

**33rd  
ANNUAL  
REPORT  
2012 - 2013**



**PASUPATI SPINNING & WEAVING MILLS LIMITED**

**Board of Directors**

Shri Ramesh Kumar Jain	—	Chairman & Managing Director
Shri S. K. Chhajer	—	Whole-time Director
Shri Vedit Jain	—	Executive Director
Shri Praveen Paliwal	—	Independent Director
Shri Ghanshyam Dass Gupta	—	Independent Director
Shri Ashwani Kumar Rathore	—	Independent Director

**Company Secretary**

Ms. Rekha Sharma

**President (Finance)**

Shri A. K. Monga

**Auditors**

M/s. B.K. Shroff & Co.,  
3/7-B, Asaf Ali Road,  
New Delhi-110002.

**Bankers**

Bank of Baroda  
Canara Bank  
ING Vysya Bank Ltd.  
Punjab National Bank  
State Bank of Patiala  
State Bank of Travancore  
The Nainital Bank Ltd.

**Registered Office & Works**

Village Kapriwas (Dharuhera),  
Distt. Rewari,  
Haryana.

**Sewing Thread Unit :**

Village Kheri (Kala-Amb),  
Distt. Sirmour,  
Himachal Pradesh.

**Head Office**

1501, Nirmal Tower,  
26, Barakhamba Road,  
New Delhi-110001.  
E'mail : ho@pasupatitextiles.com

**Registrar & Shares / Debentures**

**Transfer Agents**

M/s. Skyline Financial Services Pvt. Ltd.  
D - 153 A, 1st Floor, Okhla Industrial Area,  
Phase - I, New Delhi - 110020  
Phones : +91-11-26812682, 83, 64732681-88  
Fax : +91-11-26812682  
E'mail : www.skylinerta.com

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## NOTICE

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**NOTICE** is hereby given that the 33rd Annual General Meeting of the Members of the Company will be held at the Registered Office and Works of the Company at Village Kapriwas (Dharuhera), Distt. Rewari, Haryana on Monday 30th September, 2013 at 10.00 A.M to transact the following business :

### **ORDINARY BUSINESS :**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Profit & Loss Statement for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint Directors in place of Shri Vidit Jain and Shri S. K. Chhajer, who retire by rotation and being eligible, offer themselves for reappointment.
3. To appoint Auditors and fix their remuneration.

### **SPECIAL BUSINESS :**

4. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution :

“RESOLVED THAT pursuant to the provisions of Sections 198, 269 & 309, read with Schedule XIII of the Companies Act, 1956, the Company hereby approves and consents the re-appointment of Shri Ramesh Kumar Jain, Chairman & Managing Director of the Company for a further period of five years w.e.f. 01.02.2014, subject to necessary approval/s, if any, prescribed in this regard, on the terms set out herein-below :

#### **Remuneration**

a) **Basic Salary** at the scale of : 50000-10000-90000.

#### **b) Perquisites**

i) Expenses pertaining to electricity and water charges of his residence will be borne/reimbursed by the Company.

#### **ii) Medical Expenses**

All expenses on Medical including hospitalization, diagnostic checks, periodic health checks will be borne by the Company at actual.

#### **iii) Personal Accident Insurance**

Reimbursement of personal accident insurance premium subject to a maximum of Rs. 15,000 per annum.

#### **iv) Conveyance facilities**

Company's car with driver for official use.

#### **v) Communication facilities**

Company shall provide telephone, telefax and other communication facilities at the Chairman & Managing Director's residence. The mobile bills of the Chairman & Managing Director will be borne by the Company.

#### **vi) Club Fees**

Fees of clubs subject to a maximum of two clubs. This will not include admission and life membership fees.

**vii) Terminal Benefits**

- (a) Company's contribution to provident fund at the Rate of 12% of the basic salary.
- (b) Gratuity in accordance as per the rules of the Company.
- (c) Encashment of leave at the end of the tenure as per Company's rules.

RESOLVED FURTHER THAT where in any financial year the Company has no profits or its profits are inadequate, Shri Ramesh Kumar Jain, shall be paid remuneration by way of salary, perquisites and allowances within the ceiling limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the ceiling on remuneration shall not include the terminal benefits".

5. To consider and if thought fit, to pass with or without modification(s), the following Resolution as a Special Resolution :

"RESOLVED THAT pursuant to the provisions of Sections 198, 269 and 309 read with Schedule XIII and all other applicable provisions of the Companies Act, 1956 (including any statutory modification(s) or re-enactment thereof, for the time being in force, the consent of the Company be and is hereby accorded to the payment of remuneration to Shri S.K. Chhajer, Whole Time Director of the Company w.e.f. March 28, 2013 for the remaining period of his tenure i.e. upto March 28, 2015, as set out below :

**Remuneration**

**a) Basic Salary** at the scale of : 50000-10000-90000.

**b) Perquisites**

i) Expenses pertaining to electricity and water charges of his residence will be borne/reimbursed by the Company.

**ii) Medical Expenses**

All expenses on Medical including hospitalization, diagnostic checks, periodic health checks will be borne by the Company at actual.

**iii) Conveyance facilities**

Company's car with driver for official use.

**iv) Communication facilities**

Company shall provide telephone, telefax and other communication facilities at the Whole Time Director's residence. The mobile bills of the Whole Time Director will be borne by the Company.

**c) Terminal Benefits**

- (a) Company's contribution to provident fund at the Rate of 12% of the basic salary.
- (b) Gratuity in accordance as per the rules of the Company.
- (c) Encashment of leave at the end of the tenure as per Company's rules.



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RESOLVED FURTHER THAT where in any financial year the Company has no profits or its profits are inadequate, Shri S.K. Chhajer, shall be paid remuneration by way of salary, perquisites and allowances within the ceiling limits specified under Section II of Part II of Schedule XIII to the Companies Act, 1956.

RESOLVED FURTHER THAT the ceiling on remuneration shall not include the terminal benefits”.

BY ORDER OF THE BOARD  
For **PASUPATI SPINNING & WEAVING MILLS LIMITED**

**REKHA SHARMA**  
Company Secretary

**REGISTERED OFFICE**

Village Kapriwas (Dharuhera),  
Distt. Rewari, HARYANA  
Dated : May 27, 2013

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**Notes :**

1. Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself. A proxy need not be a member of the Company. Proxies in order to be effective must be received by the Company not less than 48 hours before the time for holding the meeting.
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of special business as set out above is annexed hereto.
3. Members and Proxies are requested to produce the Attendance Slip duly signed, at the entrance of the meeting venue.
4. Information relating to Item No. 2 of Ordinary Business and Item Nos. 4 and 5 of Special Business as required under clause 49 of Listing Agreement with Stock Exchange is annexed hereto.
5. The Register of Members and Share transfer Books of the Company shall remain closed from 22.09.2013 to 29.09.2013 (Both days inclusive).
6. Members who hold shares in de-materialised form are requested to bring their client ID and DP ID numbers for facilitating identification for attendance at the meeting.
7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. and 1.00 p.m. up to the date of Annual General Meeting.
8. The Ministry of Corporate Affairs (MCA) has vide its circular dated 29.04.2011 stated that service of notice / documents including Annual Report to the members can be made e-mail. To support this green initiative of MCA, members who have not yet registered their e-mail addresses are requested to do so :
  - (i) in respect of the electronic holdings through their concerned depository participants; and
  - (ii) in respect of physical holdings to Skyline Financial Services Pvt. Ltd.

**EXPLANATORY STATEMENT**  
**PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956**

**Item No. 4**

The present term of appointment of Shri Ramesh Kumar Jain is expiring on 31.01.2014. It is proposed to re-appoint him for a further period of five years w.e.f. 01.02.2014 on the terms and conditions stated in the Resolution.

None of the Directors except Shri Ramesh Kumar Jain & Shri Vidit Jain deemed to be interested or concerned in the said Resolution.

The above Statement may be regarded as an abstract for the term and Memorandum of interest under Section 302 of the Companies Act, 1956.

**Item No. 5**

The Central Government's approval for payment of remuneration to Shri S.K. Chhajer, Whole Time Director, is expiring on 28.03.2013. Hence, approval of shareholders is required for payment of remuneration to Shri S.K. Chhajer for remaining period of his tenure which is expiring on 28.03.2015. The Board of Directors accordingly recommends the Resolution set out at Item No. 5 of the accompanying Notice for the approval of the Members.

None of the Directors except Shri S.K. Chhajer deemed to be interested or concerned in the said Resolution.



**PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT WITH THE STOCK EXCHANGE, FOLLOWING INFORMATION IS FURNISHED ABOUT THE DIRECTORS PROPOSED TO BE APPOINTED / RE-APPOINTED :**

Name of the Director / s	Shri Vidit Jain	Shri S. K. Chhajer	Shri Ramesh Kumar Jain
Date of Birth	13.09.1979	09.02.1957	24.10.1955
Qualification	B.Sc. in Economics from University of Pennsylvania (USA)	Graduate	Graduate
Nature of Experience	Industrial and Business experience of about 11 years	Industrial and Business experience of about 27 years	Industrial and Business experience of about 29 years
Name of the Companies in which they hold Directorship	Pasupati Spinning & Weaving Mills Ltd. Pasupati Fincap Ltd. Shailja Investments Ltd. Sulabh Impex Ltd. Pasupati Olefin Ltd.	Pasupati Spinning & Weaving Mills Ltd.	Pasupati Spinning & Weaving Mills Ltd. Pasupati Overseas Ltd.
Name of the Committees of the Companies of which they hold Membership / Chairmanship	Pasupati Spinning & Weaving Mills Ltd. Share / Debenture Transfer-cum-Shareholders / Investors Grievence Committee (Member) Pasupati Fincap Ltd. Audit Committee (Member) Share Transfer Committee (Member)		Pasupati Spinning & Weaving Mills Ltd. Share / Debenture Transfer-cum-Shareholders / Investors Grievence Committee (Member)

## DIRECTORS' REPORT

### TO THE MEMBERS

Your Directors have pleasure in presenting their Report together with the Audited Accounts for the year ended 31st March, 2013.

### FINANCIAL RESULTS

Particulars	For the Year 2012-13 (Rs. in Lacs)	For the Year 2011-12 (Rs. In Lacs)
Sales and other Income	<b>15998.31</b>	11431.47
Profit before Interest and Depreciation	<b>1688.42</b>	1272.98
Financial Charges	<b>710.69</b>	840.28
Depreciation	<b>312.77</b>	311.99
Profit before Taxes	<b>664.96</b>	120.71
Payment / Provision for Taxation	<b>126.67*</b>	0.10
Profit after Taxation but before extra-ordinary items	<b>538.29</b>	120.61
Extra-ordinary items	<b>1457.87</b>	0.11
Net Profit after extra-ordinary items	<b>1996.16</b>	120.72

\* Includes provision for Deferred Tax Liability of Rs.126.64 Lacs.

### OPERATIONS

During the year under review, the turnover of the company registered a growth of 39.95%. The profit before taxes also jumped to Rs. 664.96 lacs from Rs. 120.71 lacs. The improvement of results has been mainly due to the cotton yarn business, which the company is outsourcing on job work basis from outside. However, the operations of sewing thread unit remained below expected level mainly due to labour shortage during the year. Although the company is trying its level best to improve the same, the position still remains critical. In view of improved market of cotton yarn, the company proposes to restart production activities of its Spinning Unit at Dharuhera, where the production activities were suspended due to bad market scenario and frequent power problems. In order to upgrade its production facilities for producing quality yarn, the company has placed order for import of four new machines with financial assistance of Rs. 452 Lacs sanctioned by Bank of Baroda. The first shipment of two machines has already arrived in India. Barring unforeseen circumstances, production activities in spinning unit are expected to commence from Mid-June 2013. With the resumption of spinning unit, the turnover and profitability of the company is expected to improve further. The operations of company's knitting and garment unit at Dharuhera have remained smooth during the year.

### DIVIDEND

In view of the requirement of fund for working capital of the company, the Board of Directors is not in a position to recommend any dividend for the year under review.





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## **DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217 (2AA) OF THE COMPANIES ACT, 1956 :**

Your Directors hereby confirm that :

- i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period;
- iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts on a going concern basis.

### **AUDITORS**

M/s. B. K. Shroff & Co., Chartered Accountants, auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting. Based on the recommendation of the Audit Committee, the Board of Directors proposes to the reappointment of M/s. B. K. Shroff & Co., Chartered Accountants, as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting.

M/s. B. K. Shroff & Co., Chartered Accountants, have expressed their willingness to act as Statutory Auditors of the Company, if reappointed, and have further confirmed that the said reappointment would be in conformity with the provisions of Section 224 (IB) of the Companies Act, 1956.

### **INTERNAL AUDITORS**

M/s. M. C. Jain & Co., Chartered Accountants, New Delhi were appointed as Internal Auditors of the Company for the Financial Year 2012-2013 and their reports for the year were submitted to the Audit Committee.

### **COST AUDIT**

The Central Government has approved the appointment of M/s. Avtar Singh & Company as Cost Auditors for conducting Cost Audit for the Financial Year 2012-2013.

The report of Cost Auditors in respect of audit of the cost records of the Company for the year ended 31st March 2013 will be submitted to the Central Government in due course.

### **PARTICULARS OF EMPLOYEES**

There is no employee in the Company whose particulars are required to be given under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, as amended.

### **INDUSTRIAL RELATIONS**

Industrial relations continued to be cordial during the year under review.

## **STATEMENT PURSUANT TO LISTING AGREEMENT(S)**

The Company's securities are listed at Mumbai Stock Exchange & Delhi Stock Exchange and the Company has paid Annual Listing Fee to Bombay Stock Exchange for the year under review & for the current year.

## **CORPORATE GOVERNANCE**

The Company has been in compliance with all the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with Stock Exchange and a certificate from the Auditors to this effect is made part of the Annual Report. Committed to the practice of good Corporate Governance, the Board lays strong emphasis on transparency, accountability and integrity, with its 'Governance Committee' specifically assigned the task of analysing the clause with respect to good governance practice. In terms of such sub clause (v) of Clause 49 of Listing Agreement, Certificate of CEO/CFO, inter alia, confirming the correctness of the financial statements, adequacy of the internal control measures and reporting of matters to the Audit Committee in terms of the said clause, is also enclosed as a part of said Report.

## **DIRECTORS**

Shri Vidit Jain & Shri S.K. Chhajjer are the directors who retire by rotation and being eligible, offer themselves for reappointment at the ensuing Annual General Meeting. The brief resume of the said Directors, as required in terms of Clause 49 of the Listing Agreement with the stock exchanges, is provided in the annexure to the notice of Annual General Meeting. The details of the different Committees of the Board of Directors are provided in the report on Corporate Governance annexed to the annual report.

## **DEPOSITS**

During the year, the Company did not accept any deposits from the public within the meaning of Section 58A of the Companies Act, 1956.

## **AUDITORS' OBSERVATIONS**

The Auditors' observations regarding Note Nos. 4 (v) (c), 12, 22, (37(b) and 37(c) have been suitably explained in accompanying notes to the Financial Statements. The same are however again explained hereunder :

### **Note 4 (v) (c)**

Debt of Rs. 600 lacs was to be converted into Optionally Cumulative Convertible Debentures (OCCD). The OCCD was to be converted into fully paid up equity shares of Rs. 10 each at a price of Rs. 40 per share in 3 stages over a time frame of 18-30 months from the effective date i.e. 19.03.2010 subject to other terms and conditions which includes that in case the conversion does not take place in the respective stages, then the OCCD will be converted at the end of next stage except in case of stage 3, post which it will have to be compulsorily redeemed by the company alongwith accumulated interest which accrue monthly at 23% p.a. Due to certain unavoidable circumstances, OCCDs could not be issued within 30 months from the effective date and in view thereof, the company has approached JMFARC for payment of the OCCD amount with interest. The negotiations are still in progress and hence the amount to be paid is not yet finalized. In the meantime the company has paid / provided interest of Rs. 41929315 (Rs. 28129315 for the period from 19.03.2010 to 31.03.2012 which has been included under extra ordinary items



and Rs.13800000 for the period from 01.04.2012 to 31.03.2013 which has been included in interest expense for the year) @ 23% p.a. Difference if any, will be accounted after finalisation of negotiations.

**Note 12**

Although, the company has made representation to the competent authority for payment of compensation at market rate in respect of part of company's factory land acquired by Government of Haryana, the company feels that final decision in this regard may take a very long time and moreover there is uncertainty about the success of company's representation. Hence, it has been decided that its affect would be given in company's books as and when actual compensation is received from Government of Haryana.

**Note 22**

The company had provided the excise duty demands in earlier years in its books of accounts for which matter is sub-judice in various courts. The company has been advised that no liability is likely to arise against the demands; hence the provision is not required. Therefore, the management decided to write back such provision. The same has however been shown under the head 'Contingent Liabilities'.

**Note (37(b) and 37(c))**

The company has already applied to Central Government for necessary permission for payment of remuneration to Directors.

**ADDITIONAL INFORMATION**

Energy conservation measures, progress made in technology absorption and foreign exchange earning and outgo, as required by the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rule, 1988 is annexed and form part of this Report.

**ACKNOWLEDGEMENT**

The Directors wish to place on record their appreciation to employees at all levels for their hard work, dedication and commitment. The Directors also take this opportunity to thank all investors, clients, vendors, bankers, regulatory and Government authorities and stock exchanges for their continued support.

For and on behalf of Board of Directors  
For **PASUPATI SPINNING & WEAVING MILLS LIMITED**

Place : New Delhi  
Dated : May 27, 2013

Sd/-  
**RAMESH KUMAR JAIN**  
CHAIRMAN & MANAGING DIRECTOR

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## CONSERVATION OF ENERGY

### a) Energy Conservation Measures Taken :

1. Replacement of ordinary motors by high power factor high efficiency motors.
2. Putting 36/38 mm dia-meter rings to get more productivity with same power consumption.
3. Maximum utilisation of natural light in place of tube-light.
4. Adjusted the angle of fan blades at optimum level to maintain the humidity at minimum power consumption.
5. Ring frame lift reduction to get more production with same power consumption (2 - 3%).
6. Adjusted the blades of S.A. & R.A. Fans at H. Plants to maintain humidity with minimum power consumption.
7. Some innovative modifications carried out in machine to reduce down the given load –such as simplex pneumatic suction motor stopped by introducing under clearer.
8. By changing the filter media of filtration plant the filtration efficiency improved and thus reduced the load, on suction fans and effected on energy saving.
9. Optimising the Humidification plants saturation efficiency the load on supply air fan and water pumps reduced.
10. By modifying the compressed air line consumption of compressed air reduced thus resulted in energy saving.
11. We have replaced old reciprocative compressor with new screw compressor having high efficiency & low consumption of power. There would be 10 - 15% power saving in compressor units.
12. We have obtained additional sanction of 1000 KVA load during peak hours from HPSEB resulting reduction in P.U. cost of power.
13. The new generation air-compressor is added to save the power consumption as well as maintenance cost.
14. Some modifications carried out in our Humidification Plant provided the stationary V Notch Type Filter in place of Rotary filter and save 3.2 KW/Hrs.
15. Optimize the power voltage and reduce the energy consumption.
16. Optimize the compressed air pressure by reducing from 9.5 Kgs to 8 Kgs and save the power.
17. Over-head cleaner travelling frequency reduced by 3 to 4 minutes in all Ring Frames and achieved the conservation in this area.
18. Plugged all air leakage, hence saving of air results power saving.
19. By installing power capacitors near to load.
20. By replacing conventional tube-lights with new energy saving (TS) Tube-lights.
21. By maintaining Power Factor 11 - 100%.
22. By providing transparent sheets at Godowns for maximum utilisation of natural day light.
23. By installing online energy Monitoring system in our power house, which helped us to make power saving (approx. 5 – 10%).

### b) ADDITIONAL INVESTMENT PROPOSALS, IF ANY, BEING IMPLEMENTED FOR SAVING ENERGY :

To install spinmax system on Ring frames, enabling to increase productivity without increase in power consumption – up to 5%.

### c) IMPACT OF THE MEASURES FOR REDUCTION OF ENERGY CONSUMPTION AND CONVERSANT IMPACT ON THE COST OF PRODUCTION OF GOODS :

The above measures have resulted in saving of energy and to that extent the cost had reduced.

**Form A :**

	<b>Current Year</b>	Previous Year
<b>A) POWER AND FUEL CONSUMPTION</b>		
1. Electricity		
a) Purchased units	<b>21218603</b>	21074068
Total amount paid (Rs)	<b>111924378</b>	100407493
Rate / Unit (Rs)	<b>5.27</b>	4.76
b) Own generated through Diesel generators (units)	<b>494478</b>	181174
Rate of diesel / HFO (Rs / Ltr)	<b>42.19</b>	36.76
Cost / Unit (Rs)	<b>12.81</b>	8.98
2. Coal used in boiler		
Quantity (MT)	<b>2448.000</b>	2114.000
Total Cost (Rs)	<b>16744920</b>	16967581
Average Cost per MT (Rs)	<b>6848.68</b>	8027.48
<b>B) CONSUMPTION PER UNIT OF PRODUCTION :</b>		
Production of Yarn (MT)	<b>3868.196</b>	3705.676
Electricity (KWH / Ton)	<b>5613.23</b>	5735.86
Coal (Kg / Ton)	<b>632.07</b>	570.39
Others (Diesel / HFO Ltr / Ton)	<b>38.82</b>	11.95

**FORM B : TECHNOLOGY ABSORPTION, RESEARCH AND DEVELOPMENT**

Specific areas in which R & D carried out by the Company :

- 1) Developed Cotton / Wool Yarn
- 2) Developed Bamboo Fibre Yarn
- 3) Developed Polyester / Wool Yarn
- 4) Well equipped quality control Lab with premier art, premier classic, evenness tester, cascade and TPI Tester. Latest addition is premier classic, which helps to optimise yarn forming processes and electronic clearers of winding.

**BENEFITS ARRIVED AS A RESULT OF R&D**

With developing different type of yarn, there is a value addition, hence increase in margins. With the addition of Premier art and classmate the quality of yarn is adjudged and control result increase in Export of yarn.

**FUTURE PLAN OF ACTION**

R&D is being carried out for developing new product range from cotton and polyester fibres such as compact yarn.

Further, R&D activities will continue and more efforts will be made towards new innovations and diversifications of the product range for optimisation of process for improving quality and productivity as well.

**FOREIGN EXCHANGE EARNING AND OUTGO**

Total Foreign Exchange earned (on FOB basis)	Rs. 201005042/-
Total Foreign Exchange used	Rs. 9765082/-

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## CORPORATE GOVERNANCE

### INTRODUCTION

The Securities and Exchange Board of India has introduced a Code of Corporate Governance (Code) by way of amendment to the listing agreements with the Stock Exchanges. The Company has complied with the mandatory requirements of the Code.

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

Corporate Governance implies governance with highest standards of professionalism, integrity, accountability, fairness, transparency, social responsiveness and business ethics for efficient and ethical conduct of business. Your Company's endeavor has been to inculcate good corporate governance practices in its organizational and business systems and processes with a clear goal to not merely adhere to the letter of law to comply with the statutory obligations, but also to center around following the spirit underlying the same.

The Corporate governance practices followed by the Company include the corporate structure, its culture, policies and practices, personal belief, timely and accurate disclosure of information, commitment to enhancing the shareholder while protecting the interests of all the stakeholders.

Your Company is committed to and firmly believes in practicing good corporate governance practices as they are critical for meeting its obligations towards shareholders and stakeholders. The Company's governance framework is based on the following principles which adhere to sound corporate governance practices of transparency and accountability :

- Constitution of Board of Directors with an appropriate blend of Executive and Non Executive Directors committed to discharge their responsibilities and duties.
- Strict Compliance with all governance codes, Listing Agreements, other applicable laws and regulations.
- Timely and balanced disclosure of all material information relating to the Company to all stakeholders.
- Adoption of 'Code of Conduct' for Directors and Senior Management, and 'Code of Ethics' and 'Policy on Prohibition of Insider Trading' and effective implementation thereof.
- Regular update of Pasupati website : [www.pasupatitextiles.com](http://www.pasupatitextiles.com) to keep stakeholders informed.

#### 2. Board of Directors :

- a) Presently, the Board comprises of 6 Directors out of which 3 are executive directors and 3 are non-executive directors. There are three Independent Directors on the board. The Company is headed by CMD.
- b) During the year ended 31.03.2013, 5 (Five) Board Meetings were held with at least one meeting in every quarter on 04.04.2012, 30.05.2012, 13.08.2012, 12.11.2012, & 13.02.2013.



Statement of Attendance of each Director at the Board Meetings held during the Year and Last AGM :

S. No.	Name of the Director	Executive / Independent / Non Executive / Nominee	No. of Meetings Held	No. of Meetings Attended	Attendance at Last AGM on 29.09.2013
1.	Shri Ramesh Kumar Jain	Chairman & Managing Director	5	5	Yes
2.	Shri S. K. Chhajer	Whole Time Director	5	3	No
3.	Shri Vidit Jain	Executive Director	5	5	Yes
4.	Shri Praveen Paliwal	Independent Director	5	4	No
5.	Shri G. D. Gupta	Independent Director	5	5	Yes
6.	Shri A. K. Rathore	Independent Director	5	4	No

Details of Board Meetings held during the year :

S. No.	Date	Board Strength	No. of Directors Present
1	04.04.2012	6	4
2	30.05.2012	6	5
3	13.08.2012	6	6
4	12.11.2012	6	6
5	13.02.2013	6	5

Number of Directorship on other Boards & Membership / Chairmanship of Committees of other Boards :

S. No.	Name of Director	No. of Directorship on Other Boards	Membership of Committees of Other Boards	Chairmanship of Committees of Other Boards
1.	Shri Ramesh Kumar Jain	1	NIL	NIL
2.	Shri Vidit Jain	4	1	1
3.	Shri Praveen Paliwal	NIL	NIL	NIL
4.	Shri S. K. Chhajer	NIL	NIL	NIL
5.	Shri G . D. Gupta	NIL	NIL	NIL
6.	Shri Ashwani Kumar Rathore	3	NIL	NIL

**3. Audit Committee :**

a) **Composition :**

Pursuant to the provisions of Section 292A of the Companies Act, 1956 and the provisions of Clause 49 of the Listing Agreement, Audit Committee has been constituted by the Board of Directors. The strength of the Audit Committee as on 01.04.2012 was three members i.e. Shri G. D. Gupta, Chairman, Shri Praveen Paliwal

and Shri Ashwani Kumar Rathore as Members. Presently all the members of the Committee including its Chairman are independent Directors.

The Company Secretary acts as the Secretary of the Audit Committee.

**b) Terms of Reference**

The broad terms of reference of Audit Committee are as follows :

- a. Oversight of the Company's financial reporting process and disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending to the Board, the appointment, re-appointment or removal of the statutory auditors and cost auditors and the fixation of their audit fees;
- c. Reviewing with management the periodical financial statements before submission to the Board for approval, with particular reference to (i) changes in accounting policies and practices, (ii) major accounting entries involving estimates based on exercise of judgment by management, (iii) qualifications in draft audit report (if any), (iv) significant adjustments made in financial statements arising out of the audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with listing and other legal requirements concerning financial statements, (viii) Disclosures of any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives etc., that may have potential conflict with the interest of the company at large;
- d. Reviewing with the management performance of statutory and internal auditors, the adequacy of internal control systems and recommending improvements to the management;
- e. Reviewing the adequacy of internal audit functions;
- f. Discussion with internal auditors any significant findings and follow-up thereon;
- g. Reviewing the findings of any internal investigations by the internal auditors into the matters where there is suspected irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- h. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- i. Approval of appointment of CFO after assessing the qualifications, experience & background, etc., of the candidate.

The terms of reference stipulated by the Board to the Audit Committee are as per Clause 49 of the Listing Agreement and Section 292A of the Companies Act, 1956. The Audit Committee had reviewed the Annual Financial Statements, before their submission to the Board, as prescribed in Section 292A of the Companies Act, 1956. In the past, the meetings of the Audit Committee were attended by the Members of the Committee, Chief Financial Officer of the Company and the Auditors. The minutes of the Committee were placed before the Board of Directors for information.





c) **Number of Committee Meetings and Attendance :**

Date of the Meetings	Composition	Attendance (Yes / No)	Chairman
04.04.2012	1. Shri G. D. Gupta, Member and Chairman 2. Shri Praveen Paliwal, Member 3. Shri Ashwani Kumar Rathore, Member	Yes Yes Yes	Shri G. D. Gupta
30.05.2012	1. Shri G. D. Gupta, Member and Chairman 2. Shri Praveen Paliwal, Member 3. Shri Ashwani Kumar Rathore, Member	Yes Yes Yes	Shri G. D. Gupta
13.08.2012	1. Shri G. D. Gupta, Member and Chairman 2. Shri Praveen Paliwal, Member 3. Shri Ashwani Kumar Rathore, Member	Yes Yes Yes	Shri G. D. Gupta
12.11.2012	1. Shri G. D. Gupta, Member and Chairman 2. Shri Praveen Paliwal, Member 3. Shri Ashwani Kumar Rathore, Member	Yes Yes Yes	Shri G. D. Gupta
13.02.2013	1. Shri G. D. Gupta, Member and Chairman 2. Shri Praveen Paliwal, Member 3. Shri Ashwani Kumar Rathore, Member	Yes Yes Yes	Shri G. D. Gupta

4. **Remuneration Committee :**

a) **Composition :**

The strength of the Remuneration Committee as on 01.04.2012 was three members i.e. Shri G. D. Gupta as Chairman, Shri Praveen Paliwal & Shri Ashwani Kumar Rathore as Members.

The Company Secretary is the Secretary of the Remuneration Committee.

b) **Terms of Reference :**

The role, terms of reference, authority and powers of the Remuneration Committee are in conformity with the listing agreement and as prescribed under the Companies Act, 1956. The remuneration committee of the Company reviews, approves and recommends to the Board the matters connected with fixation and periodic revision of remuneration of Chairman & Managing Director, Whole Time Directors and Executive Directors.

c) **Number of Committee Meetings and Attendance :**

Date of the Meetings	Composition	Attendance (Yes / No)	Chairman
30.05.2012	1. Shri G. D. Gupta, Member and Chairman 2. Shri Praveen Paliwal, Member 3. Shri Ashwani Kumar Rathore, Member	Yes Yes Yes	Shri G. D. Gupta

d) **Details of remuneration / sitting fees paid to directors during the year 2012-13 :**

Amount (Rs.)

Sl. No.	Name of the Director	Description of Transaction	Basic RS.	Perquisites Rs.	Sitting Fee Rs.	Total Rs.
1	Shri Ramesh Kumar Jain Chairman & Mg. Director	Perquisites	NIL	194542	NIL	194542
2	Shri S. K. Chhajer Whole Time Director	Remuneration & Perquisites	573600	110268	NIL	683868
3	Shri Vidit Jain Executive Director	Remuneration & Perquisites	480000	204242	NIL	684242
4	Shri Praveen Paliwal Director	Remuneration & Perquisites	NIL	NIL	20000	20000
5.	Shri G. D. Gupta Director	Remuneration & Perquisites	NIL	NIL	42500	42500
6.	Shri Ashwani Kumar Rathore Director	Remuneration & Perquisites	NIL	NIL	20000	20000

**5. Share / Debenture Transfer-cum-Shareholders' / Investors' Grievance Committee :**

The Committee is vested with the requisite power and authority to specifically look into the redressal of the shareholders' / Debentureholders / Investors' Grievance.

a) **Composition :**

Presently the Share / Debenture Transfer-cum-Shareholders' / Investors' Grievance Committee consisted of three members – Shri Ashwani Kumar Rathore as Chairman, Shri Ramesh Kumar Jain and Shri Vidit Jain as members.

b) **Name & Designation of Compliance Officer :**

Ms. Rekha Sharma, Company Secretary of the Company acts as the Compliance Officer of the Company.

c) **Investors Complaints received and resolved during the year :**

No complaint was received during the year ended on 31.03.2013.

d) **Meetings :**

During the year ending 31.03.2013, 36 Meetings of Share / Debenture Transfer-cum Shareholders / Investors' Grievance Committee were held.

The Details of attendance of Members are as under :

Name of Member	No. of Meetings Held	No of Meetings Attended
1. Shri Ashwani Kumar Rathore, Chairman	36	36
2. Shri Ramesh Kumar Jain, Member	36	36
3. Shri Vidit Jain, Member	36	36



## 6. Annual General Meetings :

Location and time for the last three AGM's are as follows :

Year	Date	Venue	Time
2010	30.09.2010	Village Kapriwas (Dharuhera) Distt. Rewari, Haryana	12.00 Noon
2011	30.09.2011	Village Kapriwas (Dharuhera) Distt. Rewari, Haryana	12.00 Noon
2012	29.09.2012	Village Kapriwas (Dharuhera) Distt. Rewari, Haryana	10.00 A.M.

**No postal ballots resolutions were passed.**

## 7. Disclosures :

### a) Related Party Transactions :

There were no material significant transactions with related parties except those mentioned in the Annual Accounts for the Financial Year 2012-13 conflicting with the Company's interest. There was also no instance of non-compliance on any matter related to the Capital Markets during the Financial Year 2012-13.

### b) Compliance by the Company :

The Company has complied with the requirements of the Stock Exchanges, SEBI and other Statutory Authorities on all matters related to capital market during the last three years.

## 8. Code of conduct for Directors and Senior Management :

The Company has framed a Code of Conduct for Directors and senior officers of the Company, which has been complied by the Board members and senior officers of the Company.

## 9. Means of Communication & Website :

- The Quarterly & Annual Results were generally published in the newspaper i.e. Pioneer (English edition) and in the Hari Bhoomi (Hindi edition).
- The Quarterly results are also displayed on the website of the Company, i.e., [www.pasupatitextiles.com](http://www.pasupatitextiles.com)
- The Management Discussion and Analysis (MDA) report, which covers the operations of the Company, forms part of the Annual Report.

**10. Shareholders information :****a) Annual General Meeting**

Date & Time : 30.09.2013 at 10.00 A.M.  
 Venue : Registered Office of the Company at  
 Village Kapriwas (Dharuhera) Distt. Rewari, Haryana

**b) Book Closure** : 22nd September, 2013 to 29th September, 2013  
 (both days inclusive)

**c) Financial Year**

The financial year of the Company starts from 1st April of the calendar year and ends on 31st March of next calendar year.

**d) Distribution of Shareholding as on 31.03.2013 :**

	Shareholding	%age
A. Promoters' holding including their relatives & Associate Companies	6993970	74.901
B. Non-Promoters Holding		
— Directors	360	0.004
— Institutional Investors		
— Financial Institutions	7822	0.084
— Banks, Mutual Funds etc.	2460	0.026
— Private Corporate Bodies	1627299	17.427
— Public	705697	7.558
	9337608	100.000

**e) Share Transfer System & Registrar & Share Transfer Agent :**

All requests for dematerialization, rematerialization, transfer, transmission, issue of duplicate share certificates, sub-divisions, etc. are being handled by the Registrar & Share Transfer Agent and registered within 15 days of receipt of documents, if found in order.

All requests for transfer of shares in the physical form are processed and the duly transferred share certificates are returned to the transferee within the time prescribed by the law in this regard, subject to the share transfer documents being valid and complete in all respects.

**Address & Contact No. of Registrar & Share Transfer Agent are as follows :**

M/s. Skyline Financial Services Pvt. Ltd.  
 D-153, 1st Floor, Okhala Industrial Area, Phase -1,  
 New Delhi 110020.

Tel. : 011 26812682,83, 64732681-88

Fax : +91 11 26812682

Web : www.skylinerta.com



f) **Dematerialisation of shares and liquidity**

**Procedure for dematerialization/rematerialization of shares**

Shareholders seeking demat/remat of their shares must approach the Depository Participants (DP) with whom they maintain a demat account. The DP will generate an electronic request and will send the physical share certificates to the Registrar and Share transfer Agent (“the Registrar”) of the Company. Upon receipt of the request and share certificate, the Registrar will verify the same. Upon verification, the Registrar will request the National Securities Depository Ltd. (NSDL)/Central Depository Services Ltd. (CDSL) to confirm the demat request. The demat account of the concerned shareholder will be credited with an equivalent number of shares. In case of a rejection of the request, it will be communicated to the shareholder. In the case of remat, upon receipt of a request from the shareholder, the DP generates a request and verification of the same is done by the Registrar. The Registrar then request the NSDL and CDSL to confirm the request. The approval of the company is sought and an equivalent number of shares are issued in the physical form to the shareholder.

The share certificates are dispatched within one month from the date of issue of shares.

As on 31st March, 2013, 94.67% of the Company's equity shares were held in dematerialized form and balance are held in physical form. Trading in Company's shares is permitted only in demat form w.e.f. 06.09.2000 as per notification issued by the Securities & Exchange Board of India.

g) **Registered Office and address for correspondence :**

**Registered Office :**

Village Kapriwas (Dharuhera),  
Distt. Rewari (Haryana)

**Company Secretary & Compliance Officer :**

Name : Ms. Rekha Sharma  
Address : Pasupati Spinning & Weaving Mills Limited,  
1501, Nirmal Tower, 26, Barakhamba Road, New Delhi-110001.  
Mail Id : rekhasharma@pasupatitextiles.com

**Plants Location :**

Polyester Viscose Yarn & Cotton Yarn Unit : Village Kapriwas (Dharuhera)  
Distt. Rewari, Haryana  
Sewing Thread Unit : Village Kheri (Kala-amb)  
Distt. Sirmour, H.P.

**11. Listing at Stock Exchanges**

The details regarding payment of listing fee to Stock Exchange are given below :

Sl. No.	Name of Stock Exchanges	Listing Fee Paid up to	Stock Code No.
1.	Delhi Stock Exchange Association Ltd.	2004-05	A-2
2.	Bombay Stock Exchange Limited, Mumbai	2012-13	A-1

**12. Market Price data : High / Low during the year**

In view of the suspension of trading in the scrips by Bombay Stock Exchange and no trading in Delhi Stock Exchange, market data has not been provided.

However, requisite steps have been taken to get revoked the suspension of trading by Bombay Stock Exchange.

**13. MANAGEMENT DISCUSSIONS AND ANALYSIS REPORT / OUTLOOK ON THREATS, RISKS AND CONCERNS :**

Due to Anti Dumping duty imposed on Polyester Yarn and Polyester Threads of Indian products in Turkey, our growth of export sales and realization is severely affected. The company's product is facing stiff competition from China, due to favourable policy of Government of China extended to their exporters various benefits, such as credit benefit of GST and other than GST extra Duty Drawback. However, the Government of India has still not implemented GST. Therefore, our product is costlier as compared to China and other countries and we are not competitive in Man Made Fibre Products. There has been continuous pressure on capacity utilization at plant, due to labour shortage. Though there is some improvement, but still the capacity utilization is below 90%. The company is trying to recruit more female workers of local surrounding area to overcome this problem and expect to improve the capacity utilization above 90%.

The company is trying to improve its domestic sales of Sewing Thread, but at some stage, we have to stop increase of sales due to non-availability of working capital, as the finished sewing thread is being sold on credit basis. Therefore, the company requires an additional working capital for increase of sales.

There is a continuous increase in cost due to power tariff hike, wages hike etc. However these increases are partially passed on to customers, balance is being absorbed by the company, due to which profitability of the company is affected. The company is trying, its level best to increase / maintain the profitability in available resources.

In view of improved market of cotton yarn, the company proposes to restart production activities of its Spinning Unit at Dharuhera, where the production activities were suspended due to bad market scenario and frequent power problems. In order to upgrade its production facilities for producing quality yarn, the company has placed order for import of four new machines with financial assistance of Rs. 452 Lacs sanctioned by Bank of Baroda. The first shipment of two machines has already arrived in India. Barring unforeseen circumstances, production activities in spinning unit are expected to commence from Mid-June 2013. With the resumption of spinning unit, the turnover and profitability of the company is expected to improve further. The operations of company's knitting and garment unit at Dharuhera have remained smooth during the year.

**14. Segment-wise performance :**

Company is only manufacturing textile and textile articles and therefore, segment reporting is not applicable to the Company.



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**15. Internal Control Systems and Adequacy :**

In order to strengthen internal control systems, M/s. M.C. Jain & Co., Chartered Accountants were appointed as Internal Auditors of the Company for the year 2012-13.

**16. Financial performance :**

The financial performance of the company has been given separately in the Directors' Report.

**17. Human Resources :**

The key resource for your Company has been its people. Your Company has been able to create a favorable work environment that motivates performance, customer focus and innovation while adhering to the highest degree of integrity.

**18. CEO / CFO Certificate**

The requisite certificate has been obtained from the CEO / CFO of the Company.

For and on behalf of The Board of Directors  
For **PASUPATI SPINNING & WEAVING MILLS LIMITED**

Place : New Delhi  
Dated : May 27, 2013

**RAMESH KUMAR JAIN**  
CHAIRMAN & MANAGING DIRECTOR

**Declaration Regarding Compliance by Board Members and Senior Management Personnel with the Code of Conduct**

This is to confirm that the Company has adopted "Pasupati Spinning & Weaving Mills Limited Code of Conduct" for its Senior Management and Board members and the same has been posted on the Company's website.

I confirm that the Company has in respect of the financial year ended 31st March, 2013, received from the senior management team of the Company and the Members of the Board a declaration of compliance with the Code of Conduct as applicable to them.

For the purpose of this declaration, Senior Management Senior means personnel of the Company who are members of its core management team excluding Board of Directors. Normally, this would comprise all members of management i.e. Executive Directors and all functional heads.

For **PASUPATI SPINNING & WEAVING MILLS LIMITED**

Place : New Delhi  
Date : May 27, 2013

**RAMESH KUMAR JAIN**  
Chairman & Managing Director





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## **CERTIFICATION BY CEO & CFO**

In terms of Clause 49 of the Standard Listing Agreement, We, Ramesh Kumar Jain, Chairman & Managing Director and A.K. Monga – President Finance of the company, certify that :

- a. We have reviewed financial statements, cash flow statement and the directors' report for the year ended 31st March, 2013;
- b. Based on our knowledge and information, these statements do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the statements made;
- c. Based on our knowledge and information, the financial statements, and other financial information included in this report, present in all material respects, a true and fair view of the Company's affairs, the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report, and are in compliance with the existing accounting standards and/or applicable laws and regulations;
- d. To the best of our knowledge and belief, no transactions entered into by the Company during the year are fraudulent, illegal or violative of the Company's code of conduct;
- e. We accept the responsibility for establishing and maintaining internal controls for financial reporting, evaluate the effectiveness, disclosing the deficiencies in the design or operation of internal controls, if any, to the Auditors and Audit Committee and take steps or propose to take steps to rectify these deficiencies;
- f. We have indicated, wherever applicable, to the Auditors and the Audit Committee :
  - i. Significant changes in Internal Control over financial reporting during the period; and
  - ii. Significant changes in Accounting Policies, the same have been disclosed in the notes to the financial statement.

For **PASUPATI SPINNING & WEAVING MILLS LIMITED.,**

Place : New Delhi  
Date : May 27, 2013

**(RAMESH KUMAR JAIN)**  
Chairman & Managing Director

**(A.K. MONGA)**  
President (Finance)

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## AUDITORS' CERTIFICATE

We have examined the compliance of conditions of corporate governance by PASUPATI SPINNING & WEAVING MILLS LIMITED for the year ended on 31st March, 2013, as stipulated in clause 49 of the listing agreement of the said company with stock exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us, subject to the following :

- i) *Annual listing fees payable to Delhi Stock Exchange Association Limited has not been paid from the financial year 2005-06 to 2012-13.*

We certify that the company has complied with the conditions of corporate governance as stipulated in the above mentioned listing agreement.

We 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  
Firm Registration No.302166E

**O. P. Shroff**  
Partner  
Membership No. : 6329

Place : New Delhi  
Date : May 27, 2013



# INDEPENDENT AUDITORS' REPORT

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To  
The Members of  
**Pasupati Spinning & Weaving Mills Limited**

## **Report on the Financial Statements**

We have audited the accompanying financial statements of Pasupati Spinning & Weaving Mills Limited ("the Company") which comprise the Balance Sheet as at 31 March 2013, 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"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## **Basis of Qualified Opinion**

- a. *Interest payable on amount of Rs. 600 lacs due to JMFAFC, which was to be converted into OCCD is not determinable as the negotiations are not yet finalized. In these accounts, the company has paid/provided interest on the loan amount @ 23% p.a. Difference, if any will be accounted for after finalisation of negotiations (Refer Note no. 4(v)(c) of the accompanying notes to the financial statements).*
- b. *The company has claimed additional compensation in respect of part of factory land acquired in earlier years. The additional compensation of Rs. 24276787 will be*

accounted for as and when received. Had the additional compensation been accounted for the profit for the year and other current assets would have been higher by the said amount. (Refer Note no. 12 of the accompanying notes to the financial statements).

- c. The company has paid remuneration of Rs. 1877359 (including Rs. 1187496 relating to earlier years) to directors for which approval of Central Government is yet to be received. Had the remuneration not been paid the profit for the year and cash and cash equivalents would have been higher by the said amount. (Refer Note no. 37(b) and 37(c) of the accompanying notes to the financial statements).
- d. The company has during the year written back provision of Rs. 27555087 (net of payment of Rs. 3734000) towards excise duty demands on legal advice. The company has been advised that no liability is likely to arise against the demands and hence provision is not required. We are unable to comment as the demands are still contested in appeals (Refer Note no. 22 of the accompanying notes to the financial statements).

### Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, *except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph*, 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 2013;
- 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) *Except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph*, 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; and



- 
- (v) *As per information and explanations given to us, we report that as on 31.3.2013 none of the directors of the company are disqualified from being appointed as a director of the company under Section 274((1)(g) of the Companies Act, 1956. As the company had not redeemed its debentures on due dates and as the default continued for more than a year, directors of the company were not qualified for being appointed as directors of any other public company in terms of provision of Section 274(1)(g) of the Companies Act, 1956 as amended by the Companies Amendment Act, 2000. Board for Industrial and Financial Reconstruction (BIFR) has sanctioned rehabilitation scheme for the company vide its order dated 17.2.2012. The said scheme has approved payments of the settled amount to debenture-holders in instalments. The payment as approved by BIFR is being made and there is no default in such payment. Besides, one of the directors has been appointed after the scheme has been sanctioned. He has certified that he is not disqualified from being appointed as a director in any other company.*

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

Place : New Delhi  
Dated : May 27, 2013

**O. P. SHORFF**  
Partner  
Membership No. 06329

**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) As explained to us, 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) In our opinion and according to explanations given to us, fixed assets disposed off during the year were not substantial and as such the disposal has not affected the going concern concept of the company.
- (ii) (a) As explained to us, physical verification of inventory (except material in transit and lying with third parties) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) On the basis of our examination of the records of inventory, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material and these have been properly dealt with in the books of accounts.
- (iii) (a) On the basis of the records of the company, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 301 of the Companies Act, 1956 and hence para (iii) (a) to (d) of the order are not applicable to the company;
- (b) On the basis of the records of the company, the following are the particulars of loans taken by the company from companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.

Name of the Party	Relationship with the company	Opening Balance Rs.	Loan taken Rs.	Loan repaid Rs.	Year end balance Rs.	Maximum Balance Outstanding during the year Rs.
Sulabh Impex Ltd.	Associate	—	5700000	—	5700000	5700000
Pasupati Olefin Ltd.	Associate	—	6800000	—	6800000	6800000

- (c) In our opinion the rate of interest and other terms and conditions on which unsecured loans have been taken from Companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 are not prima facie prejudicial to the interest of the company.
- (d) In our opinion, the company is regular in repaying the principal amount as per stipulations and has been regular in payment of interest whenever applicable.



- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. No major weakness in the internal control system was observed during the course of audit.
- (v) According to the information and explanations given to us, during the year there were no transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956. Accordingly, paragraphs v (a) and (b) of the aforesaid order are not applicable.
- (vi) In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public as per provisions of sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975. No order has been passed by the Company Law Board or National Company law Tribunal or Reserve Bank of India or any court or any other Tribunal.
- (vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii) We have broadly reviewed the books of account 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) *According to the records of the company, the company is not 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, Service Tax, Customs Duty, Excise Duty, Cess and other statutory dues applicable to it. According to information and explanations given to us the undisputed amounts outstanding as at 31st March, 2013 for a period of more than six months from the date they became payable are as under:*

<i>Name of the statute</i>	<i>Nature of dues</i>	<i>Amount Rs.</i>	<i>Period to which amount relates</i>
<i>Sales Tax Haryana</i>	<i>Demand</i>	<i>339148</i>	<i>2006-07</i>
<i>Service Tax Act</i>	<i>Service Tax</i>	<i>380586</i>	<i>2009-10</i>
<i>Service Tax Act</i>	<i>Service Tax</i>	<i>6472</i>	<i>2012-13</i>

(b) According to the records of the company, dues in respect of Sales Tax/Income Tax/ Customs duty/Wealth Tax/Service Tax/Excise Duty/Cess which have not been deposited on account of any dispute are as under :

Name of the statute	Nature of dues	Amount Rs.	Forum where pending
Central Excise Act	Excise Duty	7684907	Hon'ble High Court of Punjab & Haryana
Central Excise Act	Excise Duty	84074	Hon'ble Shimla High Court
Central Excise Act	Excise Duty	12875496	Hon'ble Supreme Court
Central Excise Act	Excise Duty	3983953	Central Excise & Service Tax Tribunal
Central Excise Act	Excise Duty	2185584	Central Excise & Service Tax Tribunal
Central Excise Act	Excise Duty	741073	Central Excise & Service Tax Tribunal
Haryana Value Added Tax Act	VAT	4407602	Joint Excise & Taxation Commissioner
Uttar Pradesh VAT Act, 2007	VAT	100000	Joint Commissioner (Appeals)
Service Tax Act	Service Tax	229316	Central Excise & Service Tax Tribunal

(x) As at 31.03.2013, the accumulated losses of the company are not more than fifty percent of its net worth. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.

(xi) The company has defaulted in payment of dues to financial institutions, banks and debenture-holders. Details as per company's books of accounts are as under :

The limits with banks were overdrawn for most of the year and were within limits for the remaining part of the year. The overdrawn limits as on 31.03.2013 are as under :

Nature of Limit	Name of the Bank	Limit (Rs. in Lacs)	Balance as per Banks (Rs. in Lacs)	Excess (Rs. in Lacs)	Remarks
Demand Loan	State Bank of Travancore	82.20	82.50	0.30	Borrowings in excess of limit
	Canara Bank	98.00	99.40	1.40	
Cash Credit	State Bank of Travancore	375.80	380.11	4.31	
	Canara Bank	225.00	229.78	4.78	
	Bank of Baroda	373.00	376.26	3.26	
	ING Vysya Bank Ltd	179.45	182.60	3.15	





<i>Nature of Limit</i>	<i>Name of the Bank</i>	<i>Amount Overdue (Rs.)</i>	<i>Due Date</i>	<i>Remarks</i>
<i>Bill discounted / purchased</i>	<i>Bank of Baroda State Bank of Patiala</i>	<i>226295 5171006</i>	<i>25.03.2013 22.03.2013</i>	<i>Payment pending on due date</i>

*The dues of financial institutions which were not paid on due dates are as under :*

<i>Name of the institution</i>	<i>Nature of Dues</i>	<i>Amount (Rs.)</i>	<i>Due Date</i>
<i>JM Financial Asset Reconstruction Co Pvt Ltd</i>	<i>Principal</i>	<i>12500000</i>	<i>19.03.2013</i>
	<i>Principal</i>	<i>60000000</i>	<i>19.09.2012</i>
	<i>Interest</i>	<i>5636383</i>	<i>31.03.2013</i>

*Does not include amount for which one time settlement (OTS) has been negotiated with the lenders and repayment of dues has been rescheduled or the dues have been settled / rescheduled by BIFR vide its order dated 17.2.2012 and payments are being made accordingly.*

- (xii) Based on our examination of documents and records maintained by the company, we are of the opinion that since the company has not granted any loan and advance on the basis of security by way of pledge of shares, debenture and other securities, it is not required to maintain records in respect thereof.
- (xiii) In our opinion the company is neither a chit fund nor nidhi / mutual benefit fund / society and hence paragraph 4 (xiii) of the aforesaid order is not applicable.
- (xiv) In our opinion the company is not dealing in or trading in shares, securities, debentures and other investments and accordingly the provisions of paragraph 4(xiv) of the aforesaid order is not applicable.
- (xv) Based on our examination of the records we are of the opinion that the company has not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, term loans received during the year have been applied for the purpose for which they were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that funds raised on short term basis have not been used for long term investments.
- (xviii) During the year the company has made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of Companies Act, 1956. Since the allotment has been made in pursuance to the rehabilitation scheme sanctioned by BIFR, in our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.

- (xix) During the year the company had not issued any debentures. The company has created security or charge in respect of debentures issued in earlier years.
- (xx) During the year under review no money was raised by public issue.
- (xxi) During the course of our examination of the books and records of the company, carried out in accordance with auditing standards generally accepted in India, we have not come across any instance of fraud by the company or on the company, noticed or reported during the year. We have also not been informed of any such case by the management.

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

3/7-B, Asaf Ali Road,  
New Delhi-110 002.  
Dated : May 27, 2013

**O. P. SHORFF**  
Partner  
Membership No. 06329

# BALANCE SHEET

## As at 31st March, 2013



Particulars	Note No.	As at 31.03.2013 Rs.		As at 31.03.2012 Rs.
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	2	93,370,680	23,726,020	
Reserves & Surplus	3	<u>190,886,567</u>	<u>284,257,247</u>	<u>(38,729,295)</u> (15,003,275)
<b>NON-CURRENT LIABILITIES</b>				
Long-Term Borrowings	4	54,167,470	112,410,478	
Deferred Tax Liabilities	5	12,663,660	—	
Other Long Term Liabilities	6	4,700	4,700	
Long Term Provisions	7	<u>8,676,874</u>	<u>75,512,704</u>	<u>7,827,599</u> 120,242,777
<b>CURRENT LIABILITIES</b>				
Short-Term Borrowings	8	327,184,783	359,751,328	
Trade Payables	9	155,268,857	135,016,909	
Other Current Liabilities	10	183,845,068	346,129,033	
Short Term Provisions	11	<u>1,185,388</u>	<u>667,484,096</u>	<u>946,299</u> 841,843,569
			<u><u>1,027,254,047</u></u>	<u><u>947,083,071</u></u>
<b>ASSETS</b>				
<b>NON CURRENT ASSETS</b>				
Fixed Assets				
Tangible Assets	12	415,808,965	443,003,973	
Capital Work-in-Progress		1,207,956	—	
Non-Current Investments	13	1,052,792	1,052,792	
Long-Term Loans & Advances	14	<u>14,483,020</u>	<u>432,552,733</u>	<u>10,239,563</u> 454,296,328
<b>CURRENT ASSETS</b>				
Current Investments	15	—	—	
Inventories	16	279,515,671	223,027,826	
Trade Receivables	17	248,560,357	205,012,890	
Cash & Cash Equivalents	18	32,219,221	29,499,912	
Short Term Loans & Advances	19	18,976,582	24,791,269	
Other Current Assets	20	<u>15,429,483</u>	<u>594,701,314</u>	<u>10,454,846</u> 492,786,743
			<u><u>1,027,254,047</u></u>	<u><u>947,083,071</u></u>

See accompanying notes to the financial statements

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

RAMESH KUMAR JAIN  
Chairman & Managing Director  
DIN No. 00575142

VIDIT JAIN  
Executive Director  
DIN No. 01347588

Place : New Delhi O.P. SHROFF  
Dated : May 27, 2013 Partner  
Membership No. 06329

REKHA SHARMA  
Company Secretary

S.K. CHHAJER  
Whole-time Director  
DIN No. 00575234

## PROFIT AND LOSS STATEMENT

For the year ended 31st March, 2013

Particulars	Note No.	Year ended 31.03.2013 Rs.	Year ended 31.03.2012 Rs.
Revenue from Operations	24	1,565,421,531	1,122,994,247
Other Income	25	34,409,076	20,152,987
Total Revenue		<u>1,599,830,607</u>	<u>1,143,147,234</u>
<b>Expenses</b>			
Cost of Materials Consumed	26	826,206,914	535,598,348
Purchases of Stock in Trade	27	274,687	6,180
Changes in Inventories of Finished Goods, Work in Progress and Stock in Trade	28	(38,280,766)	(6,833,682)
Employee Benefits Expense	29	109,913,515	97,896,858
Finance Costs	30	71,068,826	84,028,087
Depreciation and Amortisation Expense	31	31,277,155	31,199,093
Other Expenses	32	532,874,072	389,180,951
Total Expenses		<u>1,533,334,403</u>	<u>1,131,075,835</u>
Profit before extraordinary items and tax		66,496,204	12,071,399
Extra ordinary Items	33	145,786,818	10,959
Profit before tax		<u>212,283,022</u>	<u>12,082,358</u>
Tax Expense			
Wealth Tax		3,500	4,000
Deferred Tax		12,663,660	—
Earlier Year's Tax		—	6,178
Profit for the year		<u>199,615,862</u>	<u>12,072,180</u>
Earnings per Equity Share	34		
Before extraordinary items			
Basic		5.77	5.08
Diluted		5.77	1.27
After extraordinary items			
Basic		21.38	5.09
Diluted		21.38	1.28

See accompanying notes to the financial statements

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

RAMESH KUMAR JAIN  
Chairman & Managing Director  
DIN No. 00575142

VIDIT JAIN  
Executive Director  
DIN No. 01347588

Place : New Delhi  
Dated : May 27, 2013  
O.P. SHROFF  
Partner  
Membership No. 06329

REKHA SHARMA  
Company Secretary

S.K. CHHAJER  
Whole-time Director  
DIN No. 00575234

# CASH FLOW STATEMENT

For the year ended 31st March, 2013



	Note No.	Year ended 31.03.2013 Rs.	Year ended 31.03.2012 Rs.
<b>A. Cash Flow from Operating Activities</b>			
<b>Net Profit/(Loss) before Tax and extraordinary item</b>		<b>66,496,204</b>	12,071,399
Adjustments for:			
Depreciation		<b>31,277,155</b>	31,199,093
Interest Income		<b>(1,922,950)</b>	(1,505,074)
(Profit)/Loss on Fixed Assets sold/discarded		<b>(159,641)</b>	(1,330,593)
Dividend Income		—	(600)
Interest Charged		<b>60,588,582</b>	73,904,581
<b>Operating Profit before Working Capital Charges</b>		<b>156,279,350</b>	114,338,806
Adjustments for:			
Trade & Other Receivables		<b>(42,530,211)</b>	34,751,866
Inventories		<b>(56,487,845)</b>	(3,862,833)
Trade Payables & Other Liabilities		<b>22,156,338</b>	(35,160,412)
<b>Cash Generated from Operations</b>		<b>79,417,632</b>	110,067,427
Interest Paid		<b>(83,167,247)</b>	(59,311,648)
Taxes Paid		<b>7,741</b>	102,011
<b>Net Cash from Operating Activities</b>		<b>(3,741,874)</b>	50,857,790
<b>B. Cash Flow from Investing Activities</b>			
Purchase of Fixed Assets		<b>(9,703,319)</b>	(793,036)
Sale of Fixed Assets		<b>178,802</b>	1,348,213
Interest Received		<b>1,884,601</b>	1,401,992
Dividend Received		—	600
<b>Net Cash used in Investing Activities</b>		<b>(7,639,916)</b>	1,957,769
<b>C. Cash Flow from Financing Activities</b>			
Proceeds from Borrowings			
— Short Term		<b>64,788,864</b>	(33,409,632)
— Long Term		<b>(90,683,804)</b>	(54,616,680)
Promoters' Contribution		<b>(59,648,621)</b>	36,258,476
Increase in Share Capital		<b>69,644,660</b>	900,000
Increase in Share premium		<b>30,000,000</b>	—
<b>Net Cash used in Financing Activities</b>		<b>14,101,099</b>	(50,867,836)
Net (Decrease)/Increase in Cash & Cash equivalents		<b>2,719,309</b>	1,947,723
Cash & Cash equivalents at start of the year		<b>29,499,912</b>	27,552,189
Cash & Cash equivalents at close of the year		<b>32,219,221</b>	29,499,912

Note : Brackets represent cash outflows

See accompanying notes to the financial statements

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

RAMESH KUMAR JAIN  
Chairman & Managing Director  
DIN No. 00575142

VIDIT JAIN  
Executive Director  
DIN No. 01347588

Place : New Delhi  
Dated : May 27, 2013  
O.P. SHROFF  
Partner  
Membership No. 06329

REKHA SHARMA  
Company Secretary

S.K. CHHAJER  
Whole-time Director  
DIN No. 00575234

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**ACCOMPANYING NOTES TO THE FINANCIAL STATEMENTS****1. SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation of Financial Statements**

- a) The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles and the provisions of the Companies Act, 1956, subject to what is stated herein below, as adopted consistently by the company.
- b) The company generally follows mercantile system of accounting and recognizes significant items of income and expenditure on accrual basis.

**B. Fixed Assets**

Fixed assets are stated at cost of acquisition inclusive of inward freight, duties & taxes and incidental expenses relating to acquisition and are net of modvat credit. In respect of major projects, related pre-operational expenses form part of the value of assets capitalized.

**C. Depreciation**

Depreciation is calculated on fixed assets on 'Straight Line Method' in accordance with Schedule XIV of the Companies Act, 1956 as under :

- a) In respect of Plant & Machinery by applying the revised rates in force in terms of the notification dated 16.12.1993. Based upon legal opinion depreciation has been provided at the rate prescribed for continuous process plant.
- b) In respect of other assets at the rates in force prior to the above mentioned notification and at the revised rates on assets acquired thereafter.

**D. Foreign Currency Transactions, Derivatives Instruments and hedge Accounting**

- a) Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.
- b) Items denominated in foreign currencies at the year end and not covered by forward exchange contracts are translated at year end rates and those covered by forward exchange contracts are translated at the rate ruling at the date of transaction as increased or decreased by the proportionate difference between the forward rate and exchange rate on the date of transaction, such difference having been recognized over the life of the contract.
- c) Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss statement.
- d) 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. Derivative instruments are initially measured at fair value and are re-measured at subsequent reporting dates. Mark to market losses on such measurement are recognized in the profit and loss statement.

**E. Investments**

- a) 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.
- b) Current investments are valued at cost or market value whichever is lower. The decline in the value of current investments is provided in the accounts each year.



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**F. Inventories**

Inventories are valued at lower of cost or market price except for waste. Waste is valued at realizable value. The cost comprises of cost of purchase, cost of conversion and other cost including appropriate production overheads incurred in bringing such inventories to their present location. In case of raw materials and stores & spares the cost is determined using FIFO method.

**G. Sales**

Sales are inclusive of recovery of excise duty and packing charges and net of returns and sales tax.

**H. Taxes, Duties etc.,**

Excise duty has been accounted on the basis of both payments made in respect of goods cleared as also provision made for goods lying in bonded warehouses. Provision is made for goods meant for sale in domestic tariff area only.

**I. Employee Retirement Benefits**

Company's contribution to state plans are charged to revenue every year. Liability to defined benefit plans is determined on the basis of an actuarial valuation at the end of the year. Actuarial gains and losses comprises experience adjustments and the effect of changes in actuarial assumptions and are recognized immediately in the profit and loss statement as income or expense.

**J. Borrowing Cost**

Interest and other costs in connection with the borrowing of the funds to the extent related / attributed to the acquisition / construction of qualifying fixed assets are capitalized upto the date when such assets are ready for its intended use and other borrowing cost are charged to profit and loss statement.

**K. Earning per Share**

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

**L. Deferred Taxation**

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 to the extent of any deferred tax liability or when such benefits are reasonably expected to be realizable in the near future.

**M. Impairment of Assets**

Impairment loss is provided to the extent the carrying amount of assets exceeds their recoverable amount. Recoverable amount is the higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

**N. Operating Lease**

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

**O. Contingent Liabilities**

Contingent liabilities not provided for in the accounts are separately shown in the Annual Statement of Accounts.

**P. Events occurring after Balance Sheet date**

Events occurring after the Balance Sheet date have been considered in the preparation of financial statements.

**2. SHARE CAPITAL**

## a) Authorised

Particulars	No. of Shares		Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
<b>Equity Shares of Rs. 10 each</b>				
At the beginning of the year	12,100,000	12,100,000	121,000,000	121,000,000
Add : Additions during the year	—	—	—	—
Less : Reduction during the year	—	—	—	—
At the end of the year	12,100,000	12,100,000	121,000,000	121,000,000
Total			121,000,000	121,000,000

## b) Issued, Subscribed and Paid up

Particulars	No. of Shares		Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
<b>Equity Shares of Rs. 10 each fully paid up</b>				
At the beginning of the year	2,372,602	5,556,506	23,726,020	55,565,060
Add : Additions during the year	6,964,466	150,000	69,644,660	1,500,000
Less : Reduction during the year	—	3,333,904	—	33,339,040
At the end of the year	9,337,068	2,372,602	93,370,680	23,726,020
<b>Equity Shares of Rs. 10 each, Re. 1 called and paid up</b>				
At the beginning of the year	—	1,500,000	—	1,500,000
Add : Additions during the year	—	—	—	—
Less : Reduction during the year	—	1,500,000	—	1,500,000
At the end of the year	—	—	—	—
Total			93,370,680	23,726,020





- i) Board for Industrial and Financial Reconstruction (BIFR) had sanctioned a rehabilitation scheme for the company vide its order dated 17.2.2012. In the said scheme BIFR had approved derating and consolidation of equity shares of the company. Consequently, during the previous year, 5556506 equity shares of Rs.10 each fully paid up were derated by 60% into 5556506 equity shares of Rs. 10 each, Rs. 4 paid up and then consolidated into 2222602 equity shares of Rs. 10 each fully paid up. Similarly, 1500000 equity shares of Rs.10 each (Re 1 called & paid up) were derated by 60% into 1500000 equity shares of Rs. 10 each, Re. 0.40 paid up and then consolidated into 150000 equity shares of Rs.10 each, Rs. 4 paid up. The gain of Rs. 34239040 on such derating and consolidation was included in Capital Reserve. The balance amount of Rs. 6 due on 150000 equity shares was called and paid.
- ii) During the year on 1.5.2012, as per scheme sanctioned by BIFR 5964466 equity shares of Rs. 10 each have been allotted to promoters/associates at par against promoters' contribution received from them and 1000000 equity shares of Rs. 10 each have been allotted to J. M. Financial Asset Reconstruction Company Private Limited (JMFARC) at a price of Rs. 40 per share (Rs. 10 towards face value and Rs. 30 towards premium) on conversion of part dues of financial assistance given by IDBI to the company and later transferred/assigned to Stressed Assets Stabilization Fund (SASF), which was further assigned by SASF in favour of JMFARC.
- iii) Details of shares in the company held by each shareholder holding more than 5% of shares is as under :

Name of the Shareholder	No. of Shares		% of Holding	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Pasupati Olefin Limited	<b>4,068,428</b>	81,462	<b>43.57%</b>	3.43%
Sulabh Impex Limited	<b>1,777,354</b>	169,854	<b>19.04%</b>	7.16%
J M Financial Asset Reconstruction Co. Pvt. Ltd.	<b>1,000,000</b>	—	<b>10.71%</b>	—
Mrs. Vrinda Jain	<b>714,052</b>	344,052	<b>7.65%</b>	14.50%
India Spintex Limited	<b>311,670</b>	311,670	<b>3.34%</b>	13.14%
Shailja Investment Limited	<b>168,454</b>	168,454	<b>1.80%</b>	7.10%
Mr. Vidit Jain	<b>134,076</b>	131,256	<b>1.44%</b>	5.53%
Mr. Tushar Jain	<b>131,606</b>	131,606	<b>1.41%</b>	5.55%

## 3. RESERVES &amp; SURPLUS

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
<b>Capial Reserve</b>		
At the beginning of the year	40,352,040	6,113,000
Add : Additions during the year*	—	34,239,040
Less : Reduction during the year	—	—
At the end of the year	40,352,040	40,352,040
<b>Share Premium Account</b>		
At the beginning of the year	56,610,090	56,610,090
Add : Additions during the year**	30,000,000	—
Less : Reduction during the year	—	—
At the end of the year	86,610,090	56,610,090
<b>Debenture Redemption Reserve</b>		
At the beginning of the year	75,089,247	75,089,247
Add : Additions during the year	—	—
Less : Transferred to Surplus	70,706,826	—
At the end of the year	4,382,421	75,089,247
<b>Surplus</b>		
At the beginning of the year	(210,780,672)	(222,852,852)
Add : Additions during the year	199,615,862	12,072,180
Add : Transferred from Debenture Redemption Reserve	70,706,826	—
Less : Reduction during the year	—	—
At the end of the year	59,542,016	(210,780,672)
Total	190,886,567	(38,729,295)

\* Represents gain on derating and consolidation of equity shares as explained in para (i) of note no. 2 above.

\*\* Represents premium on shares allotted to JMFAFC as explained in para (ii) of note no. 2 above



#### 4. LONG TERM BORROWINGS

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
<b>Secured</b>		
Term Loan - From a Company	—	102,000,000
Vehicle Loans	<b>232,470</b>	—
<b>Debentures</b>		
500000 19% Redeemable Non-Convertible of Rs. 100 each	—	2,968,750
234030 14% Redeemable Partly Convertible of Rs. 125 each	—	2,564,032
2353856 15% Redeemable Partly Convertible of Rs. 25 each	—	4,877,696
Sub Total	<b>232,470</b>	112,410,478
<b>Unsecured</b>		
From Companies - Free of interest	<b>53,935,000</b>	—
<b>Total</b>	<b>54,167,470</b>	112,410,478

Notes :

- i) BIFR vide its order dated 17.2.2012 has approved payment of 75% of principal amount due to the debenture holders in 24 equal monthly instalments. Accordingly, amount payable within one year has been included under Current Liabilities - Current maturity of long term debts.
- ii) Term loan and debentures are secured on pari-passu basis by way of joint equitable mortgage of immovable properties both present and future and hypothecation of all movables subject to prior charge in favour of the company's bankers for working capital requirements alongwith personal guarantee of the chairman & managing director (CMD).  
  
14% and 15% Debentures are also secured by exclusive first charge on the properties at Gujarat.
- iii) Vehicle loans are secured against hypothecation of vehicle financed out of the loan amount.
- iv) The above loans are repayable as follows :

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Payable after 1 year	<b>159,452</b>	108,253,888
Payable after 2 years	<b>1,552,839</b>	4,156,590
Payable after 3 years	<b>7,705,001</b>	—
Payable after 4 years	<b>7,705,001</b>	—
Payable after 5 years	<b>7,705,001</b>	—
Payable after 6 years	<b>7,705,001</b>	—
Payable after 7 years	<b>7,705,001</b>	—
Payable after 8 years	<b>7,705,001</b>	—
Payable after 9 years	<b>6,225,173</b>	—
<b>Total</b>	<b>54,167,470</b>	112,410,478

- v) IDBI had assigned / transferred to Stressed Assets Stabilisation Fund (SASF) the financial assistance granted by it to the company. Subsequently, SASF has assigned its outstanding dues of Rs. 3145 Lacs in favour of J.M. Financial Assets Reconstruction Company Pvt. Ltd. (JMFARC) on 19th March, 2010. On request of the company, JMFARC has agreed for restructuring of outstanding dues of Rs. 3145 lacs on certain proposed terms and conditions which were approved by BIFR vide its order dated 17.2.2012. As the company has substantially implemented the terms and conditions as finalised in the rehabilitation scheme sanctioned by BIFR, these accounts have been prepared as follows :
- Interest @ 23% p.a. payable monthly has been provided / paid on debt portion of Rs. 1500 lacs of which Rs. 1000 lacs has already been repaid. Principal amount of Rs. 125 lacs is due for payment as on 31.3.2013.
  - Rs. 400 lacs was to be converted into equity shares. 1000000 equity shares of Rs. 10 each at a premium of Rs. 30 each have been issued to JMFARC on 1.5.2012
  - Rs. 600 lacs was to be converted into Optionally Cumulative Convertible Debentures (OCCD). The OCCD was to be converted into fully paid up equity shares of Rs. 10 each at a price of Rs. 40 per share in 3 stages over a time frame of 18-30 months from the effective date i.e.19.03.2010 subject to other terms and conditions which includes that in case the conversion does not take place in the respective stages, then the OCCD will be converted at the end of next stage except in case of stage 3, post which it will have to be compulsorily redeemed by the company alongwith accumulated interest which accrue monthly at 23% p.a. Consequently, the amount of Rs. 600 lacs has been shown as current maturity of long term debts under other current liabilities.  
  
Due to certain unavoidable circumstances, OCCDs could not be issued within 30 months from the effective date and in view thereof the company has approached JMFARC for payment of the OCCD amount with interest. The negotiations are still in progress and hence the amount to be paid is not yet finalized. In the meantime the company has paid / provided interest of Rs. 41929315 (Rs. 28129315 for the period from 19.03.2010 to 31.03.2012 which has been included under extra ordinary items and Rs.13800000 for the period from 01.04.2012 to 31.03.2013 which has been included in interest expense for the year) @ 23% p.a. Difference if any, will be accounted after finalisation of negotiations.
  - The amount of Rs. 645 lacs proposed to be waived off has been written back as extra ordinary item.
- vi) There is no default in repayment of vehicle loans and interest thereon on balance sheet date.
- vii) (a) Part B of Rs. 125 each out of the 14% secured redeemable partly convertible debentures of Rs. 250 each were to be redeemed at par in three equal instalments on expiry of 7th, 8th and 9th year from the date of allotment of the debentures i.e. 21.12.1991.
- Part B of Rs. 25 each out of the 15% secured redeemable partly convertible debentures of Rs. 50 each were to be redeemed at par in three instalments of Rs. 8, Rs. 8 and Rs. 9 on expiry of 7th, 8th and 9th year respectively from the date of allotment of the debentures i.e. 09.12.1993.
  - 19% secured redeemable non-convertible debentures of Rs. 100 each were to be redeemed at par in three equal instalments on expiry of 6th, 7th and 8th year from the date of allotment of debentures i.e. 03.01.1994.
  - Majority of the debenture holders holding debentures detailed in (a), (b) & (c) above had agreed to one time settlement (OTS) proposal of the company to settle their dues and payment of the settled amount in monthly instalments subject to following main terms and conditions :



- i) In the event of any delay in payment of OTS instalments on due dates, the company shall pay interest at the agreed rate for the period of delay.
- ii) If the company offers better proposal to any other creditor, the same shall be offered to these settlers also.
- (e) During the previous year individual public debenture holders holding 14% debentures of face value of Rs. 125 each aggregating to Rs. 20000 (outstanding amount Rs. 15834) and 15% debentures of face value of Rs. 25 each aggregating to Rs. 28000 (outstanding amount Rs. 28000) have consented to settlement on similar terms and conditions as detailed in (d) above. Consequently, principal and interest amounting to Rs. 10959 was written back in these accounts as extraordinary item in the previous year.
- (f) The debenture holders which had not agreed to OTS as detailed in (d) above were:
- i) New India Assurance Co. Ltd. holding 19% debentures of face value of Rs. 100 each aggregating to Rs. 5000000 (outstanding amount Rs. 5000000).
- ii) ICICI holding 14% debentures of face value of Rs. 125 each aggregating to Rs. 65000 (outstanding amount Rs. 20068) and 15% debentures of face value of Rs. 25 each aggregating to Rs. 70000 (outstanding amount Rs. 70000).
- iii) Individual public debenture holders holding 14% debentures of face value of Rs. 125 each aggregating to Rs. 5234250 (outstanding amount Rs. 4795509) and 15% debentures of face value of Rs. 25 each aggregating to Rs. 8831350 (outstanding amount Rs. 8735454).

The rehabilitation scheme sanctioned by BIFR vide its order dated 17.2.2012 had approved settlement of the debenture holders which had not agreed to OTS on the terms and conditions similar to the OTS. The company is repaying the debenture holders as per the terms and conditions finalised by BIFR. Consequently, principal and interest amounting to Rs. 81861046 has been written back in these accounts as extra ordinary item. As the payments are now being made as directed by BIFR, there is no default on the balance sheet date.

- viii) Unsecured loan of Rs. 41435000 which was outstanding on 31.3.2012 was repayable on demand. During the year, the lender has agreed for repayment of the loan amount in 28 equal quarterly instalments after a moratorium of three years. Therefore unsecured loans appearing in short term borrowings in previous year has, this year, been included in long term borrowings.

## 5. DEFERRED TAX LIABILITIES (NET)

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
<b>Deferred Tax (Liability)</b>		
Fixed Assets	<b>(73,016,069)</b>	(73,656,429)
Sub Total	<b>(73,016,069)</b>	(73,656,429)
<b>Deferred Tax Assets</b>		
Carry forward losses	<b>56,564,449</b>	72,704,575
Section 43B items	<b>589,285</b>	27,886,505
Provision for Gratuity	<b>3,198,675</b>	2,539,664
Others	—	2,199,939
Sub Total	<b>60,352,409</b>	105,330,683
Net deferred tax asset / (liability)	<b>(12,663,660)</b>	31,674,254

The Company has not provided deferred tax asset as on 31.3.2012 in view of uncertainty of its realisation.

**6. OTHER LONG TERM LIABILITIES**

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Security Deposits	4,700	4,700
Total	4,700	4,700

**7. LONG TERM PROVISIONS**

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Provisions for employees benefits	8,676,874	7,827,599
Total	8,676,874	7,827,599

**8. SHORT TERM BORROWINGS**

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
<b>Secured</b>		
Loans repayable on demand		
From Banks		
Working capital Loans *	308,129,723	300,379,448
Buyers' Credit	17,705,060	16,586,880
Sub Total	325,834,783	316,966,328
<b>Unsecured</b>		
Loans repayable on demand		
From Companies		
- Bearing interest	1,350,000	1,350,000
- Free of Interest	—	41,435,000
Sub Total	1,350,000	42,785,000
Total	327,184,783	359,751,328

Secured loans are secured against hypothecation of raw materials, finished goods, semi-finished goods, stores and spare parts, book debts, etc., together with second charge on all immovable/movable fixed assets of the company both present and future alongwith personal guarantee of CMD and two outsiders. The loans are further secured against pledge of 699115 equity shares of the company held by promoters/associates.

\* Includes borrowing of Rs.71.17 lacs (previous year Rs.40.81 lacs) in excess of the limits/overdue.

**9. TRADE PAYABLES**

The company is in the process of identifying suppliers covered under the Micro, Small and Medium Enterprises Development Act, 2006. Hence, information thereto has not been provided.



## 10. OTHER CURRENT LIABILITIES

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Current maturity of long term debts	<b>114,521,848</b>	118,782,100
Promoters' Contribution *	—	59,648,621
Interest accrued on borrowings	<b>6,176,339</b>	77,811,870
Advance from customers	<b>4,547,154</b>	9,253,642
Other liabilities	<b>58,599,727</b>	80,632,800
<b>Total</b>	<b>183,845,068</b>	346,129,033

\* Amount inducted by the promoters/associates as required in the rehabilitation scheme sanctioned by BIFR vide its order dated 17.2.2012. Equity shares have been allotted on 1.5.2012.

Notes :

- No unclaimed amounts were outstanding to be credited to investor education & protection fund as on 31.03.2013.
- Interest accrued on borrowings include amount accrued and due Rs. 5636383 (previous year Rs. 77068239).

## 11. SHORT TERM PROVISIONS

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Provision for Wealth Tax	<b>3,500</b>	4,000
Provision for employees Benefits	<b>1,181,888</b>	942,299
<b>Total</b>	<b>1,185,388</b>	946,299

**12. TANGIBLE FIXED ASSETS**

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1.4.2012	Additions	Sales/ Adjust- ments	Total	Upto 31.3.2012	For the Year	Adjust- ments	Total	As at 31.3.2013	As at 31.3.2012
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Land - Freehold *	4,817,593	—	—	<b>4,817,593</b>	—	—	—	—	<b>4,817,593</b>	4,817,593
Buildings	254,996,092	<b>1,244,826</b>	—	<b>256,240,918</b>	146,370,473	<b>4,324,820</b>	—	<b>150,695,293</b>	<b>105,545,625</b>	108,625,619
Plant & Machinery	1,697,711,953	<b>1,484,322</b>	—	<b>1,699,196,275</b>	1,373,056,540	<b>25,955,887</b>	—	<b>1,399,012,427</b>	<b>300,183,848</b>	324,655,413
Furniture & Fixtures	6,462,254	<b>17,514</b>	—	<b>6,479,768</b>	5,818,042	<b>91,045</b>	—	<b>5,909,087</b>	<b>570,681</b>	644,212
Factory & Office Equipments	15,313,211	<b>413,145</b>	—	<b>15,726,356</b>	13,094,748	<b>332,905</b>	—	<b>13,427,653</b>	<b>2,298,703</b>	2,218,463
Vehicles	9,432,259	<b>941,501</b>	345,455	<b>10,028,305</b>	7,389,586	<b>572,498</b>	<b>326,294</b>	<b>7,635,790</b>	<b>2,392,515</b>	2,042,673
<b>Total</b>	<b>1,988,733,362</b>	<b>4,101,308</b>	<b>345,455</b>	<b>1,992,489,215</b>	<b>1,545,729,389</b>	<b>31,277,155</b>	<b>326,294</b>	<b>1,576,680,250</b>	<b>415,808,965</b>	<b>443,003,973</b>
Previous Year	1,987,957,946	793,036	17,620	1,988,733,362	1,514,530,296	31,199,093	—	1,545,729,389	443,003,973	

\* The company has received compensation of Rs. 1348213 on acquisition of part of its factory land at Dharuhera. Representation has been made before Sub Divisional Magistrate, Gurgaon cum competent authority (LA) of National Highway Authority of India for payment of compensation at a higher rate. Additional compensation of Rs. 24276787 demanded in the representation will be accounted for as and when received.

**13. NON CURRENT INVESTMENTS (AT COST)**

Particulars	No. of Shares		Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
<b>Equity Shares of Rs. 10 each</b>				
<b>Quoted - Trade</b>				
Amit Spinning Industries Limited	<b>100</b>	100	<b>2,329</b>	2,329
Global Syntex (Bhilwara) Limited	<b>9,900</b>	9,900	<b>108,900</b>	108,900
G.T.N. Industries Limited	<b>100</b>	100	<b>17,597</b>	17,597
Malwa Cotton Spinning Mills Limited	<b>50</b>	50	<b>16,325</b>	16,325
Sanghi Polyesters Limited	<b>200</b>	200	<b>7,141</b>	7,141
<b>Quoted - Non-Trade</b>				
Pasupati Fincap Limited	<b>70,000</b>	70,000	<b>700,000</b>	700,000
<b>Unquoted - Non-Trade</b>				
India Comm Directories Limited	<b>50</b>	50	<b>500</b>	500
Shivalik Solid Waste Management Limited	<b>20,000</b>	20,000	<b>200,000</b>	200,000
<b>Total</b>			<b>1,052,792</b>	1,052,792
Aggregate value of quoted investments			<b>852,292</b>	852,292
Aggregate value of unquoted investments			<b>200,500</b>	200,500
<b>Total</b>			<b>1,052,792</b>	1,052,792
Market value of quoted investments			<b>436,056</b>	2,768,404

In the opinion of the management the diminution in the value of long term investments is temporary in nature and hence provision for the same is not required.





#### 14. LONG TERM LOANS & ADVANCES

(Unsecured - considered good)

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Capital Advances	4,394,055	—
Security Deposits	10,088,965	10,239,563
<b>Total</b>	<b>14,483,020</b>	10,239,563

#### 15. CURRENT INVESTMENTS (At Cost)

Particulars	No. of Shares		Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
<b>Equity Shares of Rs. 10 each</b> Quoted - Not-Trade Srishti Video Corp. Limited	<b>240,000</b>	240,000	<b>2,008,050</b>	2,008,050
Less : Provision for diminution in value of investments			<b>2,008,050</b>	2,008,050
<b>Total</b>			—	—
Market value of quoted investments			—	—

#### 16. INVENTORIES

(As taken, valued and certified by the management)

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Stores & Spares	15,883,912	13,257,561
Raw Materials	28,359,928	12,779,200
Finished goods		
Own Manufactured *	175,904,836	144,797,301
Trading	793,985	793,985
Semi-finished goods	57,692,095	50,654,647
Waste	880,915	745,132
<b>Total</b>	<b>279,515,671</b>	223,027,826

\* including in transit Rs. 9090309 (previous year Rs. 13454567)

**17. TRADE RECEIVABLES**

(Unsecured - considered good unless stated otherwise)

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Exceeding six months		
- considered good	<b>32,024,598</b>	41,112,481
- considered doubtful	—	6,780,519
	<b>32,024,598</b>	47,893,000
Less: Provision for doubtful debt	—	6,780,519
	<b>32,024,598</b>	41,112,481
Other debts - considered good	<b>216,535,759</b>	163,900,409
<b>Total</b>	<b>248,560,357</b>	205,012,890

**18. CASH & CASH EQUIVALENTS**

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Cash in hand	<b>5,058,982</b>	4,947,237
Cheques / drafts in hand	<b>855,679</b>	922,573
Balances with Scheduled Banks		
Held as Margin / Security	<b>19,975,660</b>	20,192,812
Others	<b>6,162,800</b>	3,271,190
Balance in Post Office Savings Bank Account		
Held as Margin / Security	<b>166,100</b>	166,100
<b>Total</b>	<b>32,219,221</b>	29,499,912

Bank Deposits with more than 12 months maturity Rs. 3190249 (previous year Rs. 1754430)



## 19. SHORT TERM LOANS & ADVANCES

(Unsecured - Considered good unless stated otherwise)

Particulars	Amount (Rs.)			
	As at 31.03.2013		As at 31.03.2012	
Loans to Staff		<b>1,174,745</b>		1,260,502
Advances (recoverable in cash or in kind or for value to be received)				
- considered good	12,326,908		18,113,600	
- considered doubtful	30,185,070		39,775,070	
	42,511,978		57,888,670	
Less : Provision for doubtful advances	30,185,070	<b>12,326,908</b>	39,775,070	18,113,600
Advance Payment of Taxes (including tax deducted at source)		<b>1,648,141</b>		1,659,882
Balance with Central Excise		<b>3,826,788</b>		3,757,285
<b>Total</b>		<b>18,976,582</b>		24,791,269

## 20. OTHER CURRENT ASSETS

(Unsecured-Considered good)

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
Interest receivable	<b>990,816</b>	952,467
Other receivables	<b>14,438,667</b>	9,502,379
<b>Total</b>	<b>15,429,483</b>	10,454,846

## 21. CONTINGENT LIABILITIES AND COMMITMENTS

(to the extent not provided for)

Particulars	Amount (Rs.)	
	As at 31.03.2013	As at 31.03.2012
<b>A. Contingent Liabilities</b>		
Bank Guarantees	<b>6,095,500</b>	5,124,354
Letters of Credit outstanding	<b>45,200,000</b>	—
Claims not acknowledged as debts	<b>16,114,198</b>	16,114,198
Excise Duty demands disputed by the company	<b>27,555,087</b>	—
Sales Tax demands disputed by the company	<b>4,507,602</b>	4,513,602
Service Tax demands disputed by the company	<b>229,316</b>	—
Income tax demands disputed by the company	—	16,364,611
<b>B. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	<b>43,702,520</b>	—

22. The company had provided for excise duty demands of Rs. 27555087 (net of payment of Rs. 3734000), which were disputed in appeals. The management has been legally advised that no liability on account of these demands is likely to arise and therefore provision for the same is not required. Accordingly, provision outstanding of Rs. 27555087 as on 31.3.2012 has been written back in these accounts as extraordinary item.
23. In the opinion of the board the assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated.

**24. REVENUE FROM OPERATIONS**

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Gross Sales of Products *		
Sewing Thread	891,897,774	874,804,639
Polyester / Synthetic / Blended Yarn	2,902,364	4,901,207
Cotton Yarn	448,393,913	52,310,741
Fabrics	124,416,618	114,658,787
Garments	79,886,462	81,073,257
Others	22,454,267	3,826,726
	<b>1,569,951,398</b>	1,131,575,357
Less : Excise Duty	4,529,867	8,581,110
Net Sales of Products	<b>1,565,421,531</b>	1,122,994,247

\* Sales include Export Incentives

**25. OTHER INCOME**

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Rent	1,583,932	1,062,097
Dividend on Trade Investments	—	600
Interest from Banks & Others	1,922,950	1,505,074
Miscellaneous Receipts	1,305,892	2,663,336
Claims, Rebates & Discounts	901,988	1,728,219
Income from Hire Charges	—	3,450,000
Security Deposit / Advances forfeited	—	3,450,000
Liabilities no longer required written back	18,583,089	4,963,068
Advances provided in earlier years now recovered	9,590,000	—
Profit on Sale of Fixed Assets (Net)	159,641	1,330,593
Income relating to earlier years	361,584	—
Total	<b>34,409,076</b>	20,152,987



## 26. RAW MATERIALS CONSUMED

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Polyester / Synthetic Fibre		
At the beginning of the year	4,666,777	10,982,566
Add : Purchases during the year	351,325,147	343,190,026
Less : Consumption during the year	355,115,406	349,505,815
At the end of the year	876,518	4,666,777
Cotton		
At the beginning of the year	3,420,695	—
Add : Purchases during the year	314,099,442	46,007,208
Less : Consumption during the year	297,283,570	42,586,513
At the end of the year	20,236,567	3,420,695
Yarn		
At the beginning of the year	4,691,728	7,385,152
Add : Purchases during the year	160,468,101	140,812,596
Less : Consumption during the year	157,912,986	143,506,020
At the end of the year	7,246,843	4,691,728
Fabric		
At the beginning of the year	—	—
Add : Purchases during the year	15,894,952	—
Less : Consumption during the year	15,894,952	—
At the end of the year	—	—
Total		
At the beginning of the year	12,779,200	18,367,718
Add : Purchases during the year	841,787,642	530,009,830
Less : Consumption during the year	826,206,914	535,598,348
At the end of the year	28,359,928	12,779,200

## 27. PURCHASES OF STOCK IN TRADE

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Polyester Yarn	274,687	6,180
Total	274,687	6,180

**28. CHANGE IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Closing Stocks		
Finished Goods		
Own Manufactured	<b>175,904,836</b>	144,797,301
Trading	<b>793,985</b>	793,985
Semi-finished Goods	<b>57,692,095</b>	50,654,647
Waste	<b>880,915</b>	745,132
	<b>235,271,831</b>	196,991,065
Opening Stocks		
Finished Goods		
Own Manufactured	<b>144,797,301</b>	148,261,042
Trading	<b>793,985</b>	1,053,660
Semi-finished Goods	<b>50,654,647</b>	40,633,439
Waste	<b>745,132</b>	209,242
	<b>196,991,065</b>	190,157,383
Change in Inventories of Finished Goods, Work in Progress and Stock in Trade	<b>(38,280,766)</b>	(6,833,682)



## 29. EMPLOYEE BENEFITS EXPENSE

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Salaries, Wages, Bonus & Other benefits	100,553,782	90,389,194
Gratuity	2,154,762	1,120,867
Contribution to Provident Fund, Employees' State Insurance etc.	5,467,942	5,273,755
Workmen & Staff Welfare expenses	1,633,098	1,078,906
Staff Recruitment & Training expenses	103,931	34,136
<b>Total</b>	<b>109,913,515</b>	<b>97,896,858</b>

## EMPLOYEE POST RETIREMENT BENEFITS

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
a) State Plans Contribution made by the company to various state plans which have been recognized as an expense in the profit & loss account are Employer's contribution to Employees State Insurance Scheme	1,783,329	1,625,034
Employer's contribution to Employees Provident Fund	3,684,613	3,648,721
b) Defined Benefit Plan The present value of obligation on account of gratuity (unfunded) is determined based on actuarial valuation		
I. <b>Assumptions</b>		
Discount Rate	8.10%	8.70%
Rate of increase in Compensation	8.00%	8.00%
II. <b>Table showing Changes in Present Value of Obligations during the period</b>		
Present Value of Obligation as at the beginning of the period	8,769,898	8,934,158
Interest cost	762,981	723,667
Current Service Cost	1,601,704	1,406,307
Benefit paid	(1,065,898)	(1,285,127)
Actuarial (gain)/loss on obligations	(209,923)	(1,009,107)
Present Value of Obligation as at the end of the period	9,858,762	8,769,898
III. <b>Table showing Fair Value of Plan Assets</b>		
Funded Status	(9,858,762)	(8,769,898)
IV. <b>Actuarial gain/loss recognized for the period</b>		
Actuarial gain/(loss) for the period – Obligation	209,923	1,009,107
Total (gain)/loss for the period	(209,923)	(1,009,107)
Actuarial (gain)/loss recognized in the period	(209,923)	(1,009,107)
V. <b>The amounts to be recognized in Balance Sheet and statements of profit and loss</b>		
Present Value of Obligation as at the end of the period	9,858,762	8,769,898
Funded Status	(9,858,762)	(8,769,898)
Net Liability Recognized in Balance sheet	9,858,762	8,769,898
VI. <b>Expense recognized in the statement of profit and loss for the period</b>		
Current Service Cost	1,601,704	1,406,307
Interest cost	762,961	723,667
Net actuarial (gain)/loss recognized in the period	(209,923)	(1,009,107)
Expenses Recognized in the Statement of Profit & Loss	2,154,762	1,120,867

Notes :

- The above information is certified by the actuary
- As per rules of the company leaves are not encashed

**30. FINANCE COSTS**

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Interest	60,588,582	73,904,581
Bank & Finance procurement expenses	10,480,244	10,123,506
<b>Total</b>	<b>71,068,826</b>	<b>84,028,087</b>

**31. DEPRECIATION & AMORTISATION EXPENSE**

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Depreciation	31,277,155	31,199,093
<b>Total</b>	<b>31,277,155</b>	<b>31,199,093</b>

**32. OTHER EXPENSES**

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Consumption of Stores, Spare, Dyes, Chemicals and Packing Materials	113,004,365	98,621,208
Job Work expenses	136,744,424	48,445,791
Power & Fuel	135,004,317	119,002,708
Rent	7,223,464	6,567,024
Repairs to Buildings	123,282	—
Repairs to Machinery	1,258,567	726,730
Insurance	1,510,129	1,262,645
Rates & Taxes	2,063,811	1,390,493
Travelling & Conveyance	19,286,472	13,255,906
Directors' sitting fees	82,500	46,000
Difference in Exchange (Net)	5,551,473	9,574,924
Irrecoverable claims written off	374,120	2,269,396
Charity & Donation	59,506	126,656
Bad Debts / Advances written off (Net of amount provided in earlier years Rs. 6780519, previous year Nil)	2,270,432	1,412,845
Freight & Forwarding Charges	36,375,443	29,517,999
Packing Expenses	14,979,993	15,148,830
Claims, Rebate & Discount	22,817,512	11,355,489
Other Selling Expenses	16,583,585	12,048,496
Miscellaneous Expenses	16,280,224	16,911,295
Previous Year Expenses	203,453	677,758
Auditors' Remuneration		
As Audit Fees	488,000	400,000
As Quarterly Review Fees	366,000	300,000
As Tax Audit Fees	122,000	70,000
In Other Capacity	101,000	48,758
<b>Total</b>	<b>532,874,072</b>	<b>389,180,951</b>





### 33. EXTRA ORDINARY ITEMS REPRESENT

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Term loan dues not payable written back	64,500,000	—
Principal amount and interest of debentures not payable written back	81,861,046	10,959
Provision for excise duty demands not payable written back	27,555,087	—
Interest upto 31.3.2012 paid on dues of JMFARC	(28,129,315)	—
<b>Total</b>	<b>145,786,818</b>	<b>10,959</b>

### 34. EARNING PER SHARE (EPS)

Particulars	Amount (Rs.)			
	Year ended 31.03.2013		Year ended 31.03.2012	
<b>Basic</b>				
Net Profit after tax but before extra ordinary Items (A)		53,829,044		12,061,221
Net Profit after tax and extra ordinary Items (B)		199,615,862		12,072,180
Total No. of Equity Shares (C)		9,337,068		2,372,602
Earning per share before extra ordinary Items (A/C)		5.77		5.08
Earning per share after extra ordinary Items (B/C)		21.38		5.09
<b>Diluted</b>				
Net Profit after tax but before extra ordinary Items (A)		53,829,044		12,061,221
Net Profit after tax and extra ordinary Items (B)		199,615,862		12,072,180
No. of fully paid Equity Shares	9,337,068		2,372,602	
Weighted average No of Shares to be allotted on dilution	—		7,098,298	
Total No. of Equity Shares (C)		9,337,068		9,470,900
Earning per share before extra ordinary Items (A/C)		5.77		1.27
Earning per share after extra ordinary Items (B/C)		21.38		1.28

**35. RELATED PARTY DISCLOSURE :**

Names of related parties and description of relationship

i) Key Management Personnel and their relatives

Shri Ramesh Kumar Jain - CMD  
 Shri Vidit Jain - ED  
 Shri S.K.Chhajer, WTD  
 Smt. Vrinda Jain, Relative of Director  
 Smt. Sangeeta Chhajer, Relative of Director

ii) Associate

Shivani Textiles Limited  
 Pasupati Olefin Limited  
 Sulabh Impex Limited

Particulars	Amount (Rs.)		
	Key Management Personnel and Relatives	Associate	Total
Remuneration paid	<b>1,562,652</b> (1,450,680)	— (—)	<b>1,562,652</b> (1,450,680)
Sitting Fee paid	<b>82,500</b> (46,000)	— (—)	<b>82,500</b> (46,000)
Rent paid	<b>528,600</b> (226,200)	— (—)	<b>528,600</b> (226,200)
Purchases	— (—)	<b>15,894,952</b> (—)	<b>15,894,952</b> (—)
Sales	— (—)	<b>120,303,612</b> (113,418,275)	<b>120,303,612</b> (113,418,275)
Job Work Charges paid	— (—)	<b>21,277</b> (—)	<b>21,277</b> (—)
Vehicle hire charges paid	— (—)	<b>612,000</b> (612,000)	<b>612,000</b> (612,000)
Promoters' contribution received	— (3,700,000)	— (36,258,476)	— (39,958,476)
Loans received	— (—)	<b>12,500,000</b> (—)	<b>12,500,000</b> (—)
Balance outstanding at the end of year	—	<b>12,500,000</b>	<b>12,500,000</b>
Loans Outstanding	— (—)	— (—)	— (—)
Amount Payable	<b>199,782</b> (103,782)	— (—)	<b>199,782</b> (103,782)
Promoters' Contribution	— (3,700,000)	— (55,948,621)	— (59,648,621)
Amount Receivable	— (—)	<b>39,469,522</b> (20,209,487)	<b>39,469,522</b> (20,209,487)

Note :- Previous year figures have been given in brackets.



36. The company's business activity falls within a single primary reportable segment viz. Textiles and Textile Articles. Accordingly, pursuant to Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India segmental information is not required to be given.

**37. MANAGERIAL REMUNERATION**

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Salary	1,053,600	1,080,000
Contribution to Provident and Other Funds	72,000	72,000
Other Benefits	437,052	298,680

Note :

- a) Shri Ramesh Kumar Jain, Chairman & Managing Director has not been paid salary w.e.f. 1.4.2011. Other benefits are being paid.
  - b) Remuneration of Rs. 1871738 (including Rs. 1187496 for previous years) paid to Shri Vidit Jain, Executive Director for the period from 1.4.2010 to 31.3.2013 is subject to approval of the Central Government.
  - c) Remuneration of Rs. 5621 paid to Shri S.K.Chhajer, Whole Time Director for the period from 29.3.2013 to 31.3.2013 is subject to approval of the Central Government.
38. In view of the accumulated losses incurred by the company exceeding its net worth, the company made a reference under Section 15(1) of Sick Industrial Companies (Special provisions) Act, 1985 to the Board for Industrial and Financial Reconstruction (BIFR). The company was declared a sick industrial company within the meaning of section 3(1)(o) of the said Act by BIFR on 14.7.2005 and Bank of Baroda was appointed as the operating agency (OA) to examine viability of the company and formulate rehabilitation scheme. The OA filed a draft rehabilitation scheme with BIFR which was approved by BIFR vide its order dated 17.2.2012. The company has substantially implemented the scheme sanctioned by BIFR and taken credit for relief and concessions granted by BIFR in these accounts resulting in positive net worth. Application for de-registration is to be made to BIFR.
39. In pursuance of Accounting Standard on Impairment of Assets (AS28) issued by The Institute of Chartered Accountants of India the company had identified and impaired certain assets/cash generating units. There is no further impairment/reversal during the year.
40. The company has not made any provision for Income Tax for the year as there is no taxable income / book profit under the provisions of the Income Tax Act, 1961.
41. Balance of sundry creditors, sundry debtors, investments and loans and advances are subject to confirmation and reconciliation.
42. Previous year figures have been regrouped and/or re-arranged wherever considered necessary.
43. Paise have been rounded off to the nearest rupee.

**44. OPERATING LEASE**

**A As Lessor**

- a) The Company has entered into lease arrangements for renting specified machinery at Rs. 1150000 per month for a period of 84 months w.e.f. 1.8.2010 and renewable at mutual consent after the end of the term. The lease has been terminated on 30.6.2011.
- b) Disclosure in respect of assets given on operating lease

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
Gross Carrying amount of assets	—	969,639,801
Accumulated Depreciation	—	905,486,556
Depreciation for the year	—	5,515,535

**B As Lessee**

The Company has taken generators on hire for which total rent of Rs. 1460393 (previous year Rs. 2794800) has been paid, which is being recognized as an expense in the statement of profit & loss account. The period of hire is not contracted and hence future lease payments are not determinable. The assets have not been subleased.

**45. VALUE OF IMPORTED/INDIGENOUS RAW MATERIALS, STORES & SPARES CONSUMED**

Class of Goods	Year ended 31.03.2013		Year ended 31.03.2012	
	%	Amount (Rs.)	%	Amount (Rs.)
Raw Materials				
Imported	4.57%	37,730,814	2.92%	15,642,403
Indigenous	95.43%	788,476,100	97.08%	519,955,945
Total	100.00%	826,206,914	100.00%	535,598,348
Stores, Dyes & Packing materials				
Imported	0.45%	505,691	0.91%	894,715
Indigenous	99.55%	112,498,674	99.09%	97,726,493
Total	100.00%	113,004,365	100.00%	98,621,208



#### 46. OTHER INFORMATIONS

Particulars	Amount (Rs.)	
	Year ended 31.03.2013	Year ended 31.03.2012
C.I.F. value of Imports		
Raw Materials	<b>31,379,863</b>	10,828,571
Stores & Spares	<b>505,691</b>	894,715
Expenditure in foreign currency		
Travelling (does not include cost of air tickets)	<b>1,763,531</b>	124,610
Commission & Brokerage	<b>1,727,703</b>	2,236,240
Claims	<b>6,273,848</b>	1,651,397
Earnings in Foreign currency		
FOB Value of Exports	<b>201,005,042</b>	356,860,176
(Does not include export through merchant exporters)		

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

Place : New Delhi  
Dated : May 27, 2013

O.P. SHROFF  
Partner  
Membership No. 06329

RAMESH KUMAR JAIN  
Chairman & Managing Director  
DIN No. 00575142

REKHA SHARMA  
Company Secretary

VIDIT JAIN  
Executive Director  
DIN No. 01347588

S.K. CHHAJER  
Whole-time Director  
DIN No. 00575234

**PROXY**  
**PASUPATI SPINNING & WEAVING MILLS LTD.**

**Regd. Office & Works :** Village Kapriwas, (Dharuhera) Distt. Rewari, (Haryana).  
**Head Office :** 1501, Nirmal Tower, 26, Barakhamba Road, New Delhi-110001

I / We \_\_\_\_\_  
of \_\_\_\_\_  
in the district of \_\_\_\_\_  
being a member / members of the above - named Company, hereby appoint Mr. / Miss /  
Mrs. \_\_\_\_\_  
of \_\_\_\_\_  
in the district of \_\_\_\_\_  
or failing him / her Mr. / Miss / Mrs. \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
as my / our proxy to vote for me / us on my / our behalf at the 33rd Annual General Meeting of the Company to be held on Monday, the 30th September, 2013 at 10.00 A.M. and at any adjournment thereof.

Signed on this \_\_\_\_\_ day of \_\_\_\_\_ 2013  
No. of Shares held \_\_\_\_\_ Ref.No. / L.F.No. / Client I D No. \_\_\_\_\_  
D P I D No. : \_\_\_\_\_  
Signature (s) \_\_\_\_\_  
Address : \_\_\_\_\_

Affix Re. 1/- Revenue Stamp
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Note : The proxy must be deposited at the Registered Office / Head Office of the Company not less than 48 hours before the time for holding the Meeting.

-----TEAR HERE-----

**ATTENDANCE SLIP**  
**PASUPATI SPINNING & WEAVING MILLS LTD.**

**Regd. Office & Works :** Village Kapriwas, (Dharuhera) Distt. Rewari, (Haryana).  
**Head Office :** 1501, Nirmal Tower, 26, Barakhamba Road, New Delhi-110001.

I hereby record my presence at the 33rd Annual General Meeting of the Company being held on Monday, the 30th September, 2013 at 10.00 A.M. at Village Kapriwas (Dharuhera), Distt. Rewari, Haryana

Name of the Shareholder \_\_\_\_\_  
(in block letters)  
Folio No. / DPID No. and Client I D No. \_\_\_\_\_  
No. of Shares held \_\_\_\_\_

\_\_\_\_\_  
(Signature of the Shareholder / Proxy)

Note : 1. Please complete this attendance slip and hand it over at the entrance of the venue of the meeting.  
2. Please bring your copy of Balance Sheet at the time of Annual General Meeting.