors are privileged to share that your Company is:

1. the 3rd largest manufacturer/exporter of bed sheets from India;
2. the 4th largest supplier of bed sheets from across the globe to USA; and
3. the 14th largest supplier of Home Textiles across the globe to USA.

Your Company ranked 454th (FY 2011-12, 581) by Revenue among the listed companies in India. (Source: *Business Standard Magazine* BS 1000 Annual Magazine 2014, for the financial year ended 31st March, 2013).

Your Company has received Trophy from TEXPROCIL for the 3rd highest exporter of Bed Sheets from India for the financial year 2012-13.

## Segment

The Company is engaged in the manufacture and export of cotton yarn, grey knitted fabrics and made ups, which are governed by the same set of risks and returns and as such are in the same segment.

The performance of the Consumer Durable Goods Division is reported as a separate segment.

Segment reporting as per AS 17 has been complied with.

## Offer for Sale of equity shares held by the Company in its subsidiary viz. Pranavaditya Spinning Mills Limited

In terms of the amendments to the provision 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, the Company on 12th September, 2013, as the Promoter of Pranavaditya Spinning Mills Limited (PSML) made an Offer for Sale of 37,00,000 equity shares of ₹ 10/- each held by it in PSML(OFS). With the said OFS, the Company's shareholding in PSML 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. Your Company has a strong compliance and governance mechanism in place.

## Directors

In accordance with provisions of Section 152 of Companies Act, 2013, Mr. R. N. Gupta, Jt. Managing Director, Mr. K. R. Lalpuria 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. P. N. Shah, Mr. R. Anand, Mr. Sushil Kumar Jiwrajka, Mr. Dilip Thakkar, Mr. Prem Malik and Dr. (Mrs.) Vaijayanti Pandit as Independent Directors for 5 consecutive years, for a term up to 15th August, 2019.

## 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.

## Corporate Social Responsibility

During the year, your directors have constituted the Corporate Social Responsibility Committee (CSR Committee). The said Committee has been entrusted with the responsibility of formulating and recommending to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company, monitoring the implementation of the framework of the CSR Policy and recommending the amount to be spent on CSR activities.

The Company is exploring various CSR initiatives that may be pursued.

## Accounts

The Company has recognized in its books of account Deferred Tax Asset arising on account of tax effects of timing differences between the income tax and book depreciation. Your Directors expect that adequate profits will accrue in the future years from Company's business which will utilize the tax asset fully.

### 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 reports are periodically reviewed by the management and the Audit Committee and necessary corrective actions are taken from time to time.

### Human Resources

The Human Resource function strives to make the Company an employer of choice with sustainable talent by attracting, retaining and developing talent in the organization.

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 and sex.

Development of employee skills and imparting knowledge is a top-most priority of the Company. The Company regularly conducts various training programs, which are very important to the business.

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

In compliance with the requirements of Clause 49 of the Listing Agreement entered into with the Stock Exchanges, a separate report on Corporate Governance along with Auditor's Certificate confirming its compliance is annexed and forms integral part of this Report.

### Auditors

The Auditors 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 28th 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, 2103, 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.

### Annual accounts of the Subsidiaries

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other related documents of the subsidiary Company are not being attached with the Balance Sheet of the Company. A statement containing brief financial details of the company's subsidiaries for the year ended 31st March, 2014 is included in this Report. The Company will make available the Annual Accounts of the Subsidiary Companies and the related details, information to any member of the Company who may be interested in obtaining the same. The annual accounts of the Subsidiary Companies will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

### 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 as Annexure "A" forming part of this Report.

### Acknowledgements

Our consistent growth has been made possible because of our culture of professionalism, integrity and continuous evolvement. Your Directors take this opportunity to thank Central and State Government, customers, suppliers, investors, bankers for their consistent support and co-operation to the Company. We place on record our appreciation of the contribution made by employees at all levels, without whose whole-hearted efforts, the overall performance would not have been possible. Your Directors look forward to the long term future with confidence.

On behalf of Board of Directors  
**Anil Kumar Jain**  
Chairman & Managing Director

Mumbai : 14<sup>th</sup> 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)	6,20,42,400	6,05,78,149
Total amount - ₹	39,52,26,490	39,44,48,990
Rate / unit - ₹	6.37	6.51
b) Own generation:		
i) through diesel generator		
Unit	1,14,453	32,139
Unit / liter of diesel oil	2.84	2.17
Cost per unit - ₹	20.90	22.41
ii) Furnace oil		
Quantity (KL)	-	-
Amount ₹ in Lac	-	-
Average Rate (₹)	-	-
B) Electricity consumption per unit of production of :-		
i) Yarn per kg	3.62	3.89
ii) Fabric per kg	2.09	2.22

### B. TECHNOLOGY ABSORPTION

#### Form - B

#### Technology Absorption, Adaptation and Innovation

1. Specific areas in which R & D was carried out by the Company –
  - a. **Bleach Safe -**  
Colour fastness achieved with reactive dyes instead of expensive vat dyes, thus keeping the product the same colour and shine even after repeated wash.
  - b. **Fade Resist -**  
Developed a unique recipe through which the product achieved a very good fastness to light.
  - c. **Performance Sheet -**  
Using proper yarn and special weave & then finishing in a unique way gave us a very good performing sheet.

#### d. Durawhite -

Our product will remain as bright and white like original even after repeated home laundering.

#### e. Moisture Management -

Our product is a blend of cotton and man made fibres (like cotton / viscose / polyester) to balance wicking property for better moisture management along with natural property of cotton.

#### f. Pro Guard Finish -

Our product will have functional property of repelling oil and water stain as well as releasing soil stain.

#### g. Microfresh -

Our product will not allow microbial growth and would remain fresh and odor-free.

2. Benefit derived from above R & D activities –  
The R&D helped the retailers in promoting the product well and improve their product merchandising.
3. Future plan of action –  
To create more ranges in products with innovative methods, thus providing higher value for money .

### C. Expenditure on R & D

1. Capital – ₹ 30,29,040/-

Recurring - Expenditure has been shown under different heads in Profit & Loss Account amounting to ₹ 1,32,19,783/-Total R & D Expenditure as a percentage of total turnover 0.09%

2. Technology absorption, adaptation and innovation

The Company has not imported any technology since inception.

### D. FOREIGN EXCHANGE EARNINGS AND OUTGO

- 1) Activity related to initiatives taken to increase export markets for products and services and export - plans.

Since inception, the Company has been a predominant exporter of its production and net foreign exchange earner.

- 2) Total foreign exchange used and earned (₹ in Crore)

Particulars	2013-14	2012-13
Earned (FOB value of export goods)	1104.80	857.14
Used	83.77	49.33

On behalf of Board of Directors

**Anil Kumar Jain**

Chairman & Managing Director

Mumbai : 14<sup>th</sup> May, 2014

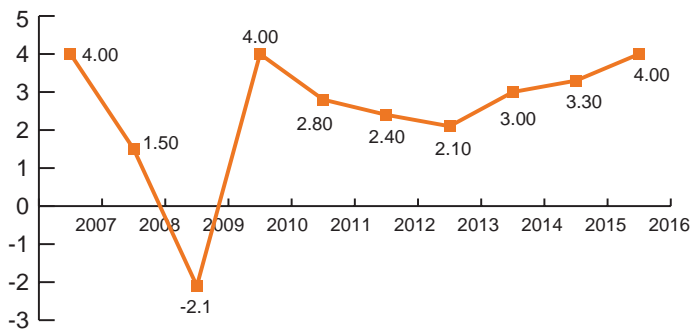
## ANNEXURE B

# Management Discussion And Analysis

## Economic Overview

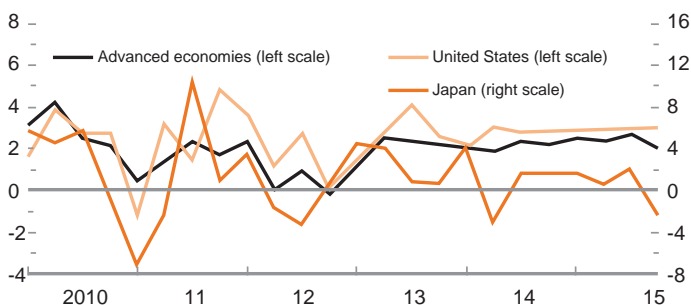
Since the financial crisis of 2008, the global economy has been facing strong headwinds, leading to slowdown and recession in the key developed economies of the World. After a mild recovering in 2012, growth remained subdued in 2013. According to the World Economic Outlook published by the International Monetary Fund in April, 2013, the world output grew by a moderate 3 per cent in 2013 compared to 3.2 per cent in 2012. There was a marked improvement in growth from all key regions of the world during the latter half of the year which continued into the first quarter of 2014 as well.

### Growth of World GDP(%): 2007-16

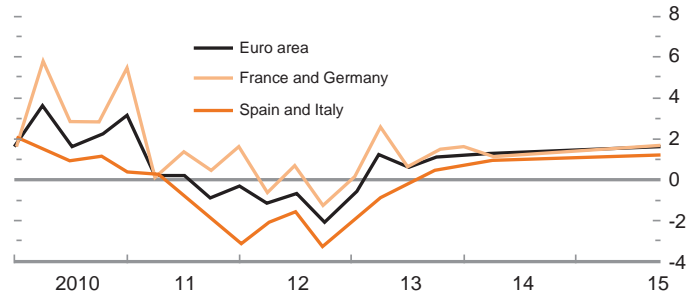


In the USA, the largest economy in the world, GDP grew by 1.9 per cent in 2013 compared to a much higher 2.8 per cent in 2012, largely on account of fiscal tightening and political gridlock over budgetary issues, which impacted growth in most industries. In Europe, the EU-15 countries continued to face tough challenges on investments and employment. Compared with de-growth in GDP of 0.7 per cent in 2012, the de-growth in 2013 was only 0.5 per cent, an indication of moderate, but slow improvement in the economy.

### 1. United States and Japan

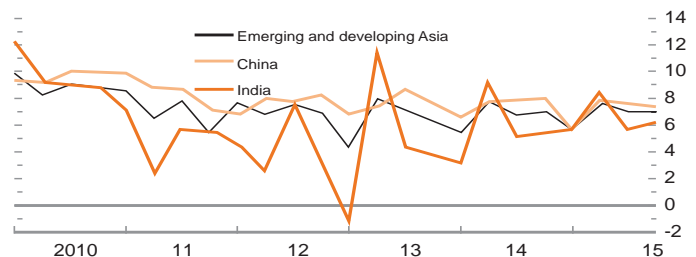


### 2. Euro Area

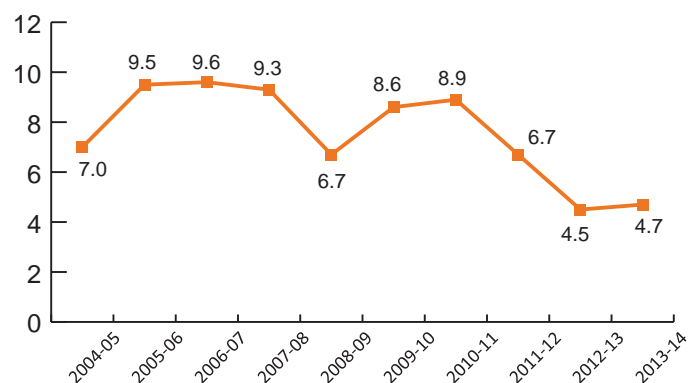


In the emerging economies, slowdown in growth continued in 2013. It is pertinent to note that in spite of decelerating growth, the absolute growth rates are much higher than in the western / developed countries. The growth engines of China and India faced new challenges. The Chinese GDP growth is estimated to remain at 7.7 per cent, similar to 2013. In India, the GDP growth for the year 2013-14 has been 4.7 per cent, marginally higher than that 4.5 per cent in previous year. Domestic factors like high inflation, currency depreciation, tight fiscal policies, high interest rates and policy matters all contributed to a slowdown in the economy.

### 3. Emerging and developing Asia



### Growth of India GDP (%), 2005-14

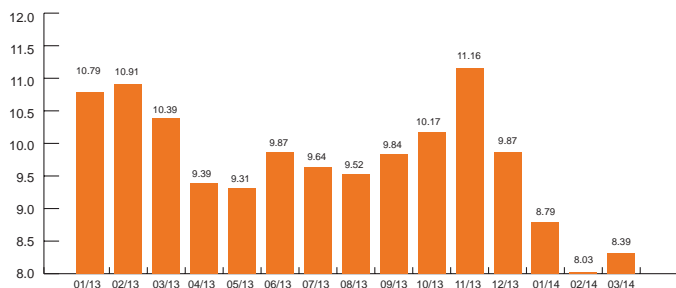


(Source : Ministry of Commerce & Industry, Ministry of Statistics and Programme Implementation)

In terms of Purchasing Power Parity, India displaced Japan in April 2014 to emerge as third-largest economy in the world.

### India Inflation Rate

Annual Change on Consumer Price Index



Source: Ministry of Commerce and Industry, India

### Overview of the Industry

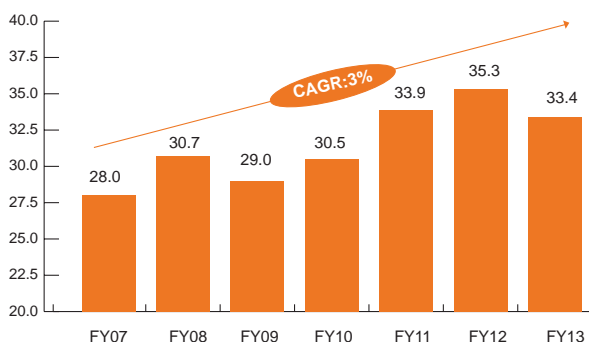
#### Raw Cotton and Cotton Yarn

The year 2013 was a mixed year for the Indian Textile Industry. The positive factors clearly were the depreciation in currency which made exports attractive as well as competitive, while rising input costs, especially high cost of finance impacted bottom-lines.

During the latter half of the year, a prolonged drought in Texas, the USA, led to an unprecedented rally in cotton, with a sixth straight monthly gain for the month of April 2014. In India, prices of raw cotton remained firm for most of the year due to consistent demand both on the domestic and international front. The average price of raw cotton rose from ₹ 99.45 per kg. in April 2013 to ₹ 122.49 per kg. in August, before easing to ₹ 108.66 in November, and then rising back to ₹ 116.00 in January and February, 2014. (Confederation of Indian Textile Industry Report)

In India, production of raw cotton is estimated at 35.6 million bales in FY2014 compared to 34.2 million bales in the previous year. Exports accounted for 8.5 million bales while the balance 25 million bales were used for domestic consumption.

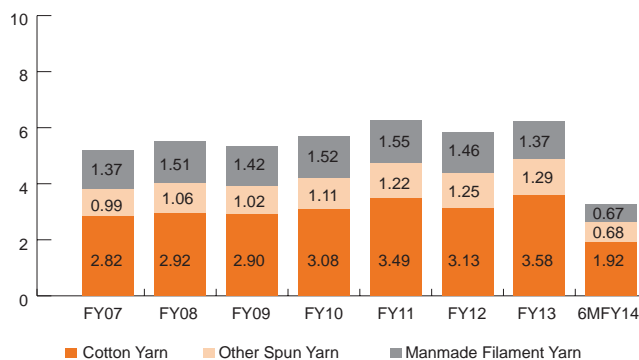
#### Production of raw cotton (Million Bales)



Source: The Cotton Corporation of India Ltd.

Production of yarns in India increased to 5.29 million tonnes in FY 2014 compared to 4.87 million tonnes in FY 2013. Out of this, production of cotton-yarn increased in FY 2014 to 3.92 million tonnes against 3.58 million tonnes in FY2013.

#### Production of Yarn (Million Tonnes)



Source: Ministry of Textiles, Aranca Research

In the cotton-yarn segment, registrations for exports rose by 33 per cent in 2013-14 compared to the previous year, aided by weakening currency and a steady demand from China. According to Director General of Foreign Trade (DGFT), export contracts worth 1,415 million kgs. were registered in 2013-14 as compared to 1,067 million kgs. in 2012-13. Cotton yarn performed better than other textile segments as shipments of cotton fabric and made-ups rose by 20 per cent, while those of man-made fabric and made-ups grew by 13 per cent, as per Apparel Export Promotion Council.

The average prices of cotton-yarn rose marginally from ₹ 214. 19 per kg.in April 2013 to ₹ 215. 27 per kg.in August, 2013. The prices dropped to ₹ 203. 35 per kg.in November 2013 and rose to ₹ 214.19 per kg.in February, despite a much higher rise in the price of raw cotton. (Confederation of Indian Textile Industry Report)

#### Home Textiles Market

The global home textiles market is estimated to be about US\$ 70 billion. Cotton made-ups account for almost 50 per cent of this at US\$ 35 billion. The USA and Europe dominate the markets as largest consumers, while countries like India, China and Pakistan feature amongst key suppliers to these markets.

India's contribution to the global home textiles market is 7 per cent, of which around US\$ 3 billion is constituted by cotton made-ups. Around 67 per cent of India's exports are into the USA and EU, according to the Confederation of Indian Textile Industry.



### Home Textiles Market in the US

The home textiles market in the USA is estimated to be approximately US\$ 24 billion. China, India and Pakistan put together account for the majority of the exports to US in this segment.

India has been steadily gaining market share, especially in cotton home textiles over the last few years due to its cotton advantage, Superior Quality and labour-cost advantages.

### Other key home textile markets

Europe is the second biggest market for home textiles in the world after the USA. India suffers a major disadvantage in this key market due to differential duty preferences. Currently, Indian exports attracts 9 per cent duty, while exports from Bangladesh and Pakistan do not. This is expected to change once the Europe FTA comes in place as duty being imposed on textile exports from India will be removed. This will make India much more competitive and open a huge market for Indian manufacturers.

### Company and Performance Review

Your Company is one of India's leading vertically integrated textile companies. It has integrated the entire value chain of textiles from spinning to weaving to processing, cutting and sewing. In addition to the core manufacturing processes, the Company has integrated procurement, design, and packaging to ensure a total end-to-end solution for its clients.

The Company has 3 manufacturing units in Kolhapur. Company had acquired Pranavadiya Spinning Mills Limited (PSML) in 2007. The Company has a total of 80,016 spindles (including spindles at PSML) producing around 14,000 tonnes of cotton yarn annually.

The Company is the third largest manufacturer exporter of bed sheets with a global footprint spanning 16 countries across 4 continents. The Company has its own showroom on the prestigious Fifth Avenue in New York to exclusively cater to its US customers. The Company's clientele includes some of the top global retailers and renowned international brands. The current product range of the Company is one of the most diversified in the industry ranging from 100 per cent cotton to blended yarns.

The Company has been consistently investing in Research & Development over the years to create innovative new products aligned to changing consumer preferences and evolving

lifestyles. These new products enhance and augment the range of products of its customers, and help them grow their business with more relevant and appealing products.

The Company has a long-term and global vision to create a world-class infrastructure focussed on quality, not only in its final products, but in an all-encompassing quality solution to its clients. It is built on strong values like integrity, commitment, innovation and expertise.

The sustained efforts of the Company have been appreciated by its clients who trust the Company for timely delivery, adherence to quality in all respects and fair approach. Apart from being the 4th largest supplier of sheets into the USA, your Company has won many awards in the last few years that include Texprocil's Trophy for 3rd highest exporter of bed sheets from India in 2013 and Gold Trophy for Special Achievement in Made-ups in 2011-12. The Company is recognized as the 14th largest Home Textile supplier to USA.

### Key Developments

Some of the product developments initiated by the Company are highlighted below:

**Infinity Cotton** Indo Count has successfully introduced "INFINITY COTTON" created from an opulent blend of few finest cotton in the world in order to get a superior yarn with exceptionally soft hand feel making it one of the world's best cotton sheets. Its bedding offers luxurious quality of lustre with high level of performance. It takes more than high thread count to create truly superior timeless bedding.

**Thermal Balance**- Balancing the temperature between the body and the bed is desirable so as to provide a better sleep. The Company has developed a sheet which accommodates this attribute and is called "THERMAL BALANCE".

**True Grip**-True Grip fits thin to thick 7" to 18" mattress. Special stitch makes the sheet to stay on mattress. It keeps snug fitting in the corners. Elastic used in the corners keeps fit on different size of mattress.

### Strategy For Building Momentum

- The production capacity has been planned to reach 68 million meter of fabric per annum by end-2014 which converts to 17 million sheet sets per annum. The Company plans to double its processing capacities in the near future and is evaluating options of expanding its manufacturing base in Maharashtra.

- The Company has plans to strengthen its horizon to other markets. This will mitigate the risk of leaning heavily on the economy of a single country.
- The Company plans to add more bedding products, like utility bedding and fashion bedding.

### Review of Financial Performance

The Textile business of the Company contributed to the overall encouraging performance of the Company during the year. The revenues for the segment increased from ₹ 1,071 crores to ₹ 1,346 crores, a growth of 26 per cent.

The Revenue of the Company increased from ₹ 1,217.10 crores to ₹ 1,497.91 crores, an increase of 23 per cent. On the margins front, EBIDTA increased from ₹ 120.05 crores compared to ₹ 189.10 crores, an increase to the tune of 58 per cent. This was achieved through a mix of better capacity utilisation, stricter cost controls and improved realisations.

The PAT increased from ₹ 29.51 crores to ₹ 110.39 crores, registering a growth of 274 per cent.

Although the total revenue of the Company grew by 23 per cent the short term borrowings increased by 17 per cent, reflecting efficient working capital management by the Company. During the year, the Company repaid long term loans of ₹ 38.67 Crore, which resulted in improvement in the Debt to Equity from 2.13 times to 0.56 times.

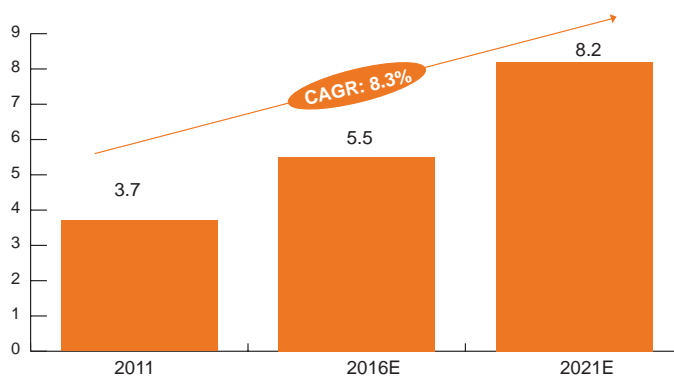
### Outlook

According to the Cotton Textile Export Promotion Council (TEXPROCIL), the outlook for the industry for the year 2014-15 seems to be "cautious but stable". The projected value of the India's exports in the Home-textiles segment is estimated to US\$ 6 billion. Improvements in key markets of the USA, Europe and the UK are definite positive signals for the industry. The industry projection for exports of cotton textiles for the year is estimated to be US\$ 15 billion for the year 2014-15.

While factors like policies of Chinese exports and the increasing trend towards global open bidding among customers will prove challenging, other issues like de-risking over-reliance on traditional markets by diversifying into newer markets of Latin America, Africa, Far East, Russia, UK and Australia, investments in R&D, promotion of innovation in yarns, dyes and chemicals, and the manufacturing process, and duty parity in the EU will be crucial.

The Home-Textiles market is poised for a strong growth. The market is expected to grow at a CAGR of 8.3 per cent from 2011-2021 and attain a market-size of US\$ 8.2 billion.

### Indian Home Textile Industry (USD Billion)



Source: Ministry of Textiles, Technopak, Aranca Research

Your Company has demonstrated a strong performance over the last three years. The Company has one of the best facilities in the Home-textiles business, supported by a strong yarn business. On the marketing front, the Company has made tremendous progress in establishing strong relationships with major retailers and international brands based on its uncompromising commitment to quality and service. The Company has its own showroom in New York and warehouse at Charlotte N.C. to facilitate and service customers in the USA markets. The management of the Company is proficient and professional, with a firm grip on operational efficiency, and the Company is confident to keep **SUSTAINING GROWTH, BUIDLING MOMENTUM...**

### Risk Factors

#### Economy Risks

The Company's major portion of business is exports orientated. The Company's main products are bed-linens which are exported to developed markets like the USA, the UK and Europe. These regions constitute the lion's share of the Company's exports. Any adverse changes in the economy of countries in these regions would have a direct impact on the Company. However, the Company believes that it has strong relationships with major retailers and international brands in these countries. Moreover, the Company's holistic approach to offer an end-to-end solution to these clients as compared to merely products is what gives the Company a distinct advantage, and as such, the Company believes that such risks will only have a minimal impact on it.

### Currency Risks

More than 75 per cent of total sales of the Company are in foreign currency. Because of such a high proportion of total sales coming in foreign currency, the Company faces a risk in case of fluctuations in major currencies, particularly US Dollar, Euro and British Pound. If Indian Rupee were to appreciate significantly, this may have an adverse impact on per-unit value realisation as well as profitability of the Company. The Company has an expert foreign currency and treasury team that constantly monitors the foreign exchange rates, and takes appropriate and commensurate measures to ensure that the impact of the such fluctuations do not impact the Company much.

### Competition

The risk of competition is always an inherent risk that is part and parcel of any business. To a large extent, the Company believes that healthy competition is good for the entire industry, as it encourages and drives all players toward improvement in both products and processes. In case of business competition, the Company believes that it has established itself as a significant player in the bed-linen business over the years through a combination of quality, design, timely delivery and an overall transition from a product approach to a service approach. This, the Company considers a key attribute that differentiates it from competition, and as such, makes it stand apart from other competitors.

### Internal Control Systems and their Adequacies

The Company had adequate and commensurate internal control systems in place in line with the industry and the business it is in. All major processes and procedures of the Company are well-defined and properly documented as part of Standard Operating Procedures (SOP) that match the best in the industry.

The Company follows a strict compliance with all rules, laws, regulations and statutes of the land. The Company regularly undertakes internal audit across functions and departments. The Audit Committee of the Company reviews such internal audits and its reports. Any discrepancy or inconsistency flagged of during such internal audit is immediately addressed through appropriate corrective actions. The Company has ERP that ensure optimal utilisation of all its resources. All expenses are as within defined budgets, which are monitored through a detailed MIS.

### Human Resource Development

People are the most critical resources of the Company. As the Company transforms itself into a more customer oriented organisation from a product based organisation, its employees at all levels and across all functions become all the more important. The health and safety of all Company's employees is paramount and never compromised upon. Moreover, the HR department of the Company regularly organises workshops and courses that are aimed at improving and updating the skills and talents of employees. The Company lays a lot of emphasis on values like fairness, excellence, integrity and transparency. There is a distinct work culture in the Company that reflects these values.

### Cautionary Statement

*Statements in this document/ discussion relating to future status, events, or circumstances, including but not limited to statements describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Such statements are subject to numerous risks and uncertainties and are not necessarily predictive of future results. Actual results may differ materially from those anticipated in the forward-looking statements.*



# CORPORATE GOVERNANCE

## 1. Indo Count's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is to observe the highest level of ethics in all its dealings and accountability to ensure efficient conduct of affairs of the Company. The Company is committed to achieve its goal of maximising value for all its stakeholders – shareholders, employees, customers, partners, suppliers and society at large.

The Governance framework gives due importance towards regulatory compliance under the guardianship of a strong Board of Directors and executed by a committed management and employees.

## 2. Board of Directors Composition

The Board comprises 12 directors drawn from diverse fields of expertise. The Board has an optimum combination of Executive and Non-executive Directors, which is in conformity with the requirements of Clause 49 of the Listing Agreement with the Stock Exchanges (the 'Listing Agreement') and Section 152 of the Companies Act, 2013, in this regard.

Mr. Anil Kumar Jain is the Chairman and Managing Director of the Company. The Company has 8 Non-executive Directors out of which 6 are Independent Directors and 2 are nominee Directors. There are 4 Directors in whole-time employment of the Company. The necessary disclosures regarding Committee positions have been made by all the Directors.

None of the Directors on the Board is a Member of more than 10 Board-level Committees, nor a Chairman of more than 5 such Committees, across all companies in which he/she is a Director. All Executive Directors, except the Chairman and Managing Director, are liable to retire by rotation.

During the year 2013-14, the Board of Directors met on 5 occasions i.e. on 24th May 2013, 12th August 2013, 19th 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:

### Executive Directors:

Name and Designation	Attendance at Meetings during 2013-14		No. of other Directorships held <sup>a</sup>	No. of Membership and Chairmanship in Committees of other Companies <sup>b</sup>
	Board Meetings	Last AGM		
Mr. Anil Kumar Jain Chairman & Managing Director	5	Yes	2	3 (including 2 as Chairman)
Mr. R.N. Gupta Jt. Managing Director	5	Yes	-	Nil
Mr. K.R. Lalpuria Executive Director	5	No	1	Nil
Mr. Kamal Mitra Director (Works)	3	Yes	1	2

### Non Executive and Independent Directors

Name of the Director	Board Meetings Attended	Attendance at last AGM	No. of Directorships held <sup>a</sup>	No. of Membership and Chairmanship in Committees of other Companies <sup>b</sup>
Mr. P.N. Shah	4	No	6	4 (including 2 as Chairman)
Mr. Dilip Thakkar	2	No	12	9 (including 5 as Chairman)
Mr. R. Anand	4	No	3	2
Mr. Sushil Kumar Jiwrajka	4	No	1	Nil
Mr. Prem Malik	3	No	8	7(including 1 as Chairman)
Mr. R. Subramanian Union Bank of India Nominee	3	No	-	Nil
Mr. Nadeem Panjetan Exim Bank Nominee	5	No	1	2
Dr. (Mrs.)Vaijayanti Pandit <sup>c</sup>	1	NA	-	Nil

### 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 Indo Count Industries Limited) have been considered.

- c. Dr. (Mrs.) Vijayanti Pandit was appointed as Additional Director of the Company under Section 161 of the Companies Act, 2013 on 25th November, 2013.

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:

Name of the Director	Remuneration	Amount (In ₹ Lac)
Mr. P. N. Shah	Sitting Fees	1.10
Mr. Dilip Thakkar	Sitting Fees	0.30
Mr. R. Anand	Sitting Fees	1.00
Mr. Sushil Kumar Jiwarajka	Sitting Fees	0.40
Mr. Prem Malik	Sitting Fees	0.30
Mr. Nadeem Panjetan (Nominee of Exim Bank)	Sitting Fees	1.10
Dr. (Mrs.) Vijayanti Pandit	Sitting Fees	0.10
Mr. R. Subramanian (Nominee of Union Bank of India)	Sitting Fees	0.30

Apart from the above, none of the non-executive directors have any pecuniary relationship or transaction with the company, its promoters, its management or its subsidiaries.

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

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 including 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 6 occasions i.e. 6th May, 2013, 23rd 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 was as under:

Name of Director	Position	No. of Meetings attended
Mr. P.N. Shah	Chairman	6
Mr. R. Anand	Member	5
Mr. R.N. Gupta	Member	6
Mr. Nadeem Panjetan	Member	6

The Chairman of the Audit Committee was not present at the last Annual General Meeting but the Committee had authorised Mr. R.N. Gupta, to remain present to respond to the queries raised by the shareholders.

The Internal Auditor, Cost Auditor and President - Finance 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 comprises 3 Independent Directors. The members of this Committee are Mr. R. Anand as Chairman and Mr. P.N. Shah and Mr. Dilip Thakkar, as Members. During the year 2013-14, Remuneration Committee met once on 23rd May, 2013 and all members attended.

The annual compensation of the Executive Directors and transactions with the relatives of the Director are approved by the Remuneration Committee within the parameters set by the shareholders at their meetings.

The Company Secretary acts as the Secretary to the Committee.

#### 5. Reappointment of directors

In accordance with the provisions of Section 152 of Companies Act, 2013, Mr. R. N. Gupta, Mr. Kamal Mitra and Mr. K. R. Lalpuria retire by rotation and being eligible, offer themselves for re-appointment. Their reappointments will be considered at the ensuing Annual General Meeting.

In terms of new provisions of the Companies Act, 2013, your Directors seek appointment of Mr. P. N. Shah, Mr. R. Anand, Mr. Sushil Kumar Jiwarajka, Mr. Dilip Thakkar, Mr. Prem Malik and Dr. (Mrs.) Vijayanti Pandit, as Independent Directors for 5 consecutive years, for a term up to 15th August, 2019.

#### 6. Remuneration and Shareholding of Directors

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and commission (variable component) to the Managing and Executive Directors. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year, subject to overall ceiling stipulated under Section 197 of the Companies Act, 2013.

Given below are the details of shareholding of Directors as on 31st March, 2014 and remuneration during the financial year 2013-14 to the Directors.

Director	No. of shares Held	Sitting fees	Salaries and perquisites ₹ in Lac	Commission ₹ in Lac	Total ₹ in Lac
Mr. Anil Kumar Jain	3,21,411	--	103.20	479.31	582.51
Mr. R.N. Gupta	--	--	15.07	--	15.07
Mr. K.R. Lalpuria	--	--	43.47	--	43.47
Mr. Kamal Mitra	--	--	15.02	--	15.02
<b>TOTAL</b>	<b>3,21,411</b>	<b>--</b>	<b>176.76</b>	<b>479.31</b>	<b>656.07</b>

None of the Directors are related to each other. The Contract of the Executive Directors are as follows:

Mr. Anil Kumar Jain	: From 01-10-2013 to 30-09-2016
Mr. R.N. Gupta	: From 01-10-2013 to 30-09-2016
Mr. K. R. Lalpuria	: From 01-01-2014 to 30-09-2016
Mr. Kamal Mitra	: From 01-01-2011 to 30-09-2016



#### Criteria for making payments to non-executive Directors:

The Non-Executive Directors are paid only Sitting Fee for attending the Board and Committee Meeting. A sitting fee of ₹ 10,000/- is paid for attendance at each meeting of the Board and / or Committee thereof.

#### 7. Share Transfer Committee

The Company has a Share Transfer Committee. This comprises three directors, that is, Mr. Anil Kumar Jain, as Chairman, Mr. R. N Gupta 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 de-materialisation and re-materialisation 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 comprises three directors. The Members of this Committee are Mr. Anil Kumar Jain, Chairman, Mr. R.N. Gupta and Mr. Kamal Mitra, as Members. The Committee looks into redressing of shareholder and investors complaints like transfer of shares, non receipt of balance sheet, non receipt of dividend and related matters, etc.

During the year 2013-14, four meetings of the Committee were held on 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 received 7 investor complaints, which have been attended to and no complaints remain unresolved at the end of the year.

#### 9. General Body Meetings

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

Date	Time	Venue	No. of special Resolutions passed
02-08-2011	12.30 p.m.	Plot No. 266, Village	4
25-08-2012	12.00 noon	Alte, Kumbhoj Road, Taluka Hatkanangale, District Kolhapur, Maharashtra - 416 109.	3
20-07-2013	11.30 a.m	District Kolhapur, Maharashtra - 416 109.	5

The last Extraordinary General Meeting of the Company was held on the following date, time and venue:

Date	Time	Venue	No. of special Resolutions passed
11-09-2013	11.00 a.m.	Plot No. 266, Village Alte, Kumbhoj Road, Taluka Hatkanangale, District Kolhapur, Maharashtra - 416 109.	1

No special resolution was put through postal ballot during the previous year.

#### 10. Means of Communication

- The relevant information relating to the Directors to 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 Tarun Bharat – Marathi News paper.
- The Company has designated 'icilinvestors@indocount.com' as the Designated Exclusive email-id, 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 of the Listing Agreement.

## 13. Reconciliation of Share Capital Audit

M/s. Ashu Gupta & 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 & Company, is given elsewhere in this Annual Report.

## 15. Compliance Officer

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

Mr. R. Sundaram – Chief Financial Officer and Company Secretary

Contact details are: Tel: +91 22 43419500, Fax: +91 22 22823098, E-mail Id: icilinvestors@indocount.com

## 16. Disclosures

### a) Subsidiary Companies

- i) None of the Company's Indian Subsidiary companies fall under the definition of "material non listed Indian subsidiary".
- ii) The Audit Committee of the Company reviews the financial statements and in particular the investments made by listed subsidiary companies of the Company.

- iii) The minutes of the board meetings of listed subsidiary companies are periodically placed before the Board of the company. The Board is periodically informed about all significant transactions and arrangements entered into by the unlisted subsidiary companies of the company.

### b) Related party transactions

The statutory disclosure requirements relating to related party transactions have been complied with (Refer Note No. 32 to the Annual Accounts).

There were no material transactions during the year 2013-2014 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 Exchanges / 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 Exchanges, the SEBI or any statutory authority on matters relating to capital markets.

## 18. General Shareholders' information

### Corporate

Indo Count Industries Limited was incorporated at Delhi in the State of Delhi on 07-11-1988. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L72200PN1988PLC068972.

The address of our Registered office is Office No. 1, Plot No. 266, Village : Alte, Kumbhoj Road, Taluka : Hatkanangale, District Kolhapur, Maharashtra – 416 109.

Listing on Stock Exchanges	<p>BSE Limited</p> <p>Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400 001</p> <p>Stock Exchange Code: 521016</p> <p>The National Stock Exchange of India Limited</p> <p>Exchange Plaza, 5th Floor, Plot No. C/1, G Block</p> <p>Bandra-Kurla Complex, Bandra (E), Mumbai-400 051</p> <p>Stock Exchange Code: ICIL</p>
Listing Fees	Paid for 2014-2015 for all the above stock exchanges
Custodial Fees	The Company has paid the Custodial Fee both to, Central Depository Services (India) Ltd. and National Securities Depository Limited for the year 2014-15.
Demat ISIN	INE483B01018

#### Investor Information

Annual General Meeting	At the Registered Office of the Company.								
Date of AGM	As specified in the notice to the meeting.								
Financial year	1st April to 31st March								
Financial Calendar	Board Meetings for approval of								
	<table> <tr> <td>Financial Results for 1st Quarter 2014-15</td><td>On or before 14-08-2014</td></tr> <tr> <td>Financial Results for 2nd Quarter 2014-15</td><td>On or before 14-11-2014</td></tr> <tr> <td>Financial Results for 3rd Quarter 2014-15</td><td>On or before 14-02-2015</td></tr> <tr> <td>Annual Accounts 2014-15</td><td>On or before 30-05-2014</td></tr> </table>	Financial Results for 1st Quarter 2014-15	On or before 14-08-2014	Financial Results for 2nd Quarter 2014-15	On or before 14-11-2014	Financial Results for 3rd Quarter 2014-15	On or before 14-02-2015	Annual Accounts 2014-15	On or before 30-05-2014
Financial Results for 1st Quarter 2014-15	On or before 14-08-2014								
Financial Results for 2nd Quarter 2014-15	On or before 14-11-2014								
Financial Results for 3rd Quarter 2014-15	On or before 14-02-2015								
Annual Accounts 2014-15	On or before 30-05-2014								
Date of Book Closure	As 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 (BSE) and the National Stock Exchange of India Limited (NSE) during the year 2013-14 were as follows:

Month	BSE			NSE		
	High (₹)	Low (₹)	Volume (Nos.)	High (₹)	Low (₹)	Volume (Nos.)
Apr-13	12.75	9.10	51838	10.00	9.70	200
May-13	16.50	11.10	128395	12.25	12.00	839
Jun-13	16.20	13.30	41249	15.40	14.55	2,084
Jul-13	19.00	13.05	97671	14.20	14.20	2,000
Aug-13	33.30	13.90	582197	17.55	16.90	1,951
Sept-13	28.65	23.10	116492	28.00	26.65	5,365
Oct-13	31.10	25.85	130145	26.50	26.00	1,199
Nov-13	43.85	31.60	495579	30.85	29.95	7,042
Dec-13	42.35	35.30	193790	40.90	39.00	5,143
Jan-14	43.20	36.15	201604	39.00	37.95	31,524
Feb-14	44.30	36.65	566915	39.95	36.45	380
Mar-14	40.90	32.10	164417	38.50	36.35	5,643

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

#### Link Intime India Pvt Ltd.

44, Community Centre, Phase-I, Near PVR, Naraina Industrial Area, New Delhi 100 028  
 ● Phone: +91 11 4141 0592, ● Mobile: +917838186068  
 Fax: +91 11 4141 0591

#### 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 and files a copy of the certificate with the Stock Exchanges.

Transfer period in days	2013-2014	
	No. of Shares	Percentage
1 - 10	7,457	100
11 - 20	-	-
21 - 30	-	-
<b>TOTAL</b>	<b>7,457</b>	<b>100</b>



Complaints received from Investors during the year:

Nature of Complaints	Received	Cleared
Non-receipt of share certificates	2	2
Non-receipt of dividend warrants	1	1
Non-receipt of Annual Report	3	3
Pending Demat cases	1	1
<b>TOTAL</b>	<b>7</b>	<b>7</b>

The company attended to most of the investors' grievances / 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	21,353	93.76	24,50,041	6.91
501 – 1000	750	3.29	6,02,888	1.70
1001 – 2000	305	1.34	4,58,374	1.29
2001 – 3000	97	0.42	2,49,477	0.70
3001 – 4000	54	0.24	2,18,725	0.62
4001 – 5000	43	0.19	1,65,795	0.47
5001 – 10000	75	0.33	5,57,417	1.57
Above 10001	97	0.43	3,07,78,917	86.74
<b>TOTAL</b>	<b>22,774</b>	<b>100.00</b>	<b>3,54,81,634</b>	<b>100.00</b>

#### 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	12	67,99,049	19.16
Sub Total (A)(1)	12	67,99,049	19.16
Foreign Individual (Non-Resident Individual / Foreign Individual)	1	1,24,00,491	34.95
Sub Total (A)(2)	1	1,24,00,491	34.95
<b>Total Shareholding of Promoter and Promoter Group (A) (1)+(A)(2)</b>	<b>13</b>	<b>1,91,99,540</b>	<b>54.11</b>

Category of Shareholder	No. of Share holders	No. of Equity shares	As a percentage of (A+B+C)
<b>Public Shareholding :</b>			
Institutions			
Mutual Funds / UTI	9	4,93,200	1.39
Financial Institutions / Banks	7	7,470	0.02
Insurance Companies	-	-	-
Foreign Institutional Investors	1	27,17,161	7.66
Sub Total (B)(1)	17	32,17,831	9.07
<b>Non-Institutions</b>			
Bodies Corporate	257	48,30,734	13.61
<b>Individuals</b>			
i. Individual Shareholders holding nominal share capital up to ₹ 1 lakh	22,339	43,65,946	12.30
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	55	35,81,927	10.10
Any other (specify)			
- NRI / OCB	39	1,94,674	0.54
- HUF	-	-	-
- Clearing Member	54	90,982	0.26
Sub Total (B)(2)	22,744	1,30,64,263	36.82
<b>Total Public Shareholding (B) (1)+(B)(2)</b>	<b>22,761</b>	<b>1,62,82,094</b>	<b>45.89</b>
Total (A)+(B)	22,774	3,54,81,634	100.00
Shares held by Custodians and against which Depository Receipts have been issued (C)	-	-	-
<b>Grand Total (A+B+C)</b>	<b>22,774</b>	<b>3,54,81,634</b>	<b>100.00</b>

Note : Promoter Group has pledged 62,95,495 equity shares to Banks / Lenders as on 31.03.2014.

#### Dematerialisation of shares and liquidity

The equity shares of the company are available for dematerialisation with National Securities Depository Limited (NSDL) and Central Depository Services of India Limited (CDSL). 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, 94.89% of the company's share capital is dematerialized and the rest is in Physical form. The company's shares were regularly traded on the NSE and BSE.

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

Category	Number of		% to total equity
	Shareholders	Shares	
Demat Mode			
NSDL	6,578	3,15,80,718	89.01
CDSL	2,038	20,86,462	5.88
Total	8,616	3,36,67,180	94.89
Physical Mode			
	14,158	18,14,454	5.11
Grand Total	22,774	3,54,81,634	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 dematerialised form).

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

To,  
The Members  
Indo Count Industries Limited

We have examined the compliance of conditions of Corporate Governance by Indo Count Industries Limited, for the financial year ended on 31<sup>st</sup> March 2014 as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges 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.

#### 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, all Board members and Senior Management Personnel have affirmed compliance with Indo Count Industries Limited Code of Business Conduct and Ethics for the year ended 31st March, 2014.

**Anil Kumar Jain**

Mumbai : 14<sup>th</sup> May, 2014

Chairman & Managing Director

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 grievances committee.

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

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

Mumbai : 14<sup>th</sup> May, 2014

Partner  
Membership Number 6329



## STANDALONE FINANCIAL STATEMENTS





# Independent Auditors' Report

**To**  
**The Members**  
**Indo Count Industries Limited**  
**Report on the Financial Statements**

We have audited the accompanying financial statements of **Indo Count Industries 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

Membership Number 6329

Mumbai : 14<sup>th</sup> May, 2014

# Annexure To 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) The company has neither granted nor taken loans, secured or unsecured to / from companies firms or other parties covered in the register maintained under section 301 of the Act and as such clauses (iii) (b), (iii) (c) and (iii) (d) of the Order are not applicable to the company.
- (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 lac 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.

# Annexure To Auditors' Report

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were outstanding as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) According to the records of the company, dues of income-tax, wealth-tax, sales tax, service tax, custom duty, excise duty and cess which have not been deposited on account of any dispute are as under:-

S.No.	Name of the statute	Nature of the dues	Amount (₹ In lac)	Forum where dispute is pending
1.	Income Tax Act, 1961	Demand for A.Y.2011-12	209.76	CIT (A), New Delhi
2.	Central Excise Act	Cenvat Credit availed on excise duty paid.	40.30	Commissioner of Central Excise (A), Pune.
3.	Central Excise Act	Cenvat Credit availed on excise duty paid .	68.46	CESTAT (Tribunal)
4.	Central Excise Act	Excise Duty	1.40	Commissioner of Central Excise (A)
5.	Central Excise Act	Service Tax credit availed on GTA	0.49	Commissioner of Central Excise (A)
6.	Central Excise Act	Custom Duty /Countervailing Duty.	27.17	Commissioner of Central Excise (A)
7.	Central Excise Act	Service Tax credit availed on Commission	23.53	Commissioner of Central Excise (A)
8.	Bombay Electricity Duty Act, 1958	Electricity Duty	292.07	Supreme Court

- (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 given guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanation given to us and on overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been utilized for long term purposes.
- (xviii) According to information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (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

Mumbai : 14<sup>th</sup> May, 2014

Membership Number 6329



# Balance Sheet as at 31st March, 2014

[₹ in lac]

	Note	As at 31-03-2014		As at 31-03-2013	
<b>I EQUITY AND LIABILITIES</b>					
<b>(1) SHAREHOLDERS' FUNDS</b>					
(a) Share Capital	2	3,798.16		3,798.16	
(b) Reserves & Surplus	3	23,204.16	27,002.32	13,999.45	17,797.61
<b>(2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>	4		110.00		110.00
<b>(3) Warrant Application Money Pending Allotment - (Optionally fully convertible warrants)</b>	4		125.00		-
<b>(4) NON - CURRENT LIABILITIES</b>					
(a) Long Term Borrowings	5	9,723.31		13,586.28	
(b) Other Long Term Liabilities	6	0.71	9,724.02	139.52	13,725.80
<b>(5) CURRENT LIABILITIES</b>					
(a) Short Term Borrowings	7	26,862.60		22,853.02	
(b) Trade Payables	8	18,918.55		18,260.74	
(c) Other Current Liabilities	9	8,673.37		8,114.04	
(d) Short Term Provisions	10	2,675.96	57,130.48	431.77	49,659.57
		94,091.82		81,292.98	
<b>II ASSETS</b>					
<b>(1) NON CURRENT ASSETS</b>					
<b>(a) FIXED ASSETS</b>					
(i) Tangible	11	31,549.37		33,053.93	
(ii) Intangible	12	205.58		178.89	
(iii) Capital Work in Progress	13	32.62	31,787.57	176.63	33,409.45
(b) Non - Current Investments	14		1,880.32		1,946.94
(c) Deferred Tax Assets (NET)	15		978.67		1,691.29
(d) Long Term loans and advances	16		468.53		191.34
<b>(2) CURRENT ASSETS, LOANS &amp; ADVANCES</b>					
(a) Inventories	17	25,712.42		19,600.38	
(b) Trade Receivables	18	16,691.97		12,760.82	
(c) Cash and cash equivalents	19	1,179.60		757.35	
(d) Short Term Loans & Advances	20	7,522.66		5,148.74	
(e) Other Current Assets	21	7,870.08	58,976.73	5,786.67	44,053.96
		94,091.82		81,292.98	

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

O. P. SHROFF

Partner

Membership No. 6329

Mumbai : 14<sup>th</sup> May, 2014

ANIL KUMAR JAIN

Chairman & Managing Director

R. N. GUPTA

Joint Managing Director

R. SUNDARAM  
Chief Financial Officer  
& Company Secretary

# Profit & Loss Account for the year ended 31st March, 2014

	Note	Year Ended 31-03-2014	Year Ended 31-03-2013
[₹ in lac]			
<b>I Revenue from operations</b>	23	1,41,033.14	1,13,948.99
<b>II Other Income</b>	24	3,016.19	3,024.11
<b>TOTAL REVENUE</b>		<b>1,44,049.33</b>	<b>1,16,973.10</b>
<b>III EXPENSES</b>			
Cost of materials consumed	25	89,673.36	77,015.26
Purchase of stock in Trade		878.86	233.85
Changes in Inventories of finished goods, Work in Process and Stock in Trade	26	(1,646.38)	(4,100.72)
Employee Benefits	27	5,833.42	4,807.97
Finance Charges	28	4,897.14	4,961.85
Depreciation and amortisation expense	29	1,882.90	1,775.96
Other Expenses	30	31,323.25	27,609.51
<b>TOTAL EXPENSES</b>		<b>1,32,842.55</b>	<b>1,12,303.68</b>
<b>IV Profit before Exceptional and Extraordinary items and Taxation</b>		<b>11,206.78</b>	<b>4,669.42</b>
<b>V Exceptional Items</b>	31	-	1,568.85
<b>Profit Before extraordinary items and tax</b>		<b>11,206.78</b>	<b>3,100.57</b>
<b>VI Tax expense:</b>			
Income Tax for current year		2,244.14	419.95
Deferred Tax Asset (Net)		712.62	333.06
MAT Credit Entitlement		(2,244.14)	(419.95)
MAT Credit Entitlement of earlier years		-	56.81
<b>PROFIT AFTER TAX</b>		<b>10,494.16</b>	<b>2,710.70</b>
<b>VII EARNING PER SHARE</b>	34		
Basic and dilutive [₹]		29.54	7.61
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

O. P. SHROFF  
Partner

Membership No. 6329  
Mumbai: 14<sup>th</sup> May, 2014

ANIL KUMAR JAIN  
Chairman & Managing Director

R. N. GUPTA  
Joint Managing Director

R. SUNDARAM  
Chief Financial Officer  
& Company Secretary

# Cash Flow Statement for the year ended 31st March, 2014

[₹ in lac]

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before extraordinary item and tax	11,206.78	3,100.57
<b>Adjustments for:-</b>		
Depreciation and amortisation	1,882.90	1,775.96
(Profit)/Loss on sale / write off of assets	(61.23)	(2.19)
Finance Cost	4,897.14	4,961.84
Interest income	(8.12)	(23.36)
VAT Refund under IPS	(2,159.22)	(2,166.58)
Rental Income from operating lease	(13.62)	(26.04)
Loss on sale of long term investments	217.72	1.84
Loss on Sale of assets	24.45	0.02
Exceptional Items	-	1,568.85
<b>Operating profit before working capital changes</b>	<b>15,986.80</b>	<b>9,190.91</b>
<b>Changes in working capital:</b>		
<b>Adjustment for (increase)/decrease in operating assets</b>		
Inventories	(6,112.04)	(6,701.74)
Trade Receivables	(3,931.15)	(5,952.35)
Short term loan and advances	(309.41)	(44.25)
Long term loan advances	(277.20)	(24.59)
Other current assets	160.73	(10,469.07)
<b>Adjustment for increase /(decrease) in operating liabilities</b>		
Trade payable	657.82	7,514.84
Other current liabilities	559.31	1,288.03
Other long term liabilities	(138.80)	(141.40)
Short-term provisions	0.05	1,078.38
Net taxes (paid)/refund received	(2,064.51)	18.14
<b>Net Cash flow from /(used in) operating activities (A)</b>	<b>4,531.60</b>	<b>1,680.19</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets,including capital advances	(1,620.74)	(2,096.73)
Proceeds from sale of fixed assets	118.68	2.83
Proceeds from sale of long term investments	152.29	5.16
Purchase of long term investments	(303.39)	-
Share warrant application money received	125.00	-
VAT Refund under IPS	2,159.22	2,166.58
Interest Received	8.12	23.36
Rental Income from operating lease	13.62	26.04
Cash Flow from Exceptional items	-	(1,568.85)
<b>Net Cash flow from/(used in) investing activities (B)</b>	<b>652.80</b>	<b>(1,441.61)</b>



# Cash Flow Statement for the year ended 31st March, 2014

[₹ in lac]

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>C) CASH FLOW FROM FINANCING ACTIVITIES.</b>		
Share Application money received	-	110.00
Net increase/(Decrease) in long term borrowings	(3,862.97)	(3,957.96)
Net increase/(Decrease) in short term borrowings	4,009.58	8,748.77
Finance Cost	(4,897.14)	(4,961.84)
Preference Dividend	(10.00)	(10.00)
Tax on dividend	(1.62)	(1.62)
<b>Net Cash flow from /(used in) financing activities (C)</b>	<b>(4,762.15)</b>	<b>(72.65)</b>
<b>Net Increase /(decrease) in cash and cash equivalents (A+B+C)</b>	<b>422.25</b>	<b>165.93</b>
Cash and cash equivalents at the beginning of the year	757.35	591.42
Cash and cash equivalents at the end of the year	1,179.60	757.35
Reconciliation of cash and cash equivalents with the balance sheet		
<b>Cash and cash equivalents as per Balance sheet</b>	<b>1,179.60</b>	<b>757.35</b>
Cash and cash equivalents at the end of the year comprises of:		
(a) cash on hand	14.24	18.10
(b) foreign currency on hand	4.17	4.67
(c) balance with banks		
i) In Current accounts	1,123.12	717.04
ii) In EEFC accounts	-	-
(iii) In Earmarked Accounts	38.07	17.54

Notes: Previous years 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

O. P. SHROFF  
Partner

Membership No. 6329  
Mumbai : 14<sup>th</sup> May, 2014

ANIL KUMAR JAIN  
Chairman & Managing Director

R. N. GUPTA  
Joint Managing Director

R. SUNDARAM  
Chief Financial Officer  
& Company Secretary

# Notes on Financial Statements for the year ended 31st March, 2014

## 1. SIGNIFICANT ACCOUNTING POLICIES :

### (a) Method of Accounting

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

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

### (b) 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.

### (c) Fixed Assets

Fixed assets are stated at cost except for land, plant & machinery (other than of electronics division) 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 capitalised. As per practice, expenses incurred on modernisation / debottlenecking / relocation / relining of plant & equipment are capitalised. 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.

### (d) Capital Work-in Progress

All expenditure including interest cost incurred during the project construction period are accumulated and disclosed as capital work-in-progress until the assets are ready for commercial use. Assets under construction are not depreciated. Income earned from investment of surplus borrowed funds during construction/trial run period is reduced from capital work-in-progress. Expenditure/ income arising during trial run is added to/ reduced from capital work-in-progress.

### (e) 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.

### (f) 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 except for inventories of home textiles division where cost is determined at weighted average.

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.

# Notes on Financial Statements for the year ended 31st March, 2014

Obsolete, defective and unserviceable stocks are duly provided for.

The closing stock of units partly comprises of such materials lying in finished or semi-finished stage. The mode of valuation referred to 'Weighted Average Cost' represents cost worked out by taking into account the price charged by such units.

## **(g) Borrowing Costs**

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

## **(h) Excise Duty**

Provision for excise duty is made on waste and finished goods lying in bonded warehouse and meant for sale in domestic tariff area. CENVAT benefit is accounted for by reducing the purchase cost of the material / Fixed assets.

## **(i) 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, exgratia, incentives are recognized in the period during 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**

The employee Gratuity Fund Scheme and Leave Encashment Scheme managed by different trusts 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.

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.

Actuarial gains and losses are recognized immediately in the profit & loss account.

In case of funded plans, the fair value of the planned assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

## **(j) 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.

## **(k) Depreciation**

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

# Notes on Financial Statements for the year ended 31st March, 2014

years. Depreciation on amount of additions made to cost of fixed assets on account of foreign exchange fluctuation is provided prospectively over the residual life of the fixed assets.

Depreciation on revalued assets is calculated on straight line method over the residual life of the respective assets as estimated by the valuer. The additional charge for depreciation on account of revaluation is withdrawn from the revaluation reserve and credited to the profit & loss account.

## **(l) 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. Foreign currency loans availed for acquisition of fixed assets are restated at the exchange rate prevailing at year end and exchange rate difference arising on such transactions are adjusted to the cost of fixed assets. 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. The company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 'Financial Instruments: Recognition and Measurement' (AS-30).

Changes in the fair value of derivatives financial instruments that do not qualify for hedge accountings are recognized in profit & loss account as they arise.

Hedging instruments are initially measured at fair value. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss is recognized in profit & loss account for the year.

## **(m) Revenue Recognition**

Sales are accounted for ex-factory on despatch and do not include excise duty.

## **(n) Claims & Benefits**

Claims recoverable and export incentives / benefits are accounted on accrual basis to the extent considered recoverable. Export incentives / benefits include premium on import licence, sales tax, etc.

## **(o) Subsidy**

Subsidy is recognized when there is reasonable assurance that the subsidy will be received and conditions attached to it are complied with.

Government subsidy in the nature of promoter's contribution is credited to capital reserve. Subsidy received against a specific asset is reduced from the cost of the asset.

## **(p) Income from Investment / Deposits**

Income from investments / deposits is credited to revenue in the year in which it accrues. Income is stated in full with the tax thereon being accounted for under income tax deducted at source.

## **(q) Taxation**

Provision for current tax is made by applying the applicable tax rates and tax laws. Deferred Taxation is provided using



# Notes on Financial Statements for the year ended 31st March, 2014

the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future. Deferred tax benefits are recognized in the financial statements only when such benefits are reasonably expected to be realizable in the near future.

## **(r) 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.

## **(s) Segment Information**

The company is currently organized into two business-operating segments viz: Textile and consumer durable / electronic goods. In line with the global trend, the company has viewed yarn, fabrics and textiles as one integrated business. Therefore, all these products have been considered as part of a single business segment. Yarn, covers production of basic cotton yarn over a wide range of counts, which besides being primarily exported, is also used for further value addition in fabrics and textiles. While, fabrics cover value added activity relating to knitting and weaving, textiles cover value added activity relating to processed fabrics. The company also manufactures electronic / consumer durable goods.

The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments. Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable or allocable on a reasonable basis to that segment. Certain corporate level revenue and expenses, besides financial costs and taxes are not allocated to operating segments and are included under the head as “unallocable”.

Assets and Liabilities represent assets employed in operations and liabilities owed to third parties that are individually identifiable or allocable on a reasonable basis to that segment. Assets and Liabilities excluded from allocation to operating segments such as investments, corporate debt and taxes etc. are classified as “unallocable”.

Segment assets employed in the company's various business segments are all located in India. Capital expenditure includes expenditure incurred during the period of acquisition of segment fixed assets.

The company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, revenues are bifurcated based on sales in India and outside India.

## **(t) Operating Leases**

Operating lease receipts and payments are recognized as income or expense in the profit & loss account on a Straight - line basis over the lease term.

## **(u) Events occurring after balance date**

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

## **(v) 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 lac]	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>a) Authorised</b>				
<b>Equity Shares of ₹ 10 each</b>				
At the beginning of the period	55,000,000	55,000,000	5,500.00	5,500.00
<b>At the end of the period A</b>	<b>55,000,000</b>	<b>55,000,000</b>	<b>5,500.00</b>	<b>5,500.00</b>
<b>Preference Shares of ₹ 10 each</b>				
At the beginning of the period	5,000,000	5,000,000	500.00	500.00
<b>At the end of the period B</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>500.00</b>	<b>500.00</b>
<b>TOTAL A+B</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>6,000.00</b>	<b>6,000.00</b>
<b>b) Issued, Subscribed and Paid up</b>				
<b>Equity Shares of ₹ 10 each</b>				
At the beginning of the period	35,481,634	35,481,634	3,548.16	3,548.16
<b>At the end of the period A</b>	<b>35,481,634</b>	<b>35,481,634</b>	<b>3,548.16</b>	<b>3,548.16</b>
<b>4% Preference Shares of ₹ 10 each fully paid up *</b>				
At the beginning of the period	2,500,000	2,500,000	250.00	250.00
<b>At the end of the period B</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>250.00</b>	<b>250.00</b>
<b>TOTAL A+B</b>	<b>37,981,634</b>	<b>37,981,634</b>	<b>3,798.16</b>	<b>3,798.16</b>

\* 4 % Cumulative Preference shares redeemable on or before 12-09-2021 at par.

### Terms / rights attached to equity shares

- 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.
- 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 Securities Limited	52,70,777	14.85%	52,70,777	14.85%
Sandridge Investments Limited	1,24,00,491	34.95%	1,24,00,491	34.95%
Elm Park Fund Ltd.	27,17,161	7.66%	27,17,161	7.66%

Details of preference 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
Tozai Enterprises Pvt. Ltd.	2,500,000	100%	2,500,000	100%

# Notes on Financial Statements for the year ended 31st March, 2014

## 3. RESERVES & SURPLUS

		[₹ in lac]	
Particulars		As at 31.03.2014	As at 31.03.2013
<b>Capital Reserve</b>			
At the beginning of the period		198.81	198.81
<b>At the end of the period</b>	<b>A</b>	<b>198.81</b>	<b>198.81</b>
<b>Share Premium</b>			
At the beginning of the period		1,443.59	1,443.59
<b>At the end of the period</b>	<b>B</b>	<b>1,443.59</b>	<b>1,443.59</b>
<b>Debenture Redemption Reserve</b>			
At the beginning of the period		750.00	750.00
<b>At the end of the period</b>	<b>C</b>	<b>750.00</b>	<b>750.00</b>
<b>Revaluation Reserve</b>			
At the beginning of the period		11,419.29	12,520.78
Less: Reduction during the period		1,277.83	1,101.49
<b>At the end of the period</b>	<b>D</b>	<b>10,141.46</b>	<b>11,419.29</b>
<b>Profit &amp; Loss Account</b>			
At the beginning of the period		187.76	(2,511.32)
Add: Profit / Loss for the period		10,494.16	2,710.70
Less: Dividend on preference shares		(10.00)	(10.00)
Less: Dividend distribution Tax		(1.62)	(1.62)
<b>At the end of the period</b>	<b>E</b>	<b>10,670.30</b>	<b>187.76</b>
<b>TOTAL (A + B + C + D + E)</b>		<b>23,204.16</b>	<b>13,999.45</b>

4. (i) The Shareholders of the Company in their Extra Ordinary General Meeting held on 17-11-2012 accorded their approval for issue and allotment of 11,00,000 equity shares of ₹ 10/- each on preferential basis to promoter group companies. However, allotment will be made on receipt of approval for the same from Stock Exchanges. Pending approval, the amount has been reflected under Share Application Money Pending Allotment.
- (ii) The Shareholders of the Company in their Extra Ordinary General Meeting held on 11-09-2013 accorded their approval for issue and allotment of 28,98,300 equity share warrants of ₹ 17.25 each (including premium of ₹ 7.25 each) on preferential basis to promoter group. However, allotment will be made on receipt of approval for the same from Stock Exchanges. Pending approval, the amount has been reflected under Warrant Application Money Pending Allotment.

## 5. LONG TERM BORROWINGS (Secured)

		[₹ in lac]	
Particulars		As at 31.03.2014	As at 31.03.2013
<b>1) DEBENTURES (b)</b>			
10 % 300 Secured redeemable non convertible debentures of ₹ 10,00,000/- each [(reduced by instalments paid till date ₹ 1,416.00 lac (previous year ₹ 861.00 lac) excluding current maturities)]		1,134.00	1,584.00
<b>2) TERM LOAN</b>			
<b>Rupee loans</b>			
From Banks (b)		4,681.79	6,540.26
From Financial Institutions (b)		1,464.91	2,046.16
<b>3) Working Capital Term Loan (b)</b>		<b>1,134.00</b>	<b>1,584.00</b>
<b>4) Demand Term Loan (c)</b>		<b>1,290.87</b>	<b>1,803.12</b>
<b>5) Hire Purchase Finance (d)</b>		<b>17.74</b>	<b>28.74</b>
<b>TOTAL</b>		<b>9,723.31</b>	<b>13,586.28</b>

# Notes on Financial Statements for the year ended 31st March, 2014

- a) Based on reference of Union Bank of India, the Lead Bank, a financial restructuring package was approved by Empowered Group of Corporate Debt Restructuring (CDR-EG).

While the company had given effect of the restructuring package in its books of account, banks have continued to raise demand notices for interest payment at the rate of interest charged prior to the sanction of restructuring package.

The company has taken up the matter with the banks and accordingly the resultant difference in interest (which is still under reconciliation / determination) between the demand notice received from banks and as per company's books of account, has not been provided, as the liability is not payable.

- b) Secured inter se on pari-passu basis by way of mortgage of all immovable properties and hypothecation of all movable properties (save and except stocks and book debts and moveables of electronic division) both present and future. Loans (including current maturities of long term debts) of ₹ 11,736.29 lac (previous year ₹ 15,764.11 lac) are additionally secured by personal guarantee of the Managing Director. The term loans are further secured by way of first charge on the existing fixed assets of a Indian Subsidiary Company.
- c) Secured against third charge on the fixed assets of the company. Loans (including current maturities of long term debts) of ₹ 1,802.99 lac (previous year ₹ 2,434.72 lac) are additionally secured by personal guarantee of the Managing Director. The demand term loans are further secured by way of second charge on the existing fixed assets of a Indian Subsidiary Company.
- d) Secured against hypothecation of Vehicles acquired under Auto Loan Schemes.

## Long Term Loans Repayment Schedule

[₹ in lac]

Particulars	Maturity Profile		
	1-2 Years	2-3 Years	3-4 Years
10 % Secured redeemable non convertible Debentures	390.00	390.00	354.00
<b>TERM LOAN:</b>			
<b>Rupee loans:</b>			
From Banks	1,609.95	1,609.95	1,461.90
From Financial Institutions	503.75	503.75	457.41
Working Capital Term Loan	390.00	390.00	354.00
Demand Term Loan	443.95	443.95	402.97
Hire Purchase Finance	8.30	6.09	3.34
<b>Total</b>	<b>3,345.95</b>	<b>3,343.74</b>	<b>3,033.62</b>

In terms of master restructuring agreement dated 30-03-2009, if the company commits a default in payment or repayment of three consecutive instalment of principal amounts of the facilities or interest thereon or any combination thereof, then, the lenders shall have the right to convert, at their option, the whole of the outstanding amount of the facilities and /or 20% of rupee equivalent of the defaulted amount into fully paid-up equity shares of the company, at par, in the manner specified in a notice in writing to be given by the lenders to the company prior to the date on which the conversion is to take effect, which date shall be specified in the said notice.

## 6. OTHER LONG TERM LIABILITIES

[₹ in lac]

Particulars	As at 31.03.2014	As at 31.03.2013
Employee Benefits	0.71	139.52
<b>TOTAL</b>	<b>0.71</b>	<b>139.52</b>



# Notes on Financial Statements for the year ended 31st March, 2014

## 7. SHORT TERM BORROWINGS (Secured)

		[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013	
<b>Loans repayable on Demand</b>			
<b>From Banks (a)</b>			
- In Rupees	26,862.60	22,582.08	
- In Foreign Currency	-	270.94	
<b>TOTAL</b>	<b>26,862.60</b>	<b>22,853.02</b>	

(a) Secured by hypothecation of Raw materials, Semi finished goods, Finished goods, Stores and Spares, Goods in transit and Book Debts of textile divisions, and further secured by second charge on Fixed Assets both present and future and personally guaranteed by the Managing Director.

## 8. TRADE PAYABLES

		[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013	
Total outstanding dues of Micro Enterprises and Small Enterprises (a), (b)	-	2.93	
Others	18,918.55	18,257.81	
<b>TOTAL</b>	<b>18,918.55</b>	<b>18,260.74</b>	

(a) The names of small scale industrial undertakings to whom the company owes any sum and outstanding for more than thirty days: Saikrupa Industries

Payments against supplies from small-scale industries are made in accordance with agreed terms. Besides, there are no claims from the parties for interest on overdue payments.

(b) The company has not received any intimation from other 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.

## 9. OTHER CURRENT LIABILITIES

		[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013	
Current Maturities of Long Term Debts	3,824.11	4,651.03	
Interest accrued and due on borrowings	21.08	145.20	
Security deposit	38.44	33.12	
Advance from Customers	17.80	79.51	
Other Payables *	4,771.94	3,205.18	
<b>TOTAL</b>	<b>8,673.37</b>	<b>8,114.04</b>	

\* Includes amount to be credited to Investor Education & Protection Fund.

		[₹ in lac]	
Particulars	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	-	-	

# Notes on Financial Statements for the year ended 31st March, 2014

## 10. SHORT TERM PROVISIONS

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
Provision for Income Tax	2,664.09	419.95
Provision for Wealth Tax	0.25	0.20
Dividend on Preference Shares	10.00	10.00
Tax on Dividend	1.62	1.62
<b>TOTAL</b>	<b>2,675.96</b>	<b>431.77</b>

## 11. FIXED ASSETS - TANGIBLE

Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As at 1-04-2013	Additions	Sales / Adjustment	As at 31.03.2014	As at 1-04-2013	Additions	Sales / Adjustment	As at 31.03.2014	As at 31.03.2014	As at 31-03-2013
<b>a) At cost</b>										
Land - Leasehold	273.11	-	-	273.11	9.43	0.56	-	9.99	263.12	263.68
Buildings *	6,148.30	407.08	-	6,555.38	1,907.08	204.27	-	2,111.35	4,444.03	4,241.22
Plant & Machinery	32,930.90	1,175.97	410.26	33,696.61	16,306.87	1,563.84	331.09	17,539.62	16,156.99	16,624.03
Furniture & Fixtures	306.11	53.71	-	359.82	193.10	18.40	-	211.50	148.32	113.01
Factory & Office equipments	428.97	49.87	-	478.84	221.43	34.56	-	255.99	222.85	207.54
Vehicles	207.78	2.98	54.56	156.20	124.00	12.80	51.83	84.97	71.23	83.78
<b>b) At revalued cost</b>										
Land - Leasehold	774.72	-	-	774.72	16.09	3.58	-	19.67	755.05	758.63
Buildings	1,489.46	-	-	1,489.46	195.20	43.39	-	238.59	1,250.87	1,294.26
Plant & Machinery	14,066.17	-	325.40	13,740.77	4,598.39	1,042.44	136.97	5,503.86	8,236.91	9,467.78
<b>TOTAL</b>	<b>56,625.52</b>	<b>1,689.61</b>	<b>790.22</b>	<b>57,524.91</b>	<b>23,571.59</b>	<b>2,923.84</b>	<b>519.89</b>	<b>25,975.54</b>	<b>31,549.37</b>	<b>33,053.93</b>
Previous Year	54,388.11	2,249.88	12.47	56,625.52	20,712.43	2,871.27	12.11	23,571.59		

a) \* 10 shares of ₹ 50/- each of Arcadia Premises Co-operative Society Ltd.

b) The company revalued its land, buildings and plant & machinery (except for electronics division) as on 01-10-2008 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 ₹ 16,004.95 lac (excluding the assets sold till 31-03-2014), increase in depreciation upto 31-03-2014 on revaluation by ₹ 5,762.12 lac and thereby net revaluation reserve as at 31-03-2014 is ₹ 10,242.83 lac.

# Notes on Financial Statements for the year ended 31st March, 2014

## 12. FIXED ASSETS - INTANGIBLE

[₹ in lac]

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-04-2013	Additions	Sales / Adjustment	As at 31.03.2014	As at 1-04-2013	Additions	Sales / Adjustment	As at 31.03.2014	As at 31.03.2014	As at 31-03-2013
Software	188.60	50.71	-	239.31	9.71	47.86	-	57.57	181.74	178.89
Patents	-	24.45	-	24.45	-	0.61	-	0.61	23.84	-
<b>TOTAL</b>	<b>188.60</b>	<b>75.16</b>	<b>-</b>	<b>263.76</b>	<b>9.71</b>	<b>48.47</b>	<b>-</b>	<b>58.18</b>	<b>205.58</b>	<b>178.89</b>
Previous Year	32.38	156.22	-	188.60	3.24	6.47	-	9.71		

## 13. CAPITAL WORK IN PROGRESS

Capital work in progress does not include capital advances ₹ 381.97 lac (previous year ₹ 112.38 lac).

## 14. NON CURRENT INVESTMENTS

Particulars	No. of Shares		[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>- Quoted</b>				
<b>Non - Trade Investments - Long Term</b>				
<b>In fully paid up equity shares of ₹ 10 each</b>				
Subsidiary Company				
Pranavaditya Spinning Mills Limited	1,43,41,280	1,80,41,280	1,434.13	1,804.13
<b>SUB TOTAL A</b>			<b>1,434.13</b>	<b>1,804.13</b>
<b>- Unquoted</b>				
<b>Non - Trade Investments - Long Term</b>				
<b>Subsidiary Company</b>				
Indo Count Global Inc, USA	500	300	446.19	142.80
<b>Others</b>				
Indo Count Textile Ventures Pvt. Ltd.	-	100	-	0.01
Shiva Services Limited	10,000	10,000	1.00	1.00
Less : Provision for Diminution			1.00	1.00
<b>SUB TOTAL B</b>			<b>446.19</b>	<b>142.81</b>
<b>TOTAL A+B</b>			<b>1,880.32</b>	<b>1,946.94</b>
<b>Aggregate value of :</b>				
Quoted investments			1,434.13	1,804.13
Unquoted investments			446.19	142.81
Market value of Quoted investments			1,720.95	1,100.52

# Notes on Financial Statements for the year ended 31st March, 2014

## 15. 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:

			[₹ in lac]
Particulars	As at 31.03.2013	Tax effect for the period	As at 31.03.2014
Deferred Tax liability			
Fixed Assets	(3,540.50)	15.09	(3,525.41)
A	(3,540.50)	15.09	(3,525.41)
Deferred Tax Assets			
Losses*	5,121.03	(680.45)	4,440.58
Others	110.76	(47.26)	63.50
B	5,231.79	(727.71)	4,504.08
Net Deferred Tax Assets/(Liability)	A-B	1,691.29	978.67

\* Includes addition in accumulated losses for the assessment year 2011-12 by ₹ 2,859.44 lac due to additional claim filed before the learned assessing officer for certain incomes claimed as exempted during the assessment proceedings by the company. Effectively deferred tax assets has been increased by ₹ 927.74 lac.

## 16. LONG TERM LOANS & ADVANCES

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
<b>(Unsecured-considered good)</b>		
Capital Advances	381.97	112.38
Security Deposits	86.56	78.96
<b>SUB-TOTAL A</b>	<b>468.53</b>	<b>191.34</b>
<b>(Unsecured-considered doubtful)</b>		
Others (considered doubtful)	-	27.13
Less : Provision for doubtful advances	-	27.13
<b>SUB-TOTAL B</b>	<b>-</b>	<b>-</b>
<b>TOTAL A+B</b>	<b>468.53</b>	<b>191.34</b>

## 17. INVENTORIES

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
Stores & Spares *	1,062.97	1,168.50
Raw Materials **	10,649.67	5,936.66
Dyes and Chemicals ***	291.28	433.10
Waste	48.88	46.22
Work in Progress	7,992.87	6,810.59
Finished Goods	5,666.75	5,205.31
<b>TOTAL</b>	<b>25,712.42</b>	<b>19,600.38</b>

\* includes goods in transit ₹ 42.29 lac, (previous year ₹ 20.97 lac)

\*\* includes goods in transit ₹ 1,099.95 lac, (previous year ₹ 857.69 lac)

\*\*\* includes goods in transit ₹ 20.42 lac, (previous year ₹ 13.55 lac)



# Notes on Financial Statements for the year ended 31st March, 2014

## 18. TRADE RECEIVABLES

	[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013
Exceeding Six Months - Considered doubtful	-	5.94
Less : Provision for doubtful debts	-	5.94
<b>SUB - TOTAL</b>	<b>-</b>	<b>-</b>
Exceeding Six Months - Considered good	54.46	19.61
Others *	16,637.51	12,741.21
<b>TOTAL</b>	<b>16,691.97</b>	<b>12,760.82</b>

- \* a) Includes amount receivable from Foreign Subsidiary Company ₹ 8,885.80 lac, (previous year ₹ 5,994.53 lac)  
b) Includes amount receivable from Indian Subsidiary Company ₹ 105.51 lac, (previous year ₹ Nil)

## 19. CASH & CASH EQUIVALENTS

	[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013
Cash in hand	14.24	18.10
Foreign currency in hand	4.17	4.67
Balances with Banks		
In Current Accounts *	1,123.12	717.04
Held as margin / Fixed deposits **	38.07	17.54
<b>TOTAL</b>	<b>1,179.60</b>	<b>757.35</b>

- \* Includes balance in current account with The Kolhapur Urban Co-operative Bank Ltd. ₹ 0.91 lac, (previous year ₹ 1.21 lac) maximum amount outstanding anytime during the year ₹ 5.89 lac, (previous year ₹ 3.10 lac) and The Shamrao Vittal Co-operative Bank ₹ 0.97 lac, (previous year ₹ 1.80 lac), maximum amount outstanding anytime during the year ₹ 3.13 lac, (previous year ₹ 5.59 lac)

- \*\* Includes receipts for ₹ 0.01 lac (previous year ₹ 0.01 lac) lodged with Sales Tax Department

- \*\* Fixed deposits with maturity within 12 months is ₹ 27.16 lac, (Previous year ₹ 2.71 lac)

## 20. SHORT TERM LOANS & ADVANCES

	[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013
Advance Income Tax (including tax deducted at source)	2,316.42	251.91
Advances to related parties	0.10	0.96
Loans to Subsidiary Company	110.28	140.66
Advance to Subsidiary	26.69	21.77
Others (considered good)	5,069.17	4,733.44
<b>TOTAL</b>	<b>7,522.66</b>	<b>5,148.74</b>

## 21. OTHER CURRENT ASSETS (Unsecured-considered good)

	[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013
Mat Credit entitlement	2,755.63	511.49
Export Incentives / Claims recoverable	5,113.67	5,274.52
Interest accrued on Loans & Deposits	0.78	0.66
<b>TOTAL</b>	<b>7,870.08</b>	<b>5,786.67</b>

# Notes on Financial Statements for the year ended 31st March, 2014

## 22. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

### A. Contingent Liabilities

		[₹ in lac]	
Particulars		As at 31.03.2014	As at 31.03.2013
i)	Amount outstanding in respect of export bills discounted under Export Letters of Credit (Since realised ₹ 3,300.88 lac, previous year ₹ 6,100.46 lac)	4,999.82	7,469.84
ii)	Bank Guarantees *	427.59	368.25
iii)	Claims against the company not acknowledged as debts	333.53	12.38
iv)	Corporate guarantee given to a bank for securing financial assistance to subsidiary company		
	- Indian Subsidiary	-	200.00
	- Foreign Subsidiary	3,597.09	-

- \* (a) Includes bank guarantee given by the company for ₹ 4.11 lac to DGFT on behalf of Pranavaditya Spinning Mills Limited, subsidiary company for duty free import of machines.
- (b) In terms of EPCG Licence issued, the company has undertaken an export obligation for ₹ 39,174.43 lac, which is to be fulfilled over a period of 8 years. The company has completed the obligation to the extent of ₹ 30,246.54 lac and license redeemed by the DGFT. The export obligation for ₹ 8,927.89 lac is to be fulfilled over a period of 8 years.
- (c) In terms of advance license obtained for import of raw materials the company has undertaken an export obligation for USD 12.37 Mn. which is to be fulfilled over a period of 2 years. The company has completed the obligation to the extent of USD 9.13 Mn. and license redeemed by the DGFT. The balance obligation of USD 3.24 Mn. is to be fulfilled over a period of 1 year.
- (d) Under the package scheme of incentives of Government of Maharashtra for Mega Projects, the company is eligible for VAT and Electricity duty refund benefits for its home textiles and consumer durable goods divisions. However, if it contravenes any of the conditions of the scheme or eligibility certificate or certificate of entitlement or agreement, it shall repay forthwith the entire benefits drawn / availed along with interest thereon together with costs, charges and expenses thereon.
- (e) No provision has been made in the accounts towards electricity duty on electricity generated for captive use during the period 01-04-2000 to 30-04-2005 amounting to ₹ 292.07 lac (previous year ₹ 292.07 lac) excluding interest, as the company has won the case against MSEDCL vide order number 2204 of 2007 dated 07-11-2009 of the Hon'ble High Court of Jurisdiction at Bombay whereby it was decided that no such duty is payable. MSEDCL has taken up this matter before Supreme Court with condonation of delay and matter is yet to be heard. As the matter is subjudice, the management feels that no provision is necessary.

### B. Commitments

		[₹ in lac]	
Particulars		As at 31.03.2014	As at 31.03.2013
a)	Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	2,066.10	345.13
b)	Letter of credits opened for which the material has not yet been shipped	1,715.55	618.46

# Notes on Financial Statements for the year ended 31st March, 2014

## 23. REVENUE FROM OPERATIONS

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Gross Sales of Products (a), (b)	1,34,589.53	1,09,111.76
Less: Excise Duty	2,328.02	2,372.61
<b>Net Sales</b>	<b>1,32,261.51</b>	<b>1,06,739.15</b>
Sale of Services (c)	0.72	41.29
Export Incentives / Benefits	8,770.91	7,168.55
<b>Revenue from Operations</b>	<b>1,41,033.14</b>	<b>1,13,948.99</b>

a) Includes sale to Foreign subsidiary ₹ 14,257.51 lac, (previous year ₹ 10,740.54 lac)

b) Includes sale to Indian subsidiary ₹ Nil, (previous year 9.75 lac)

c) Includes tax deducted at source ₹ 0.01 lac, ( previous year ₹ 0. 83 lac)

## 24. OTHER INCOME

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Interest Banks *	2.35	4.69
Interest Others **	5.77	18.67
VAT Refund under IPS	2,159.22	2,166.58
TUFS Subsidy received	501.78	622.56
Lease rent income (a)	13.62	26.04
Miscellaneous Receipts and Incomes	57.84	11.58
Insurance claim received	68.34	49.59
Provision for doubtful debts/advances written back	33.08	37.67
Profit on sale of assets	61.23	2.19
Rent received	0.48	0.48
Previous year's income	-	0.10
Sundry balances / Excess provision written back (Net)	41.71	15.57
Liability no longer payable written back	70.77	68.39
<b>TOTAL</b>	<b>3,016.19</b>	<b>3,024.11</b>

\* Includes tax deducted at source ₹ 0.17 lac, (previous year ₹ 0.24 lac)

\*\* a) Includes tax deducted at source ₹ 0.59 lac, (previous year ₹ 1.69 lac)

b) Includes interest earned from subsidiary company ₹ 5.54 lac, (previous year ₹ 16.14 lac)

(a) Includes operating lease:

i. The company has entered into lease arrangements , for renting specified machinery at a rent of ₹ 2.83 lac per month for a period of 120 months and are renewable at the option of the lessee after the end of the term.

ii. Disclosure in respect of assets given on operating lease:

Particulars	[₹ in lac]	
	2013-14	2012-13
Gross Carrying amount of assets *	-	549.63
Accumulated Depreciation *	-	336.35
Depreciation for the period (excluding amortisation of revaluation)	5.73	11.46

\* Includes revalued figures.

The assets given on lease were sold by the Company on 01-10-2013, hence gross carrying amount of assets and accumulated depreciation as on 31-03-2014 is ₹ Nil

# Notes on Financial Statements for the year ended 31st March, 2014

## 25. COST OF MATERIALS CONSUMED

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
<b>Raw material &amp; Components consumed</b>		
Opening Stock	5,078.97	2,900.10
Add : Purchases *	95,244.06	79,194.13
<b>SUB-TOTAL</b>	<b>1,00,323.03</b>	<b>82,094.23</b>
Less : Closing Stock	10,649.67	5,078.97
<b>COST OF SALES</b>	<b>89,673.36</b>	<b>77,015.26</b>

\*Includes purchase from Subsidiary Company. ₹ 887.81 lac, (previous year 233.85 lac)

## 26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
<b>Closing Stock</b>		
Finished Goods	5,666.75	5,205.31
Stock in Process	7,992.87	6,810.59
Waste	48.88	46.22
<b>SUB - TOTAL</b>	<b>A 13,708.50</b>	<b>12,062.12</b>
Less : Opening Stock		
Finished Goods	5,205.31	1,459.03
Stock in Process	6,810.59	6,478.61
Waste	46.22	23.76
<b>SUB - TOTAL</b>	<b>B 12,062.12</b>	<b>7,961.40</b>
<b>(INCREASE)/ DECREASE IN STOCK</b>	<b>B-A (1,646.38)</b>	<b>(4,100.72)</b>

## 27. EMPLOYEE BENEFITS EXPENSE

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Salaries & Wages	4,637.54	4,069.04
Director's Remuneration	649.77	228.87
Contribution to Provident & Other Funds	312.78	252.63
Gratuity	70.67	115.92
Staff Welfare Expenses	149.33	128.23
Recruitment & Training expenses	13.33	13.28
<b>TOTAL</b>	<b>5,833.42</b>	<b>4,807.97</b>



# Notes on Financial Statements for the year ended 31st March, 2014

## EMPLOYEE POST RETIREMENT BENEFITS

Particulars	For the period		For the period	
	01.04.2013 to 31.03.2014		01.04.2012 to 31.03.2013	
[₹ in lac]				
During the year, the following contribution have been made under defined contribution plans:-				
Employer's Contribution to Provident Fund	188.28		146.07	
Employer's Contribution to Employees Pension Scheme	71.63		66.83	
Employer's Contribution to Employees State Insurance	3.76		2.21	
Defined Benefit Plans	Gratuity	Leave Benefit	Gratuity	Leave Benefit
i) Assumptions				
Discount Rate	8%	8%	8%	8%
Salary Escalation	4%	4%	4%	4%
ii) Table showing changes in present value of obligations				
Present value of obligation as at beginning of the year	526.97	138.19	456.70	110.40
Interest cost	42.16	11.06	36.54	8.83
Current Service Cost	48.88	22.89	41.74	41.22
Benefits Paid	(22.41)	(13.89)	(18.79)	(6.02)
Actuarial (gain)/loss on obligation	69.92	(17.53)	10.78	(16.25)
Present value of obligations as at end of year	665.52	140.71	526.97	138.19
iii) Table showing changes in the present value of planned assets				
Fair value of planned assets at the beginning of year	423.28	102.36	228.93	57.25
Expected return on planned assets	45.91	10.09	27.52	6.43
Contributions	225.30	48.66	185.61	44.70
Benefits paid	(22.41)	(13.89)	(18.79)	(6.02)
Actuarial gain / (Loss) on planned assets	-	-	-	-
Fair value of planned assets at the end of year	672.08	147.23	423.28	102.36
iv) Table showing fair value of planned assets				
Fair value of planned assets at the beginning of year	423.28	102.36	228.93	57.25
Actual return on planned assets	45.91	10.09	27.52	6.43
Contributions	225.30	48.66	185.61	44.70
Benefits paid	(22.41)	(13.89)	(18.79)	(6.02)
Actuarial (gain)/loss on planned asset	-	-	-	-
Fair value of planned assets at the end of year	672.08	147.23	423.28	102.36
Funded status	6.56	6.51	(103.69)	(35.83)
v) Actuarial Gain / Loss recognized				
Actuarial (gain) / Loss for the year – obligation	(69.92)	17.53	(10.78)	(16.25)
Actuarial (gain)/Loss for the year – plan assets	-	-	-	-
Total (gain) / Loss for the year	69.92	(17.53)	(10.78)	(16.25)
Actuarial (gain) / Loss recognized in the year	69.92	(17.53)	(10.78)	(16.25)
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	665.52	140.71	526.97	138.19
Fair value of planned assets as at the end of the year	672.08	147.23	423.28	102.36
Funded status	6.56	65.41	(103.69)	(35.83)
Net Asset / (Liability) recognized in balance sheet	6.56	(6.51)	103.69	35.83
vii) Expenses recognized in statement of Profit & Loss				
Current services cost	48.88	22.89	41.74	41.22
Interest cost	42.16	11.06	36.54	8.83
Expected return on planned assets	(45.91)	(10.09)	(27.52)	(6.43)
Net Actuarial (gain)/Loss recognized in the year	69.92	(17.53)	10.78	(16.25)
Expenses recognized in statement of P&L	115.05	6.32	61.53	27.37

The Estimates of rate of future salary increase takes into 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.

# Notes on Financial Statements for the year ended 31st March, 2014

## 28. FINANCE COSTS

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Interest Expense		
- On Debentures	191.84	230.88
- On Term Loans	1,262.32	1,627.31
- On Working Capital Term Loans	186.06	228.21
- Banks	2,160.58	2,051.17
- Others	118.70	127.82
Bank Charges	885.67	582.43
Finance procurement charges	91.97	114.03
<b>TOTAL</b>	<b>4,897.14</b>	<b>4,961.85</b>

## 29. DEPRECIATION & AMORTISATION EXPENSE

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Depreciation	2,972.30	2,877.46
Less : Transfer to Revaluation Reserve	1,089.40	1,101.50
<b>TOTAL</b>	<b>1,882.90</b>	<b>1,775.96</b>

## 30. OTHER EXPENSES

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Consumption of Stores/Dyes and Packing Materials	9,629.44	7,456.67
Jobwork Charges	6,384.41	5,725.94
Power & Fuel	5,785.50	5,677.24
Rent (a)	154.61	104.45
Rates, Taxes & Fees	51.19	60.87
Insurance	367.90	296.84
Repairs to Machinery	218.83	210.31
Repairs to Buildings	42.81	28.64
Commission & Brokerage	2,202.80	1,619.94
Freight Outward	1,983.55	1,787.78
Other Selling expenses	1,453.20	1,146.98
Loss on Sale of Assets	24.45	0.02
Loss on sale of Investments	217.72	1.84
Bad debts/advances written off	109.82	37.67
Exchange rate difference (Net)	670.68	1,600.76
Miscellaneous expenses (b)	2,026.34	1,853.56
<b>TOTAL</b>	<b>31,323.25</b>	<b>27,609.51</b>

# Notes on Financial Statements for the year ended 31st March, 2014

## (a) Including operating lease

(i) In respect of the Parent Company

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
A) The total of future minimum lease payments under non-cancellable operating leases for each of the following years:		
i) Not latter than one year	85.00	43.99
ii) Later than one year and not later than five years,	138.43	-
iii) Later than five years,	-	-
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	75.69	61.48

## (b) Includes payment to auditors Details of Auditors remuneration

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
As Statutory Audit Fees	10.00	5.50
As Quarterly Audit / Limited Review Fees	7.50	4.95
As Tax Audit Fees	2.50	1.55
For Tax Representations	1.00	0.21
For Certification Work	0.15	0.50
In Other Capacity	0.95	0.89
For Reimbursement of Expenses	1.46	2.77
<b>TOTAL</b>	<b>23.56</b>	<b>16.37</b>

## 31. FORWARD CONTRACTS

Foreign currency exposures recognised by the Company that have not been hedged as at 31-03-2014 are as under :-

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in lac)	Buy / Sell
US \$/INR	473	US \$ 132.37 Mn	85,221.17	Sell
Previous Year (US \$ / INR)	(188)	(US \$ 39.07 Mn)	(21,961.00)	Sell

# Notes on Financial Statements for the year ended 31st March, 2014

## 32. Related Party Disclosure:

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

### A. Relationship

#### i) Key management personnel

1. Shri Anil Kumar Jain - Chairman and Managing Director
2. Shri R. N. Gupta - Joint Managing Director
3. Shri K.K. Lalpuria - Executive Director
4. Shri Kamal Mitra - Director (Works)

#### ii) Relatives of key management personnel

1. Smt. G.D. Jain
2. Smt. Shikha Jain
3. Smt. Neha Singhvi
4. Shri Mohit Jain

#### iii) Parties where control exists

##### A. Subsidiary

1. Pranavadiya Spinning Mills Ltd.
2. Indo Count Global Inc. (USA)

### B Associates

1. Margo Finance Ltd.
2. Indo Count Securities Ltd.
3. Rini Investment and Finance Pvt. Ltd.
4. Sky Rise Properties Pvt. Ltd.
5. Unic Consultants
6. YarnTex Exports Ltd.
7. A.K. Jain HUF

[₹ in lac]

Particulars	Associates / Subsidiary		Relatives of Key Management Personnel		Key Management Personnel		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Remuneration paid	-	-	31.73	18.77	656.81	228.86	688.54	247.63
Consultancy Fees	-	13.93	-	-	-	-	-	13.93
Commission paid	211.84	-	-	-	-	-	211.84	-
Commission received	3.08	-	-	-	-	-	3.08	-
Rent Received	0.48	0.48	-	-	-	-	0.48	0.48
Rent Paid	2.67	-	-	-	-	-	2.67	-
Expenses Reimbursed	-	52.64	-	-	-	-	-	52.64
Sales	14,257.51	10,750.29	-	-	-	-	14,257.51	10,750.29
Interest Income	4.99	16.14	-	-	-	-	4.99	16.14
Lease Rental Income	13.62	26.04	-	-	-	-	13.62	26.04
Lease Rent Paid	63.05	61.48	-	-	-	-	63.05	61.48
Purchase of Goods	887.81	233.85	-	-	-	-	887.81	233.85
Sale of Machinery	120.15	-	-	-	-	-	120.15	-
<b>Balance outstanding at the end of year:-</b>								
a) Investments	1,880.31	1,946.93	-	-	-	-	1,880.31	1,946.93
b) Loan to Subsidiary	110.00	140.66	-	-	-	-	110.00	140.66
c) Sundry Debtors	8,991.31	5,995.46	-	-	-	-	8,991.31	5,995.46

Other Information :

Related parties enlisted above are those having transactions with the company.



# Notes on Financial Statements for the year ended 31st March, 2014

## 33. Segment data : -

### A. Primary segment

[₹ in lac]

Particulars	Textiles		Consumer Durable Goods		Total	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment revenue	1,28,002.75	1,01,377.19	13,030.39	12,571.80	1,41,033.14	1,13,948.99
Other income	820.79	993.95	2,195.40	2,030.16	3,016.19	3,024.11
Total income	1,28,823.54	1,02,371.14	15,225.79	14,601.96	1,44,049.33	1,16,973.10
Operating profit	15,687.07	8,999.23	416.84	632.03	16,103.91	9,631.26
Financial costs	4,897.10	4,952.63	0.03	9.22	4,897.13	4,961.85
Taxes	712.62	389.87	-	-	712.62	389.87
Net profit	10,077.36	2,087.88	416.81	622.81	10,494.17	2,710.69
Segment Assets	88,946.96	77,373.85	5,144.86	3,919.13	94,091.82	81,292.98
Segment Liabilities	65,737.91	60,492.55	1,534.75	725.83	67,272.66	61,218.38
Capital employed	23,209.06	16,881.30	3,610.11	3,193.30	26,819.17	20,074.60
Capital expenditure	1,620.74	2,096.73	-	-	1,620.74	2,096.73
Depreciation	1,864.15	1,757.37	18.75	18.59	1882.90	1,775.96
Exceptional Items	-	1,568.85	-	-	-	1,568.85
NonCash expenditure	712.62	333.06	-	-	712.62	333.06

### B. Secondary Segment – Geographical -

The company's operating facilities are located in India

[₹ in lac]

Particulars	Current Year	Previous Year
Domestic revenues	21,405.53	20,645.59
Export revenues	1,19,627.61	93,303.40
<b>TOTAL</b>	<b>1,41,033.14</b>	<b>1,13,948.99</b>

# Notes on Financial Statements for the year ended 31st March, 2014

## 34. EARNING PER SHARE (EPS)

[₹ in lac]

Particulars	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
<b>Basic Earnings Per Share</b>		
Profit after tax as per profit & loss account	10,494.16	2,710.70
Less: Dividend on preference shares	10.00	10.00
Less: Dividend distribution Tax	1.62	1.62
<b>Profit available for shareholders</b>	<b>10,482.54</b>	<b>2,699.08</b>
<b>No. of equity shares</b>	<b>3,54,81,634</b>	<b>3,54,81,634</b>
<b>Basic / dilutive earning Per Share (₹)</b>	<b>29.54</b>	<b>7.61</b>

35. Figures for the previous year have been regrouped / rearranged wherever considered necessary.

36. In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.

37. Figures have been rounded off to the nearest rupee in lac.

38. Value of imported / indigenous Raw materials, Stores / Dyes and Packing Materials consumed

Class of Goods	For the period 01.04.2013 to 31.03.2014		For the period 01.04.2012 to 31.03.2013	
	₹ In lac	Percentage	₹ In lac	Percentage
<b>Raw Materials</b>				
Imported	3,502.75	3.91%	1,465.67	1.90%
Indigenous	86,170.61	96.09%	75,549.60	98.10%
	89,673.36	100.00%	77,015.27	100.00%
<b>Stores/ Dyes and Packing Materials</b>				
Imported	1,290.31	13.40%	704.32	9.45%
Indigenous	8,339.13	86.60%	6,752.35	90.55%
	9,629.44	100.00%	7,456.67	100.00%

# Notes on Financial Statements for the year ended 31st March, 2014

## 39. Other Informations

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
<b>CIF value of Imports</b>		
Capital goods	289.71	1,383.89
Raw materials	3,624.32	1,677.22
Stores/ Dyes and Packing Materials	1,484.22	205.85
<b>Expenditure in Foreign Currency</b>		
Travelling	75.78	61.17
Selling Commission / Claims	1,932.78	1,020.20
Others	970.42	584.65
<b>Earnings in Foreign Currency</b>		
FOB value of exports	1,10,480.33	85,713.94

## 40. Remittance in Foreign Currency on account of dividend to non-resident shareholders

Current Year			Previous Year		
No. of Shareholders	Shares held	Net Amount of Dividend	No. of Shareholders	Shares held	Net Amount of Dividend
		[₹ in lac]			[₹ in lac]
1	1,24,00,491	NIL	1	12,400,491	NIL

As per our report of even date annexed  
For B.K.SHROFF & CO.,  
Chartered Accountants  
Reg. No. 302166E

O. P. SHROFF  
Partner

Membership No. 6329  
Mumbai : 14<sup>th</sup> May, 2014

ANIL KUMAR JAIN  
Chairman & Managing Director

R. N. GUPTA  
Joint Managing Director

R. SUNDARAM  
Chief Financial Officer  
& Company Secretary



## CONSOLIDATED FINANCIAL STATEMENTS





# Independent Auditors' Report

To

**The Board of Directors of  
Indo Count Industries Limited**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of **Indo Count Industries Limited** ("the Company") and its subsidiaries (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at 31 March 2014, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

## **Management's responsibility for the Consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 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 consolidated 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, and based on consideration of the reports of the other auditors on the financial statements of the subsidiaries as noted below, the consolidated 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 Consolidated Balance Sheet, of the state of affairs of the Group as at 31 March 2014;
- b. In the case of the Consolidated Statement of Profit and Loss, of the Profit of the Group for the year ended on that date; and
- c. In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

## **Other Matters**

- a. Financial statements of an Indian Subsidiary which reflects total assets of ₹ 5,459.34 lac as at March 31, 2014, total revenue of ₹ 7,305.18 lac and net cash flows amounting to ₹ 200.04 lac for the year ended, have been audited by us.
- b. We did not audit the financial statements of a Foreign Subsidiary, whose financial statements reflect total assets of ₹ 13,002.35 lac as at March 31, 2014, total revenues of ₹ 13603.61 lac and net cash flows amounting to ₹ 1,649.50 lac for the year ended on that date. These financial statements have been audited by other auditors whose reports have been furnished to us and our opinion, is based solely on the reports of other auditors.  
Our opinion is not qualified in respect of other matters.

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

**O. P. SHROFF**  
Partner

Mumbai : 14<sup>th</sup> May, 2014

Membership Number 6329

# Consolidated Balance Sheet as at 31st March, 2014

		Note	As at 31-03-2014		As at 31-03-2013	
[₹ in lac]						
<b>I EQUITY AND LIABILITIES</b>						
<b>(1) SHAREHOLDERS' FUNDS</b>						
(a)	Share Capital	2	3,798.16		3,798.16	
(b)	Reserves & Surplus	3	25,133.39	28,931.55	15,652.74	19,450.90
<b>(2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>		4		110.00		110.00
<b>(3) Warrant Application Money Pending Allotment - (Optionally fully convertible warrants)</b>		4		125.00		-
<b>(4) MINORITY INTEREST</b>				545.34		132.17
<b>(5) NON - CURRENT LIABILITIES</b>						
(a)	Long Term Borrowings	5	9,724.33		13,591.20	
(b)	Other Long Term Liailities	6	68.26	9,792.59	201.87	13,793.07
<b>(6) CURRENT LIABILITIES</b>						
(a)	Short Term Borrowings	7	29,854.88		22,853.02	
(b)	Trade Payables	8	19,980.46		18,755.28	
(c)	Other Current Liabilities	9	8,915.57		8,267.56	
(d)	Short Term Provisions	10	2,832.06	61,582.97	567.70	50,443.56
			<b>1,01,087.45</b>		<b>83,929.70</b>	
<b>II ASSETS</b>						
<b>(1) NON CURRENT ASSETS</b>						
<b>(a) FIXED ASSETS</b>						
(i)	Tangible	11	34,372.63		35,706.03	
(ii)	Intangible	12	262.69		250.73	
(iii)	Capital Work in Progress	13	32.60	34,667.92	176.62	36,133.38
(b)	Non - Current Investments	14		0.16		0.17
(c)	Deferred Tax Assets (NET)	15		1,312.89		2,125.72
(d)	Long Term loans and advances	16		574.45		281.87
<b>(2) CURRENT ASSETS, LOANS &amp; ADVANCES</b>						
(a)	Inventories	17	34,567.69		24,580.54	
(b)	Trade Receivables	18	10,865.81		8,792.29	
(c)	Cash and cash equivalents	19	3,132.98		861.19	
(d)	Short Term Loans & Advances	20	7,897.61		5,271.99	
(e)	Other Current Assets	21	8,067.94	64,532.03	5,882.55	45,388.56
			<b>101,087.45</b>		<b>83,929.70</b>	

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

O. P. SHROFF  
Partner

Membership No. 6329  
Mumbai : 14<sup>th</sup> May, 2014

ANIL KUMAR JAIN  
Chairman & Managing Director

R. N. GUPTA  
Joint Managing Director

R. SUNDARAM  
Chief Financial Officer  
& Company Secretary

# Consolidated Profit & Loss Account for the year ended 31st March, 2014

	NOTE	YEAR ENDED 31-03-2014	YEAR ENDED 31-03-2013
[₹ in lac]			
<b>I Revenue from operations</b>	23	146,763.11	118,677.75
<b>II Other Income</b>	24	3,027.44	3,032.19
<b>TOTAL REVENUE</b>		<b>149,790.55</b>	<b>121,709.94</b>
<b>III EXPENSES</b>			
Cost of materials consumed	25	93,744.07	80,522.13
Purchase of stock in Trade		887.38	233.85
Changes in Inventories of finished goods, Work in Process and Stock in Trade	26	(5,600.65)	(7,095.62)
Employee Benefits	27	6,448.43	5,348.17
Finance Charges	28	4,989.34	4,980.09
Depreciation and amortisation expense	29	1,955.60	1,848.37
Manufacturing & Other Expenses	30	35,401.52	30,696.18
<b>TOTAL EXPENSES</b>		<b>137,825.69</b>	<b>116,533.17</b>
<b>IV Profit before Exceptional and Extraordinary items and Taxation</b>		<b>11,964.86</b>	<b>5,176.77</b>
<b>V Exceptional Items</b>	31	-	1,568.85
<b>Profit Before extraordinary items and tax</b>		<b>11,964.86</b>	<b>3,607.92</b>
<b>VI Tax expense:</b>			
Income Tax for current year		2,433.41	555.88
Income Tax for earlier years		-	0.31
Deferred Tax Asset (Net)		812.83	518.13
MAT Credit Entitlement		(2,320.32)	(474.40)
MAT Credit Entitlement for earlier years		-	56.81
<b>Profit for the year</b>		<b>11,038.94</b>	<b>2,951.19</b>
Share of Profit/Loss transferred to Minority Interest		43.16	17.96
<b>Profit for the year (after adjustment for Minority Interest)</b>		<b>10,995.78</b>	<b>2,933.23</b>
<b>VII EARNING PER SHARE</b>	33		
Basic and dilutive (₹)		30.96	8.23
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

O. P. SHROFF  
Partner

Membership No. 6329  
Mumbai : 14<sup>th</sup> May, 2014

ANIL KUMAR JAIN  
Chairman & Managing Director

R. N. GUPTA  
Joint Managing Director

R. SUNDARAM  
Chief Financial Officer  
& Company Secretary

# Consolidated Cash Flow Statement For The Year Ended 31st March, 2014

[₹ in lac]

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before extraordinary item and tax	11,964.86	3,607.92
Less: Transitional Reserve of Profit & Loss items	(179.67)	(214.29)
Less: Share of Profit of Minority Interest	(43.16)	(17.96)
Adjusted Net Profit before extraordinary item and tax	11,742.03	3,375.68
<b>Adjustments for:-</b>		
Depreciation and amortisation	1,955.61	1,848.37
(Profit)/Loss on sale /write off of assets	(64.43)	(2.19)
Finance Cost	4,989.34	4,980.09
Interest income	(14.78)	(15.27)
VAT Refund under IPS	(2,159.22)	(2,166.58)
Loss on sale of long term investments	217.72	1.84
Loss on sale of assets	24.45	-
Exceptional Items	-	1,568.85
<b>Operating profit before working capital changes</b>	<b>16,690.72</b>	<b>9,590.79</b>
<b>Changes in working capital:</b>		
<b>Adjustment for (increase)/decrease in operating assets</b>		
Inventories	(9,987.16)	(9,775.70)
Trade Receivables	(2,073.52)	(2,936.34)
Short term loan and advances	(480.63)	(213.05)
Long term loan advances	(292.57)	(69.29)
Other current assets	134.93	(12,698.95)
<b>Adjustment for increase /(decrease)in operating liabilities</b>		
Trade payable	1,225.21	7,556.32
Other current liabilities	648.00	1,309.41
Other long term liabilities	(133.61)	(133.34)
Short-term provisions	0.05	1,739.65
Net taxes (paid)/refund received	(2,314.09)	2.02
<b>Net Cash flow from /(used in) operating activities (A)</b>	<b>3,417.33</b>	<b>1,872.48</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets,including capital advances	(1,925.05)	(2,150.54)
Proceeds from sale of fixed assets	123.93	2.83
Proceeds from sale of long term investments	(217.71)	5.16
Transitional reserve of Balance Sheet Items	(152.58)	(194.64)
Transitional reserve of Profit & Loss Items	179.67	214.29
VAT Refund under IPS	2,159.22	2,166.58
Interest Received	14.78	15.27
Cash Flow from Exceptional items	-	(1,568.85)
<b>Net Cash flow from/(used in) investing activities (B)</b>	<b>182.26</b>	<b>(1,509.90)</b>

# Consolidated Cash Flow Statement For The Year Ended 31st March, 2014

Particulars	For the year ended 31 March, 2014	For the year ended 31 March, 2013
<b>C) CASH FLOW FROM FINANCING ACTIVITIES.</b>		
Share Application money received	-	110.00
Share warrant application money received	125.00	-
Changes in Minority Interest	413.16	17.96
Net increase/(Decrease) in long term borrowings	(3,866.86)	(3,961.48)
Net increase/(Decrease) in short term borrowings	7,001.86	8,609.74
Finance Cost	(4,989.34)	(4,980.09)
Preference Dividend	(10.00)	(10.00)
Tax on dividend	(1.62)	(1.62)
<b>Net Cash flow from /(used in) financing activities (C)</b>	<b>(1,327.80)</b>	<b>(215.49)</b>
<b>Net Increase /(decrease) in cash and cash equivalents (A+B+C)</b>	<b>2,271.79</b>	<b>147.09</b>
Cash and cash equivalents at the beginning of the year	861.19	714.10
Cash and cash equivalents at the end of the year	3,132.98	861.19
Reconciliation of cash and cash equivalents with the balance sheet		
<b>Cash and cash equivalents as per Balance sheet</b>	<b>3,132.98</b>	<b>861.19</b>
Cash and cash equivalents at the end of the year comprises of:		
(a) cash on hand	16.44	18.24
(b) foreign currency on hand	4.17	4.67
(c) balance with banks		
i) In Current accounts	2,408.11	792.39
ii) In EEFC accounts	-	-
iii) In Earmarked Accounts	704.26	45.89

Notes: Previous years 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**

**O. P. SHROFF  
Partner**

Membership No. 6329  
Mumbai : 14<sup>th</sup> May, 2014

**ANIL KUMAR JAIN  
Chairman & Managing Director**

**R. N. GUPTA  
Joint Managing Director**

**R. SUNDARAM  
Chief Financial Officer  
& Company Secretary**



# Notes on Financial Statements for the year ended 31st March, 2014

## 1. SIGNIFICANT ACCOUNTING POLICIES:

### 1. Basis of consolidation

- (i) The accounts have been prepared to comply with all material aspects applicable to accounting policies of Indo Count Industries Limited. Goodwill arising on investments made in subsidiary company's has been treated as intangible asset and capital reserve arising on investments made in subsidiary company has been treated as reserve and surplus.
- (ii) The consolidated accounts have been prepared based on a line by line consolidation of the profit & loss account and balance sheet of Indo Count Industries Limited and its subsidiaries. For the purpose of consolidation, adjustments have been made in respect of shareholdings in subsidiary company's amounts owed from/to company within group and in respect of intra group transactions, as per Accounting Standard (AS-21) "Consolidated Financial Accounts".
- (iii) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the holding company.
- (iv) Indo Count Industries Limited holds 74.53 % shareholding in Pranavadiya Spinning Mills Limited (PSML). PSML is incorporated in India and is engaged in the business of manufacture of cotton yarn.
- (v) Indo Count Industries Limited holds 100 % shareholding in Indo Count Global Inc USA.(ICG). ICG is incorporated in USA and is engaged in the business of selling Home Textile Products.

## 2. Significant Accounting Policies:

### (a) Method of Accounting

- (i) The accounts are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.
- (ii) Accounting policies not significantly referred to are consistent with generally accepted accounting principles.

### (b) 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.

### (c) Fixed Assets

Fixed assets are stated at cost except for land, plant & machinery (other than of electronics division) 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 capitalised. As per practice, expenses incurred on modernisation / debottlenecking / relocation / relining of plant & equipment are capitalised. 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 the 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.

### (d) Capital Work-in Progress

All expenditure including interest cost incurred during the project construction period are accumulated and disclosed as capital work-in-progress until the assets are ready for commercial use. Assets under construction are not depreciated. Income earned from investment of surplus borrowed funds during construction/trial run period is reduced from capital work-in-progress. Expenditure/ income arising during trial run is added to/ reduced from capital work-in-progress.

### (e) 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.

### (f) 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 except for inventories of home textiles division where cost is determined at weighted average. 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. The closing stock of units partly comprises of such materials lying in finished or semi-finished stage. The mode of valuation referred to 'Weighted Average Cost' represents cost worked out by taking into account the price charged by such units.

# Notes on Financial Statements for the year ended 31st March, 2014

## **(g) Borrowing Costs**

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

## **(h) Excise Duty**

Provision for excise duty is made on waste and finished goods lying in bonded warehouse and meant for sale in domestic tariff area. CENVAT benefit is accounted for by reducing the purchase cost of the material / Fixed assets.

## **(i) 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, exgratia, incentives are recognized in the period during 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 and loss account during the period in which the employee renders the related service.

#### **b) Defined Benefit Plans**

The employee Gratuity Fund Scheme and Leave Encashment Scheme managed by different trusts 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. 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. Actuarial gains and losses are recognized immediately in the profit & loss account. In case of funded plans, the fair value of the planned assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

## **(j) 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.

## **(k) Depreciation**

Depreciation is calculated on fixed assets on straight-line method in accordance with Schedule XIV to the Companies Act 1956. Leasehold assets are depreciated over the lease period. Software system is amortized over a period of five years. Depreciation on amount of additions made to cost of fixed assets on account of foreign exchange fluctuation is provided prospectively over the residual life of the fixed assets. Depreciation on revalued assets is calculated on straight line method over the residual life of the respective assets as estimated by the valuer. The additional charge for depreciation on account of revaluation is withdrawn from the revaluation reserve and credited to the profit and loss account.

## **(l) 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 and Loss account. Outstanding export documents when covered by foreign exchange forward contracts are translated at contracted rates. Foreign currency loans availed for acquisition of fixed assets are restated at the exchange rate prevailing at year end and exchange rate difference arising on such transactions are adjusted to the cost of fixed assets. 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. The company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 'Financial Instruments: Recognition and Measurement' (AS-30). Changes in the fair value of derivatives financial instruments that do not qualify for hedge accountings are recognized in profit and loss account as they arise.

Hedging instruments are initially measured at fair value. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss is recognized in profit and loss account for the year.

## **(m) Revenue Recognition**

Sales are accounted for ex-factory on despatch and do not include excise duty.

# Notes on Financial Statements for the year ended 31st March, 2014

## **(n) Claims & Benefits**

Claims recoverable and export incentives / benefits are accounted on accrual basis to the extent considered recoverable. Export incentives / benefits include premium on import licence, sales tax, etc.

## **(o) Subsidy**

Subsidy is recognized when there is reasonable assurance that the subsidy will be received and conditions attached to it are complied with.

Government subsidy in the nature of promoter's contribution is credited to capital reserve. Subsidy received against a specific asset is reduced from the cost of the asset.

## **(p) Income from Investment / Deposits**

Income from investments / deposits is credited to revenue in the year in which it accrues. Income is stated in full with the tax thereon being accounted for under income tax deducted at source.

## **(q) Taxation**

Provision for current tax is made by applying the applicable tax rates and tax laws. Deferred Taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future. Deferred tax benefits are recognized in the financial statements only when such benefits are reasonably expected to be realizable in the near future.

## **(r) 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.

## **(s) Segment Information**

The company is currently organized into two business-operating segments viz: Textile and consumer durable / electronic goods. In line with the global trend, the company has viewed yarn, fabrics and textiles as one integrated business. Therefore, all these products have been considered as part of a single business segment. Yarn, covers production of basic cotton yarn over a wide range of counts, which besides being primarily exported, is also used for further value addition in fabrics and textiles. While, fabrics cover value added activity relating to knitting and weaving, textiles cover value added activity relating to processed fabrics. The company also manufactures electronic / consumer durable goods.

The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments. Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable or allocable on a reasonable basis to that segment. Certain corporate level revenue and expenses, besides financial costs and taxes are not allocated to operating segments and are included under the head "unallocable".

Assets and Liabilities represent assets employed in operations and liabilities owed to third parties that are individually identifiable or allocable on a reasonable basis to that segment. Assets and Liabilities excluded from allocation to operating segments such as investments, corporate debt and taxes etc. are classified as "unallocable". Segment assets employed in the company's various business segments are all located in India. Capital expenditure includes expenditure incurred during the period of acquisition of segment fixed assets.

The company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, revenues are bifurcated based on sales in India and outside India.

## **(t) Operating Leases**

Operating lease receipts and payments are recognized as income or expenses in the profit and loss account on a Straight - line basis over the lease term.

## **(u) Events occurring after balance date**

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

## **(v) 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 lac]	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>a) Authorised</b>				
<b>Equity Shares of ₹ 10 each</b>				
At the beginning of the period	55,000,000	55,000,000	5,500.00	5,500.00
<b>At the end of the period A</b>	<b>55,000,000</b>	<b>55,000,000</b>	<b>5,500.00</b>	<b>5,500.00</b>
<b>Preference Shares of ₹10 each</b>				
At the beginning of the period	5,000,000	5,000,000	500.00	500.00
<b>At the end of the period B</b>	<b>5,000,000</b>	<b>5,000,000</b>	<b>500.00</b>	<b>500.00</b>
<b>TOTAL A+B</b>	<b>60,000,000</b>	<b>60,000,000</b>	<b>6,000.00</b>	<b>6,000.00</b>
<b>b) Issued, Subscribed and Paid up</b>				
<b>Equity Shares of ₹10 each</b>				
At the beginning of the period	35,481,634	35,481,634	3,548.16	3,548.16
<b>At the end of the period A</b>	<b>35,481,634</b>	<b>35,481,634</b>	<b>3,548.16</b>	<b>3,548.16</b>
<b>4% Preference Shares of ₹10 each fully paid up *</b>				
At the beginning of the period	2,500,000	2,500,000	250.00	250.00
<b>At the end of the period B</b>	<b>2,500,000</b>	<b>2,500,000</b>	<b>250.00</b>	<b>250.00</b>
<b>TOTAL A+B</b>	<b>37,981,634</b>	<b>37,981,634</b>	<b>3,798.16</b>	<b>3,798.16</b>

\* 4 % Cumulative Preference shares redeemable on or before 12-09-2021 at par.

### Terms / rights attached to equity shares

- 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.
- 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 Securities Limited	52,70,777	14.85%	52,70,777	14.85%
Sandridge Investments Limited	1,24,00,491	34.95%	1,24,00,491	34.95%
Elm Park Fund Ltd.	27,17,161	7.66%	27,17,161	7.66%

Details of preference 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
Tozai Enterprises Pvt. Ltd.	2,500,000	100%	2,500,000	100%

# Notes on Financial Statements for the year ended 31st March, 2014

## 3. RESERVES & SURPLUS

		[₹ in lac]	
Particulars		As at 31.03.2014	As at 31.03.2013
<b>Capital Reserve</b>			
At the beginning of the period		198.81	198.81
<b>At the end of the period</b>	<b>A</b>	<b>198.81</b>	<b>198.81</b>
<b>Share Premium</b>			
At the beginning of the period		1,443.59	1,443.59
<b>At the end of the period</b>	<b>B</b>	<b>1,443.59</b>	<b>1,443.59</b>
<b>Debenture Redemption Reserve</b>			
At the beginning of the period		750.00	750.00
<b>At the end of the period</b>	<b>C</b>	<b>750.00</b>	<b>750.00</b>
<b>Revaluation Reserve</b>			
At the beginning of the period		13,172.82	14,336.95
Less: Reduction during the period		1,350.97	1,164.13
<b>At the end of the period</b>	<b>D</b>	<b>11,821.85</b>	<b>13,172.82</b>
<b>Transitional Reserve</b>			
At the beginning of the period		15.46	(4.19)
Add: Creation during the period for Balance Sheet items		(152.54)	(194.64)
Add: Creation during the period for Profit and Loss items		179.67	214.29
<b>At the end of the period</b>	<b>E</b>	<b>42.59</b>	<b>15.46</b>
<b>Profit &amp; Loss Account</b>			
At the beginning of the period		72.06	(2,635.26)
Add: Profit / (Loss) for the period		10,995.78	2,933.23
Less: Transferred to Transitional Reserve		(179.67)	(214.29)
Less: Dividend on preference shares		(10.00)	(10.00)
Less: Dividend distribution Tax		(1.62)	(1.62)
<b>At the end of the period</b>	<b>F</b>	<b>10,876.55</b>	<b>72.06</b>
<b>TOTAL (A + B + C + D + E + F)</b>		<b>25,133.39</b>	<b>15,652.74</b>

4. (i) The Shareholders of the Company in their Extra Ordinary General Meeting held on 17-11-2012 accorded their approval for issue and allotment of 11,00,000 equity shares of ₹ 10/- each on preferential basis to promoter group companies. However, allotment will be made on receipt of approval for the same from Stock Exchanges. Pending approval, the amount has been reflected under Share Application Money Pending Allotment
- (ii) The Shareholders of the Company in their Extra Ordinary General Meeting held on 11-09-2013 accorded their approval for issue and allotment of 28,98,300 equity share warrants of ₹ 17.25 each (including premium of ₹ 7.25 each) on preferential basis to promoter group. However, allotment will be made on receipt of approval for the same from Stock Exchanges. Pending approval, the amount has been reflected under Warrant Application Money Pending Allotment.



# Notes on Financial Statements for the year ended 31st March, 2014

## 5. LONG TERM BORROWINGS (SECURED)

		[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013	
<b>1) DEBENTURES (b)</b>			
10% 300 Secured redeemable non convertible debentures of ₹ 10,00,000/ each [(reduced by installments paid till date ₹ 1,416.00 lac (previous year ₹ 861.00 lac) excluding current maturities)]	1,134.00	1,584.00	
<b>2) TERM LOAN</b>			
<b>Rupee loans</b>			
From Banks (b)	4,681.79	6,540.26	
From Financial Institutions (b)	1,464.91	2,046.16	
3) Working Capital Term Loan (b)	1,134.00	1,584.00	
4) Demand Term Loan (c)	1,290.87	1,803.12	
5) Hire Purchase Finance (d)	18.76	33.66	
<b>TOTAL</b>	<b>9,724.33</b>	<b>13,591.20</b>	

a) Based on reference of Union Bank of India, the Lead Bank, a financial restructuring package was approved by Empowered Group of Corporate Debt Restructuring (CDR-EG). While the company had given effect of the restructuring package in its books of account, banks have continued to raise demand notices for interest payment at the rate of interest charged prior to the sanction of restructuring package.

The company has taken up the matter with the banks and accordingly the resultant difference in interest (which is still under reconciliation / determination) between the demand notice received from banks and as per company's books of account, has not been provided, as the liability is not payable.

b) Secured inter se on pari-passu basis by way of mortgage of all immovable properties and hypothecation of all movable properties (save and except stocks and book debts and movables of electronic division) both present and future. Loans (including current maturities of long term debts) of ₹ 11,736.29 and movables lac (previous year ₹ 15,764.11 lac) are additionally secured by personal guarantee of the Managing Director. The term loans are further secured by way of first charge on the existing fixed assets of a Indian Subsidiary Company.

c) Secured against third charge on the fixed assets of the company. Loans (including current maturities of long term debts) of ₹ 1,802.99 lac (previous year ₹ 2,434.72 lac) are additionally secured by personal guarantee of the Managing Director. The demand term loans are further secured by way of second charge on the existing fixed assets of a Indian Subsidiary Company.

d) Secured against hypothecation of Vehicles acquired under Auto Loan Schemes.

### Long Term Loans Repayment Schedule

		[₹ in lac]		
Particulars	Maturity Profile			
	1-2 Years	2-3 Years	3-4 Years	
10 % Secured redeemable non convertible Debentures	390.00	390.00	354.00	
<b>TERM LOAN:</b>				
<b>Rupee loans:</b>				
From Banks	1,609.95	1,609.95	1,461.89	
From Financial Institutions	503.75	503.75	457.41	
Working Capital Term Loan	390.00	390.00	354.00	
Demand Term Loan	443.95	443.95	402.97	
Hire Purchase Finance	9.33	6.09	3.34	
<b>TOTAL</b>	<b>3,346.98</b>	<b>3,343.74</b>	<b>3,033.61</b>	

## 6. OTHER LONG TERM LIABILITIES

		[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013	
Employee Benefits	68.26	201.87	
<b>TOTAL</b>	<b>68.26</b>	<b>201.87</b>	

# Notes on Financial Statements for the year ended 31st March, 2014

## 7. SHORT TERM BORROWINGS (SECURED)

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
Loans repayable on Demand		
From Banks		
- In Rupees (a), (b)	26,862.60	22,582.08
- In Foreign Currency	2,992.28	270.94
<b>TOTAL</b>	<b>29,854.88</b>	<b>22,853.02</b>

- (a) Secured by hypothecation of Raw materials, Semi finished goods, Finished goods, Stores and Spares, Goods in transit and Book Debts of Spinning and Home textile divisions, and further secured by second charge on Fixed Assets both present and future and personally guaranteed by the Managing Director.
- (b) Loan of a subsidiary company is secured against pledge of stock of cotton bales together with corporate guarantee of the holding company.

## 8. TRADE PAYABLES

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
Total outstanding dues of Micro Enterprises and Small Enterprises (a), (b)	-	2.93
Others	19,980.46	18,752.35
<b>TOTAL</b>	<b>19,980.46</b>	<b>18,755.28</b>

- (a) The names of small scale industrial undertakings to whom the company owes any sum and outstanding for more than thirty days: Saikrupa Industries.  
Payments against supplies from small-scale industries are made in accordance with agreed terms. Besides, there are no claims from the parties for interest on overdue payments.
- (b) The company has not received any intimation from other 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.

## 9. OTHER CURRENT LIABILITIES

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
Current Maturities of Long Term Debts	3,827.99	4,654.56
Interest accrued and due on borrowings	68.98	145.20
Security deposit	38.79	33.46
Advance from Customers	21.73	79.86
Other Payables *	4,958.08	3,354.48
<b>TOTAL</b>	<b>8,915.57</b>	<b>8,267.56</b>

\* Includes amount to be credited to Investor Education & Protection Fund-

Particulars	[₹ in lac]	
	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	-	-

# Notes on Financial Statements for the year ended 31st March, 2014

## 10. SHORT TERM PROVISIONS

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
Provision for Income Tax	2,820.19	555.88
Provision for Wealth Tax	0.25	0.20
Dividend on Preference Shares	10.00	10.00
Tax on Dividend	1.62	1.62
<b>TOTAL</b>	<b>2,832.06</b>	<b>567.70</b>

## 11. FIXED ASSETS - TANGIBLE

Particulars	[₹ in lac]									
	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1-04-2013	Additions	Sales / Adjustment	As at 31.03.2014	As at 1-04-2013	Additions	Sales / Adjustment	As at 31.03.2014	As at 31.03.2014	As at 31-03-2013
<b>a) At cost</b>										
Land - Freehold	28.75	-	-	28.75	-	-	-	-	28.75	28.75
Land - Leasehold	273.11	-	-	273.11	9.43	0.56	-	9.99	263.12	263.68
Buildings *	6,604.12	419.18	-	7,023.30	2,097.27	214.78	-	2,312.05	4,711.25	4,506.85
Plant & Machinery	36,250.82	1,464.84	451.32	37,264.34	19,064.85	1,595.06	370.10	20,289.81	16,974.53	17,185.97
Furniture & Fixtures	436.84	55.08	-	491.92	310.21	30.75	-	340.96	150.96	126.63
Factory & Office Equipments	533.49	51.84	-	585.33	316.25	35.88	-	352.13	233.20	217.24
Vehicles	240.20	2.98	54.56	188.62	137.50	15.35	51.83	101.02	87.60	102.70
<b>b) At revalued cost</b>										
Land - Freehold	817.46	-	-	817.46	-	-	-	-	817.46	817.46
Land - Leasehold	774.72	-	-	774.72	16.09	3.58	-	19.67	755.05	758.63
Buildings	2,029.93	-	-	2,029.93	230.44	52.20	-	282.64	1,747.29	1,799.49
Plant & Machinery	14,749.75	-	343.42	14,406.33	4,860.21	1,094.99	144.34	5,810.86	8,595.47	9,889.54
Factory & Office Equipments	13.63	-	-	13.63	4.54	1.14	-	5.68	7.95	9.09
<b>TOTAL</b>	<b>62,752.82</b>	<b>1,993.92</b>	<b>849.30</b>	<b>63,897.44</b>	<b>27,046.79</b>	<b>3,044.29</b>	<b>566.27</b>	<b>29,524.81</b>	<b>34,372.63</b>	<b>35,706.03</b>
Previous Year	60,461.58	2,303.70	12.46	62,752.82	24,052.59	3,006.31	12.11	27,046.79		

Includes

- \* 10 shares of ₹ 50/- each of Arcadia Premises Co-operative Society Ltd.
- The Holding Company revalued its land, buildings and plant & machinery (except for electronics division) as on 01-10-2008 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 ₹ 16,004.95 lac (excluding the assets sold till 31-03-2014), increase in depreciation upto 31-03-2014 on revaluation by ₹ 5,762.12 lac and thereby net revaluation reserve as at 31-03-2014 is ₹ 10,242.83 lac.
- The Indian Subsidiary Company revalued its land, buildings 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 ₹ 2,037.12 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 ₹ 1,680.39 lac.
- The term loans of holding company are additionally secured by way of first / second charge on the existing fixed assets of the Indian subsidiary

# Notes on Financial Statements for the year ended 31st March, 2014

## 12. FIXED ASSETS - INTANGIBLE

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at	Additions	Sales /	As at	As at	Additions	Sales /	As at	As at	As at
	1-04-2013		Adjustment	31.03.2014	1-04-2013		Adjustment	31.03.2014	31.03.2014	31-03-2013
Goodwill	71.84	-	14.73	57.11	-	-	-	-	57.11	71.84
Software	188.60	50.71	-	239.31	9.71	47.86	-	57.57	181.74	178.89
Patents	-	24.45	-	24.45	-	0.61	-	0.61	23.84	-
<b>TOTAL</b>	<b>260.44</b>	<b>75.16</b>	<b>14.73</b>	<b>320.87</b>	<b>9.71</b>	<b>48.47</b>	<b>-</b>	<b>58.18</b>	<b>262.69</b>	<b>250.73</b>
Previous Year	104.22	156.22	-	260.44	3.24	6.47	-	9.71		

## 13. CAPITAL WORK IN PROGRESS

Capital work in progress does not include capital advances ₹ 381.97 lac (previous year ₹ 117.00 lac).

## 14. NON CURRENT INVESTMENTS

Particulars	No. of Shares		₹ in lac	
	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
<b>- Unquoted</b>				
Non - Trade Investments - Long Term				
Others				
Indo Count Textile Ventures Pvt. Ltd.	-	100	-	0.01
Shiva Services Limited	10,000	10,000	1.00	1.00
Shri Datta Nagari Sahakari Pat Sanstha Ltd.	1,050	1,050	0.11	0.11
Choudeshwari Co-op Bank Ltd.	200	200	0.05	0.05
Less : Provision for Diminution			1.00	1.00
<b>TOTAL</b>			<b>0.16</b>	<b>0.17</b>
Aggregate value of :				
Unquoted investments			0.16	0.17

## 15. 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	As at		Tax effect for	
	31.03.2013		the period	As at 31.03.2014
Deferred Tax liability				
Fixed Assets	(3,674.69)	(7.33)		(3,682.02)
<b>A</b>	<b>(3,674.69)</b>	<b>(7.33)</b>		<b>(3,682.02)</b>
Deferred Tax Assets				
Losses *	5,655.78	(782.00)		4,873.78
Others	144.63	(23.50)		121.13
<b>B</b>	<b>5,800.41</b>	<b>(805.50)</b>		<b>4,994.91</b>
<b>Net Deferred Tax Assets/(Liability)</b>	<b>A-B</b>	<b>2,125.72</b>	<b>(812.83)</b>	<b>1,312.89</b>

\* Includes addition in accumulated losses of holding company for the assessment year 2011-12 by ₹ 2,859.44 lac due to additional claim filed before the learned assessing officer for certain incomes claimed as exempted during the assessment proceedings by the company. Effectively deferred tax assets has been increased by ₹ 927.74 lac.

# Notes on Financial Statements for the year ended 31st March, 2014

## 16. LONG TERM LOANS & ADVANCES

		[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013	
<b>(Unsecured-considered good)</b>			
Capital Advances	381.97	117.00	
Security Deposits	192.48	164.87	
<b>SUB-TOTAL A</b>	<b>574.45</b>	<b>281.87</b>	
<b>(Unsecured-considered doubtful)</b>			
Others (considered doubtful)	-	27.13	
Less : Provision for doubtful advances	-	27.13	
<b>SUB-TOTAL B</b>	<b>-</b>	<b>-</b>	
<b>TOTAL A+B</b>	<b>574.45</b>	<b>281.87</b>	

## 17. INVENTORIES

		[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013	
Stores & Spares *	1,091.36	1,192.17	
Raw Materials **	11,000.94	6,371.81	
Dyes and Chemicals ***	291.28	433.10	
Waste	60.81	56.36	
Work in Progress	8,154.71	6,982.92	
Finished Goods ****	13,968.59	9,544.18	
<b>TOTAL</b>	<b>34,567.69</b>	<b>24,580.54</b>	

\* includes goods in transit ₹ 45.86 lac (previous year ₹ 20.97 lac).

\*\* includes goods in transit ₹ 1,099.95 lac (previous year ₹ 857.69 lac).

\*\*\* includes goods in transit ₹ 20.42 lac (previous year ₹ 13.55 lac).

\*\*\*\* includes goods in transit ₹ 4,188.84 lac (previous year ₹ 1,713.55 lac).

## 18. TRADE RECEIVABLES

		[₹ in lac]	
Particulars	As at 31.03.2014	As at 31.03.2013	
Exceeding Six Months	54.46	25.55	
Less : Provision for doubtful debts	-	5.94	
<b>SUB-TOTAL</b>	<b>54.46</b>	<b>19.61</b>	
Others	10,811.35	8,772.68	
<b>TOTAL</b>	<b>10,865.81</b>	<b>8,792.29</b>	



# Notes on Financial Statements for the year ended 31st March, 2014

## 19. CASH & CASH EQUIVALENTS

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
Cash in hand	16.44	18.24
Foreign currency in hand	4.17	4.67
Balances with Banks		
In Current Accounts *	2,408.11	792.39
Held as margin / Fixed deposits **	704.26	45.89
<b>TOTAL</b>	<b>3,132.98</b>	<b>861.19</b>

\* Includes balance in current account with The Kolhapur Urban Co-operative Bank Ltd. ₹ 0.91 lac, (previous year ₹ 1.21 lac ) maximum amount outstanding anytime during the year ₹ 5.89 lac, (previous year ₹ 3.10 lac) and The Shamrao Vittal Co-operative Bank ₹ 0.97 lac, (previous year ₹ 1.80 lac) , maximum amount outstanding anytime during the year ₹ 3.13 lac, (previous year ₹ 5.59 lac)

\*\* Includes receipts for ₹ 0.01 lac ( previous year ₹ 0.01 lac ) lodged with Sales Tax Department

\*\* Fixed deposits with maturity within 12 months is ₹ 693.36 lac (previous year ₹ 31.06 lac)

## 20. SHORT TERM LOANS & ADVANCES

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
Advance Income Tax (including tax deducted at source)	2,424.70	279.71
Loan to related parties	0.10	0.95
Others ( considered good)	5,472.81	4,991.33
<b>TOTAL</b>	<b>7,897.61</b>	<b>5,271.99</b>

## 21. OTHER CURRENT ASSETS (UNSECURED-CONSIDERED GOOD)

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
Mat Credit entitlement	2,886.25	565.94
Export Incentives / Claims recoverable	5,180.91	5,315.95
Interest accrued on Loans & Deposits	0.78	0.66
<b>TOTAL</b>	<b>8,067.94</b>	<b>5,882.55</b>

## 22. CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

### A. Contingent Liabilities

Particulars	[₹ in lac]	
	As at 31.03.2014	As at 31.03.2013
i) Amount outstanding in respect of export bills discounted under Export Letters of Credit (Since realised ₹ 3,300.88 lac, previous year ₹ 6,100.46 lac)	4,999.82	7,469.84
ii) Bank Guarantees *	431.71	372.37
iii) Claims against the company not acknowledged as debts	334.53	13.38
iv) Corporate guarantee given to a bank for securing financial assistance to:		
- Indian Subsidiary	-	200.00
- Foreign Subsidiary	3,597.09	-

\* (a) Includes bank guarantee given by the holding company for ₹ 4.11 lac to DGFT on behalf of Indian subsidiary company for duty free import of machines.

# Notes on Financial Statements for the year ended 31st March, 2014

- (b) In terms of EPCG Licence issued, the company has undertaken an export obligation for ₹ 39,174.43 lac, which is to be fulfilled over a period of 8 years. The company has completed the obligation to the extent of ₹ 30,246.54 lac and license redeemed by the DGFT. The export obligation for ₹ 8,927.89 lac is to be fulfilled over a period of 8 years.
- (c) In terms of advance license obtained for import of raw materials the company has undertaken an export obligation for USD 12.37 Mn. which is to be fulfilled over a period of 2 years. The company has completed the obligation to the extent of USD 9.13 Mn. and license redeemed by the DGFT. The balance obligation of USD 3.24 Mn. is to be fulfilled over a period of 1 year.
- (d) Under the package scheme of incentives of Government of Maharashtra for Mega Projects, the company is eligible for VAT and Electricity duty refund benefits for its home textiles and consumer durable goods divisions. However, if it contravenes any of the conditions of the scheme or eligibility certificate or certificate of entitlement or agreement, it shall repay forthwith the entire benefits drawn / availed along with interest thereon together with costs, charges and expenses thereon.
- (e) i) The Board for Industrial and Financial Reconstruction (BIFR) in its order dated 16-09-2010 has directed that the Indian subsidiary 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 these would be implemented by the Indian subsidiary company/ promoters and the concerned agencies and implementation would be monitored by the Board of Directors of the Indian subsidiary company.
- iii) The Indian subsidiary 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.
- (f) The Indian subsidiary 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 unimplemented 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 Indian subsidiary 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.

## B. Commitments

		[₹ in lac]	
Particulars		As at 31.03.2014	As at 31.03.2013
a)	Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	2,066.10	345.13
b)	Letter of credits opened for which the material has not yet been shipped	1,715.55	618.46

## 23. REVENUE FROM OPERATIONS

		[₹ in lac]	
Particulars		For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Gross Sales of Products		1,40,228.57	1,13,751.47
Less: Excise Duty		2,328.03	2,372.61
<b>Net Sales</b>		<b>1,37,900.54</b>	<b>1,11,378.86</b>
Sale of Services (a)		0.72	41.29
Export Incentives / Benefits		8,861.85	7,257.60
<b>Revenue from Operations</b>		<b>1,46,763.11</b>	<b>1,18,677.75</b>

- a) Includes tax deducted at source ₹ 0.01 lac (previous year ₹ 0.83 lac)

# Notes on Financial Statements for the year ended 31st March, 2014

## 24. OTHER INCOME

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Interest Banks *	7.25	7.04
Interest Others **	7.54	8.23
VAT Refund under IPS	2,159.22	2,166.58
TUFS Subsidy received	501.78	622.55
Miscellaneous Receipts and Incomes	55.72	11.68
Insurance claim received	68.34	51.51
Exchange rate difference	-	32.79
Provision for doubtful debts/advances written back	33.08	37.67
Profit on sale of assets	64.43	2.19
Rent received	0.48	0.48
Previous year's income	-	0.10
Sundry balances / Excess provision written back (Net)	41.71	15.57
Liability no longer payable written back	87.89	75.80
<b>Total</b>	<b>3,027.44</b>	<b>3,032.19</b>

\* Includes tax deducted at source ₹ 0.42 lac (previous year ₹ 1.32 lac)

\*\* Includes tax deducted at source ₹ 1.32 lac (previous year ₹ 2.26 lac)

Includes operating lease:

In respect of the Parent Company :

- The company has entered into lease arrangements , for renting specified machinery at a rent of ₹ 2.83 lac per month for a period of 120 months and are renewable at the option of the lessee after the end of the term.
- Disclosure in respect of assets given on operating lease:

Particulars	[₹ in lac]	
	2013-14	2012-13
Gross Carrying amount of assets *	-	549.63
Accumulated Depreciation *	-	336.35
Depreciation for the period (excluding amortisation of revaluation)	5.73	30.65

\* Includes revalued figures.

The assets given on lease were sold by the Company on 01.10.2013, hence gross carrying amount of assets and accumulated depreciation as on 31-03-2014 is ₹ Nil.

## 25. COST OF MATERIALS CONSUMED

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
<b>Raw material &amp; Components consumed</b>		
Opening Stock	5,514.12	3,261.84
Add : Purchases	99,230.89	82,774.41
	<b>1,04,745.01</b>	<b>86,036.25</b>
Less : Closing Stock	11,000.94	5,514.12
<b>COST OF SALES</b>	<b>93,744.07</b>	<b>80,522.13</b>

# Notes on Financial Statements for the year ended 31st March, 2014

## 26. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Closing Stock		
Finished Goods	13,968.59	9,544.18
Stock in Process	8,154.71	6,982.92
Waste	60.81	56.36
<b>Sub - total</b>	<b>A</b>	<b>16,583.46</b>
Less : Opening Stock		
Finished Goods	9,544.18	2,818.82
Stock in Process	6,982.92	6,630.27
Waste	56.36	38.75
<b>Sub - total</b>	<b>B</b>	<b>9,487.84</b>
<b>(Increase) / Decrease in Stock</b>	<b>B-A</b>	<b>(7,095.62)</b>

## 27. EMPLOYEE BENEFITS EXPENSE

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Salaries & Wages	5,196.89	4,560.56
Director's Remuneration	649.77	228.86
Contribution to Provident & Other Funds	344.82	280.49
Gratuity	87.17	130.88
Staff Welfare Expenses	156.45	134.10
Recruitment & Training expenses	13.33	13.28
<b>TOTAL</b>	<b>6,448.43</b>	<b>5,348.17</b>

# Notes on Financial Statements for the year ended 31st March, 2014

## EMPLOYEE POST RETIREMENT BENEFITS

Particulars	For the period		For the period	
	01.04.2013 to 31.03.2014		01.04.2012 to 31.03.2013	
[₹ in lac]				
During the year, the following contribution have been made under defined contribution plans:-				
Employer's Contribution to Provident Fund	220.31		173.93	
Employer's Contribution to Employees Pension Scheme	71.63		66.83	
Employer's Contribution to Employees State Insurance	3.76		2.21	
Defined Benefit Plans	Gratuity	Leave Benefit	Gratuity	Leave Benefit
i) Assumptions				
Discount Rate	8%	8%	8%	8%
Salary Escalation	4%	4%	4%	4%
ii) Table showing changes in present value of obligations				
Present value of obligation as at beginning of the year	605.93	158.68	522.29	126.81
Interest cost	48.47	12.69	41.78	10.14
Current Service Cost	58.20	25.61	50.31	43.55
Benefits Paid	(26.75)	(14.69)	(22.41)	(7.24)
Actuarial (gain)/loss on obligation	73.83	(20.28)	13.96	(14.58)
Present value of obligations as at end of year	759.69	162.02	605.93	158.68
iii) Table showing changes in the present value of planned assets				
Fair value of planned assets at the beginning of year	452.35	110.39	250.46	63.43
Expected return on planned assets	48.96	10.97	30.13	7.18
Contributions	234.61	51.38	194.18	47.02
Benefits paid	(26.75)	(14.69)	(22.41)	(7.24)
Actuarial gain / (Loss) on planned assets	-	-	-	-
Fair value of planned assets at the end of year	709.18	158.05	452.35	110.39
iv) Table showing fair value of planned assets				
Fair value of planned assets at the beginning of year	452.35	110.39	250.46	63.43
Actual return on planned assets	48.96	10.97	30.13	7.18
Contributions	234.61	51.38	194.18	47.02
Benefits paid	(26.75)	(14.69)	(22.41)	(7.24)
Actuarial (gain) / loss on planned asset	-	-	-	-
Fair value of planned assets at the end of year	709.18	158.05	452.35	110.39
Funded status	(50.52)	(3.96)	(153.58)	(48.29)
v) Actuarial Gain / Loss recognized				
Actuarial (gain) / Loss for the year – obligation	(66.02)	14.77	(7.59)	(14.58)
Actuarial (gain) / Loss for the year – planned assets	-	-	-	-
Total (gain) / Loss for the year	73.83	(20.28)	(7.59)	(14.58)
Actuarial (gain) / Loss recognized in the year	73.83	(20.28)	(7.59)	(14.58)
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	759.69	162.02	605.93	158.68
Fair value of planned assets as at the end of the year	709.18	158.05	452.35	110.39
Funded status	(50.52)	54.94	(153.58)	(48.29)
Net Asset / (Liability) recognized in balance sheet	63.64	3.96	153.58	48.29
vii) Expenses recognized in statement of Profit & Loss				
Current services cost	58.20	25.61	50.31	43.55
Interest cost	48.47	12.69	41.78	10.14
Expected return on planned assets	(48.96)	(10.97)	(30.13)	(7.18)
Net Actuarial (gain)/Loss recognized in the year	73.83	(20.28)	13.96	(14.58)
Expenses recognized in statement of P&L	131.56	7.06	75.93	31.93

The Estimates of rate of future salary increase takes into 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.



# Notes on Financial Statements for the year ended 31st March, 2014

## 28. FINANCE COSTS

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Interest Expense		
- On Debentures	191.84	230.88
- On Term Loans	1,262.32	1,627.31
- On Working Capital Term Loans	186.06	228.21
- Banks	2,209.96	2,056.53
- Others	121.93	127.98
Bank Charges	925.26	595.15
Finance procurement charges	91.97	114.03
<b>TOTAL</b>	<b>4,989.34</b>	<b>4980.09</b>

## 29. DEPRECIATION & AMORTISATION EXPENSE

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Amortisation of Goodwill	14.73	-
Depreciation	3,092.77	3,012.50
Less : Transfer to Revaluation Reserve	1,151.90	1,164.13
<b>TOTAL</b>	<b>1,955.60</b>	<b>1,848.37</b>

## 30. OTHER EXPENSES

Particulars	[₹ in lac]	
	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
Consumption of Stores/Dyes and Packing Materials	9,835.90	7,623.64
Jobwork Charges	6,384.41	5,725.94
Power & Fuel	6,622.72	6,559.63
Rent (a)	565.62	365.67
Rates, Taxes & Fees	60.48	70.71
Insurance	384.16	307.21
Repairs to Machinery	223.63	216.68
Repairs to Buildings	44.69	37.92
Commission & Brokerage	2,566.27	1,885.87
Freight Outward	2,047.23	1,844.03
Other Selling expenses	3,226.35	2,259.89
Loss on Sale of Assets	24.45	0.02
Loss on sale of Investments	217.72	1.84
Bad debts/advances written off	109.82	48.23
Exchange rate difference (Net)	670.68	1,600.76
Miscellaneous expenses (b)	2,417.39	2,148.14
<b>TOTAL</b>	<b>35,401.52</b>	<b>30,696.18</b>

# Notes on Financial Statements for the year ended 31st March, 2014

## (a) Including operating lease

[₹ in lac]

### i) In respect of the parent Company

Particulars	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
A) The total of future minimum lease payments under non-cancellable operating leases for each of the following years:		
i) Not latter than one year	85.00	43.99
ii) Later than one year and not later than five years,	138.43	-
iii) Later than five years,	-	-
B) The total of future minimum sub-lease payments expected to be received under non cancellable sub leases at the balance sheet date,	-	-
C) Lease payments recognized in the statement of profit & loss	75.69	61.48

### ii) In respect of the Subsidiary Company

[₹ in lac]

Particulars	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
A) The total of future minimum lease payments under non-cancelable operating leases for each of the following years:		
i) Not latter 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

## (b) Includes payment to auditors

### Details of Auditors remuneration

[₹ in lac]

Particulars	For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
As Statutory Audit Fees	12.00	6.70
As Quarterly Audit / Limited Review Fees	9.00	5.65
As Tax Audit Fees	3.00	2.05
For Tax Representations	1.00	0.22
For Certification Work	0.20	0.59
In Other Capacity	1.10	0.94
For Reimbursement of Expenses	1.46	2.77
<b>TOTAL</b>	<b>27.76</b>	<b>18.92</b>

## 31. FORWARD CONTRACTS

Foreign currency exposures recognised by the Company that have not been hedged as at 31-03-2014 are as under :-

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in lac)	Buy / Sell
US \$ / INR	473	US \$ 132.37 Mn	85,221.17	Sell
Previous Year	(188)	(US \$ 39.07 Mn)	(21,961.00)	Sell

# Notes on Financial Statements for the year ended 31st March, 2014

## 32. SEGMENT DATA

[₹ in lac]						
A. Primary segment	Textiles		Consumer Durable Goods		Total	
Particulars	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Segment revenue	1,33,732.72	1,06,105.95	13,030.39	12,571.80	1,46,763.11	1,18,677.75
Other income	832.05	1,002.03	2,195.40	2,030.16	3,027.45	3,032.19
Total income	1,34,564.76	1,07,107.98	15,225.79	14,601.96	1,49,790.55	1,21,709.94
Operating profit	16,537.38	9,524.83	416.84	632.03	16,954.22	10,156.86
Financial costs	4,989.30	4,970.88	0.03	9.22	4,989.33	4,980.10
Taxes	925.92	656.73	-	-	925.92	656.73
Net profit	10,622.17	2,328.38	416.81	622.81	11,038.98	2,951.19
Segment Assets	95,942.59	80,010.57	5,144.86	3,919.13	1,01,087.45	83,929.70
Segment Liabilities	72,483.67	63,224.60	1,534.75	725.83	74,018.42	63,950.43
Capital employed	23,458.92	16,785.97	3,610.11	3,193.30	27,069.03	19,979.27
Capital expenditure	1,925.05	2,150.54	-	-	1,925.05	2,150.54
Depreciation	1,936.86	2,303.70	-	-	1,936.86	2,303.70
Exceptional Items	-	1,568.85	-	-	-	1,568.85
NonCash expenditure	812.83	518.13	-	-	812.83	518.13

### B. Secondary Segment – Geographical -

The company's operating facilities are located in India

[₹ in lac]		
Particulars	Current Year	Previous Year
Domestic revenues	23,989.88	21,998.40
Export revenues	1,22,773.23	96,679.35
<b>TOTAL</b>	<b>1,46,763.11</b>	<b>1,18,677.75</b>

## 33. EARNING PER SHARE (EPS)

[₹ in lac]			
Particulars		For the period 01.04.2013 to 31.03.2014	For the period 01.04.2012 to 31.03.2013
<b>Basic Earnings Per Share</b>			
Profit after tax as per profit & loss account		10,995.78	2,933.23
Less: Dividend on preference shares		(10.00)	(10.00)
Less: Dividend distribution Tax		(1.62)	(1.62)
<b>Profit available for shareholders</b>	<b>A</b>	<b>10,984.16</b>	<b>2,921.61</b>
<b>No. of equity shares</b>	<b>B</b>	<b>3,54,81,634</b>	<b>3,54,81,634</b>
<b>Basic / dilutive earning Per Share (₹)</b>	<b>(A/B)</b>	<b>30.96</b>	<b>8.23</b>

# Notes on Financial Statements for the year ended 31st March, 2014

- 34.** Figures for the previous year have been regrouped / rearranged wherever considered necessary.
- 35.** In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.
- 36.** Figures have been rounded off to the nearest rupee in lac.

As per our report of even date annexed  
For B.K.SHROFF & CO.,  
Chartered Accountants  
Reg. No. 302166E

O. P. SHROFF  
Partner

Membership No. 6329  
Mumbai : 14<sup>th</sup> May, 2014

ANIL KUMAR JAIN  
Chairman & Managing Director

R. N. GUPTA  
Joint Managing Director

R. SUNDARAM  
Chief Financial Officer  
& Company Secretary

## Summary of Financial Information of Subsidiary Companies for the year ended 31st March, 2014

₹ in lac

SL No.	Name of the company	Reporting Currency	Exchange Rate	Capital	Reserves	Total Assets	Total Liabilities	Investments	Turnover	Profit before Taxation	Profit After Taxation	Proposed Dividend	Country
1	Pranavadiya Spinning Mills Ltd	INR	1	1,924.13	2,132.07	5,459.34	1,403.14	0.16	7,305.18	380.04	256.52	-	India
2	Indo Count Global Inc., USA	USD	59.915	446.19	304.05	13,002.35	12,252.11	-	13,603.61	233.46	143.69	-	USA







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