

**29<sup>th</sup>**  
**Annual Report**  
**2012-2013**

***Gupta***

**GUPTA SYNTHETICS LIMITED**



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Prakash Gupta      *Managing Director*  
 Mohan Gupta      *Whole Time Director*  
 Pramod Kumar Tiwari      *Director*  
 Anil Kumar Singhal      *Director*

### REGISTERED OFFICE

326, Sardar Gruh Building  
 198, Lok Manya Tilak Road,  
 Near Crawford Market,  
 Mumbai - 400 002.

### COMPANY SECRETARY

Avinash Shah

### CORPORATE OFFICE

101, Trividh Chambers,  
 Opp. Fire Brigade Station,  
 Ring Road, Surat - 395 002. (Gujarat)  
 E-mail : info@guptasynthetics.com

### BANKERS

Oriental Bank of Commerce  
 ING Vysya Bank Ltd.  
 State Bank of India  
 Standard Chartered Bank  
 IDBI Bank Ltd.

### PLANT

Plot No. 28, Survey No. 259/1/1,  
 Navnit Shah Industrial Estate,  
 Dadra, Silvassa (U.T. of D. & N.H.)

### AUDITORS

**M/s. R. R. Patchigar & Co.**  
 Chartered Accountants  
 Surat

### REGISTRAR & SHARE TRANSFER AGENT

MCS Limited  
 1st Floor, Neelam Apartment,  
 88, Sampatrao Colony,  
 Alkapuri, Vadodara.

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## **TWENTY NINETH ANNUAL GENERAL MEETING**

**DATE** : 27<sup>th</sup> September, 2013

**DAY** : Friday

**VENUE** : 326, Sardar Gruh Building,  
 198 Lok Maniya Tilak Road  
 Near Crawford Market,  
 Mumbai—400 002.

**TIME** : 12.30 P.M.

## NOTICE

NOTICE IS HEREBY GIVEN THAT THE TWENTY NINETH ANNUAL GENERAL MEETING OF MEMBERS OF GUPTA SYNTHETICS LIMITED WILL BE HELD ON FRIDAY THE 27<sup>TH</sup> SEPTEMBER ,2013 AT THE REGISTERED OFFICE OF THE COMPANY AT 326 SARDAR GRUH BUILDING, 198 LOK MANYA TILAK ROAD, MUMBAI 400 002 AT 12.30 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

### ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Balance sheet as at 31<sup>st</sup> March, 2013 and the Profit & Loss Account for the year ended on that day, together with the Reports of Directors & Auditors thereon.
2. To appoint a Director in place of Shri Anil Kumar Singhal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s.R.R.Patchigar & Company, Chartered Accountants, Surat be and are hereby appointed as Statutory Auditors of the Company, to hold office as Statutory Auditors from the conclusion of this Annual General meeting until the conclusion of the next Annual General Meeting and to fix their remuneration.

Dated : 12.08.2013

By Order of the Board of Directors

Registered Office :

326, Sardar Gruh Building,  
198, Lok Manya Tilak Road,  
Mumbai - 400002.

Sd/-  
**(Avinash Shah)**  
Company Secretary

### NOTES :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND PROXY NEED NOT BE A MEMBER .**
2. The instrument appointing a proxy, in order to be effective must be deposited with the Company, on any day during business hours at the Registered Office of the Company, not less than 48 hours before the time for holding the meeting.
3. The Register of members and the share transfer books will remain closed from **Tuesday, September 24, 2013 to Friday, 27th September,2013 ( Both Days Inclusive.)**
4. Members are requested to notify the change, if any, in their address, to the Registrars and Transfer agents MCS Ltd., Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Baroda and in any case on or before **27th September, 2013.**
5. The members who have not encashed their dividend warrants for the financial year 2006-2007 are requested to approach the Company for the payment of the same
6. Pursuant to Section 205A of the Companies Act 1956 dividend for the financial year ended 31<sup>st</sup> March, 2006, which remains unpaid or Unclaimed has been transferred to the General Revenue Account of the Central Government as required under the Companies Un-paid dividend (Transfer to the General Revenue Account of the Central Government) Rules, 1978.
7. The ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliance by the Companies and has issued circulars stating that service of notice/ documents including Annual Report can be sent by e-mail to its members. To support this green initiative, members holding shares in demat form are requested to prove their e- mail to its depository through their concerned depository participant and members holding shares in physical form are requested to provide e-mail ID to the Company's Registrar and Share Transfer Agent M/s MCS Ltd, Neelam Apartment, 88, Sampatrao Colony, Behind Federation Building, Alkapuri, Vadodara-390007 and also notify the e-mail address as and when there is any change.
8. Shareholders are requested to make all correspondence for share transfer and other purpose at Registered office of the Company or to Registrar & Share Transfer Agent MCS Ltd., Neelam Apartment, 88, Sampatrao Colony, Alkapuri, Baroda-390007. Members holding shares in dematerialized form are requested to notify their respective Depository Participant about any change of address and their bank particulars.
9. Shareholders seeking any information or clarification on the accounts are requested to send written queries to the Company, at least 10 days before the date of the meeting to enable the management to keep the required information available at the meeting.

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10. Members who hold shares in dematerialized form are requested to write their client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.

In order to provide protection against fraudulent encashment of dividend warrants, Members who holds shares in physical form and demate form are requested to intimate the Company's Registrar and Transfer Agent under the signature of sole/first joint holder the particulars of Bank account viz. name of bank, name of branch, complete address of bank with pin code number account type i.e. savings bank account or current account and bank account number.

11. Trading in equity shares of the Company is compulsorily in dematerialized mode by all the investors. In view of the above, the shareholders are advised to convert their shareholding in dematerialized form details of director seeking reappointment / appointment as a Director at Annual General Meeting is given as under pursuant to paragraph VIA of Clause 49 of Listing Agreement with the Stock Exchange is furnished as below :
12. Details of Director seeking reappointment / appointment as a Director at Annual General Meeting is given as under pursuant to paragraph VI A of Clause 49 of Listing Agreement with Stock Exchanges is furnished as below:

Shri Anil Kumar Singhal is a Director appointed on the Board of the Company w.e.f. 28<sup>th</sup> June, 2004. He is a Commerce graduate having 28 years of rich experience of Textile Industry. He has got expertise in General Administration, Production, Export & Marketing subject to Control and supervision of the Board of Directors of the Company. Under his able mature leadership the Company has achived tremendous growth. None of the Director is related with him. He is Director of Gold Star Lease Financing Ltd, Evergreen Synthetics Pvt Ltd, Sterlite Synthetics Pvt Ltd & Sharp Synthetics Pvt Ltd.

Dated : 12.08.2013  
Registered Office :  
326, Sardar Gruh Building,  
198, Lok Manya Tilak Road,  
Mumbai - 400002.

By Order of the Board of Directors

Sd/-  
**(Avinash Shah)**  
Company Secretary

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| <b>DIRECTORS' REPORT</b> |
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To,  
**THE MEMBERS,**

Your Directors are pleased to present the Twenty Ninth Annual Report together with the Audited Statements of Accounts for the year ended **31<sup>st</sup> March, 2013**.

| PARTICULARS  | As at 31-03-2013<br>(₹. in Lacs) | As at 31-03-2012<br>(₹. in Lacs) |
|--|----------------------------------|----------------------------------|
| Sales & Other Incomes                                    | <b>13442.44</b>                  | 36789.79                         |
| Gross Profit before Interest & Depreciation              | <b>(653.24)</b>                  | 693.03                           |
| Less : Interest  | <b>1881.16</b>                   | 1752.21                          |
| Depreciation   | <b>664.90</b>                    | 2423.38                          |
| Profit / (Loss) before Tax                               | <b>(3199.30)</b>                 | (1730.35)                        |
| <b>Less : Provision for Current Tax</b>                  | <b>0.00</b>                      | 0.00                             |
| Add Provision for Deferred Tax                           | <b>6.70</b>                      | 24.51                            |
| Provision for Fringe Benefit Tax                         | <b>0.00</b>                      | (24.51)                          |
| Profit / (Loss) after Taxation                           | <b>3192.60</b>                   | (1754.86)                        |
| <b>Less : Adjustments of earlier years</b>               | <b>(6.70)</b>                    | (0.00)                           |
|  | <b>(3199.30)</b>                 | (1754.86)                        |
| <b>Add : Surplus brought forward from previous years</b> | <b>(3954.52)</b>                 | (2199.66)                        |
| <b>Balance carried to Balance Sheet</b>                  | <b>(7153.82)</b>                 | <b>(3954.52)</b>                 |

**PERFORMANCE DURING THE YEAR**

The turnover of the Company during the year decrease by 63.46 % at ₹ 13342.44 Lacs as compared to Rs 36789.79 Lacs for the corresponding year ended 31<sup>st</sup> March, 2013. The profit before Interest and Depreciation worked out to ₹ (653.24) Lacs as against Profit of ₹ 693.03 Lacs for the year ended 31<sup>st</sup> March, 2012. The net profit/(Loss) derived by the Company is ₹ (3199.30) Lacs. Due to non profitability in manufacturing of Partially Oriented Yarn the Company has temporary decided to stop the production of POY and concentrate only Nylon filament yarn.

**DECLARATION/ORDER OF THE BOARD FOR INDUSTRIAL AND FINANCIAL RECONSTRUCTION (BIFR) DECLARING COMPANY AS "SICK COMPANY" UNDER SICA**

In view of the accumulated losses exceeding entire net worth of the Company as on 31.03.2012 and pursuant to compliance of Section 15 of the Sick Industrial Companies (Special Provisions) Act, 1985, the Board of Directors of the Company has made the reference to Board for Industrial And Financial Reconstruction (BIFR) vide its letter dated 18<sup>th</sup> April, 2012. and the reference was registered by the Hon'ble Board on 30<sup>th</sup> April, 2012. During the last year various hearings were made for determination of sickness. In the hearing held on 29th May, 2013 the **Hon'ble Board has declared the Company as SICK COMPANY pursuant to Section 3(1)(o) of the Sick Industrial Companies ( Special Provisions ) Act ,1985 and also give various directions for the rehabilitation of the company and appointed IDBI Bank as operating agency for the same.**

**DIVIDEND**

Due to the loss incurred by the Company during the year 2012- 2013 no dividend is recommended for the payment on the Equity Share capital.

**FIXED DEPOSITS :**

The Company has not accepted any deposit falling within the purview of the provisions of the Companies ( Acceptance of Deposit )Rules, 1975.

**DIRECTORS :**

In accordance with Article 145 of the Articles of Association of the Company, Shri Anil Kumar Singhal retire by rotation and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

**APPOINTMENT OF STATUTORY AUDITORS :**

Statutory Auditors of the Company M/s.R.R.Patchigar & Co. Chartered Accountant of Surat will retire at the conclusion of the ensuring Annual General Meeting from the office of the Statutory Auditors and being eligible offer themselves for re-appointment from the end of the ensuring Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

**ASSEMENT OF FIRE**

The fire broke out in the finished goods godown in the factory premises in the mid night of 29<sup>th</sup> June, 2008 and major loss occurred. The New india Assurance co has repudiate our fire claim vide its letter dated 09<sup>th</sup> December, 2009 and in that response and to protest the repudation of our genuine claim the company has approached and submitted the petition with National Consumer Dispute Redressal Commission, New Delhi.on 08<sup>th</sup> December, 2010. Now the matter is in the adjudication stage.

**LISTING ON STOCK EXCHANGE :**

The Equity Shares of the Company are listed at Bombay Stock Exchange Ltd. (BSE), Mumbai.

**PARTICULARS OF EMPLOYEES :**

Particulars required by the provisions of Section 217(2A) of the companies Act, 1956 read with the companies (Particulars of Employees) Rules, 1975 as amended have not been provided since no employee is drawing remuneration in excess of prescribed limits as per above provisions.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EARNINGS & OUTGO :**

The particulars prescribed by the companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 as to conservation of energy, Technology absorption, Foreign Exchange Earnings and outgo are furnished in the annexure to this Report.

**INSURANCE :**

The Company has made necessary arrangements for adequately insuring its insurable interests in various properties.

**DIRECTOR'S RESPONSIBILITY STATEMENT.**

As required under Section 217(2AA) of the Companies Act, 1956 your Directors state :

- (i) that in the preparation of the annual accounts, the applicable accounting standards have been followed.
- (ii) that the accounting policies selected and applied are consistent and the judgments and estimates made 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) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- (iv) that the annual accounts have been prepared on a going concern basis.

**CORPORATE GOVERNANCE REPORT**

your Company has complied with the Corporate Governance guidelines as per Clause 49 of the Listing Agreement with the Stock Exchange.

A report on Corporate Governance and a Certificate from the Statutory Auditors of the Company regarding compliance with Corporate Governance guidelines as stipulated have been attached by way of separate Section as part of this Annual Report.

**ACKNOWLEDGEMENTS :**

Your Directors wish to express their sincere thanks for the support and co-operation extended by the Financial Institution, Commercial Banks, Government of India, Government of Gujarat, Government of Union Territory of Silvassa (Dadra & Nagar Haveli) Buyers, Suppliers and Share Holders for their continued support.

Your Directors also wish to express their thanks for the services rendered by the Company's employees at all levels.

**Place : Surat**  
**Date : 12.08.2013**

**FOR AND ON BEHALF OF THE BOARD**  
Sd/-  
**CHAIRMAN**

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| <b>ANNEXURE TO THE DIRECTORS' REPORT</b> |
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**STATEMENT UNDER SECTION 217(1)(e) READ WITH THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS REPORT FOR THE YEAR ENDED 31.03.2013.**

**(A) CONSERVATION OF ENERGY:**

- (a) Energy conservation measures taken by the Company :
- (1) Reducing the maximum demand by evenly distributing the loads throughout the day and increasing efficiency of plant and equipment.
  - (2) Improving power factor by optimum choice of power factor improvement capacitors.
  - (3) Decreasing the overall energy consumption by reducing losses and improvement of efficiency of all class A utilities.
- (b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy :- Not planned at the moment.
- (c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods: the energy conservation measures adopted by the company have had marginal favourable impact on the cost production.
- (d) Total energy consumption and energy consumption per unit of production as per Form-A.

**(FORM -A)**  
**(See Rule 2)**

Form of disclosure of particulars with respect to conservation of energy:

**A. Power and fuel Consumption**

|   | <b>As at<br/>31-03-2013</b> | <b>As at<br/>31-03-2012</b> |
|---|-----------------------------|-----------------------------|
| 1. Electricity :                                    |                             |                             |
| (a) Purchased                                       |                             |                             |
| Unit (in Lacs)                                      | <b>336.28</b>               | 551.56                      |
| Total amount (₹ in Lacs)                            | <b>1444.38</b>              | 2260.69                     |
| Average Rate/Unit (₹)                               | <b>4.30</b>                 | 4.10                        |
| (b) Oil   |                             |                             |
| (i) Through diesel generator                        |                             |                             |
| Unit (in Lacs)                                      | <b>0.00</b>                 | 0.00                        |
| Units per liter of diesel/oil                       | <b>0.00</b>                 | 0.00                        |
| Cost/Unit (₹)                                       | <b>0.00</b>                 | 0.00                        |
| (ii) Through steam turbine /generator               | <b>N.A.</b>                 | N.A.                        |
| Units per liter of fuel oil                         |                             |                             |
| Cost/Unit   |                             |                             |
| 2. Coal (specify quality and where used)            | <b>Not used</b>             | Not used                    |
| 3. Furnace Oil                                      | <b>Not used</b>             | Not used                    |
| 4. Others/internal generation (Please give details) | <b>NIL</b>                  | NIL                         |

**B. Technology Absorption**

- (a) Efforts made in technology absorption as per form B of the Annexure



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**FORM –B  
(See Rule 2)**

Form for disclosure of particulars with respect to absorption Research and Development (R & D)

- |  |   |                                    |
|--|---|------------------------------------|
| 1. Specific areas in which R & D carried out by the Company      | ) | The Company is not having it's own |
| 2. Benefits derived as result of the above R & D Weekly Bulletin | ) | R&D Dept.                          |
| 3. Future plan of action.  | ) |                                    |
| 4. Expenditure of R & D  | ) |                                    |

Technology absorption, adaptation and innovation

- |  |   |                                       |
|--|---|---------------------------------------|
| 1. Efforts, in brief, made towards technology absorption, adaptation and innovation.   | ) | The Company is not having its best to |
|  | ) | adopt the which gives maximum         |
| 2. Benefits derived as a result of the above efforts, e.g. product machinery improvement, cost reduction, product development, import substitution, etc. | ) | production.                           |
|  | ) |                                       |
| 3. In case of imported technology :  | ) | The Company is not having imported    |
|  | ) | technologies.                         |

**C. Foreign Exchange Earnings and Outgo :**

|                            |                | (₹ Lacs.)      |
|----------------------------|----------------|----------------|
|                            | <u>2012-13</u> | <u>2011-12</u> |
| Inflow in Foreign Exchange | <b>61.06</b>   | 150.02         |
| Outgo in Foreign Exchange  | <b>60.86</b>   | 1776.19        |

**MANAGEMENT DISCUSSION AND ANALYSIS****INDUSTRY SCENARIO AND STRUCTURE**

The Indian Textile Industry rallied under declining domestic demand and high input cost in the current year. Drop in demand from external market created panic among manufacturers., who have started production in the fresh manner. By virtue of its contribution to the Indian Economy by way of Industrial output, Employment generation and foreign exchange earnings,.

The high volatility in cotton prices and ambiguous outlook forced downstream players to opt for polyester and Nylon due to lesser price volatility and greater reliability of steady supplies of Polyester and Nylon.

**OPPORTUNITIES & THREATS**

Polyester has overtaken cotton as the dominant fibre, but the cost and availability still plays a significant role in the inter fibre substitution. Rising oil prices and moderating cotton prices will lead the polyester industry to grow at a slower rate in the near Future.

Textile Industry which is country's second largest employment generation sector after agriculture, employs over 3.5 crores people has been hit hard since the globe economic slowdown from 2008. It is also facing problems of risk in raw material prices and fluctuation in dollar prices and high cost of credit. India's textile export declined 5.7 % year to year during April to September because of slow down in major markets like the USA & Europe.

Policy of Indian Government. in respect of textile will have substantial effect on the growth of the industry. The present policy of the Government is also support the industries in general and frame an environment to come out from the effects of depression as fast as possible. Developed countries have also initiated process to fule the economy with growth.

Over the years the Indian Government has taken an economic approach that has been influenced, in part by the Socialist movements. The Indian national government has maintained a high and authoritative level of control over certain areas of the Indian economy like the participation of the Private sector, foreign direct investment, and foreign trade.

**OVERVIEW**

The Global events had negative impact on demand Particularly in fuels and petrochemicals product. High Oil Prices hit the whole industry and with that Raw material prices increased time to time and with that resulted in reduced profitability of all yarn manufacturing company and it effect our company badly during the last year and reduced our profitable inspite of turnover. The global economy after recession, witnessed lower economic growth. The European economies stagnated and the US witnessed downgrade in its credit rating while the growth engines of global economy, China and India were forced to tighten liquidity to same rising inflation.

**HUMAN RESOURCES/ INDUSTRIAL RELATION**

The Company provides a congenial and productive work environment with an aim to retaining those who are capable of translating challenges into opportunites and weakness into strength. Your Company is successful in maintaining the cordial and peaceful relationship with the employees at all level and reciprocation it has received wholehearted support at all levels of operation by all employees.

**ENVIRONMENT BAND SAFETY**

The Company is conscious of the importance of environment clean and safe operation. The Company's policy requires the conduct of all operation in such manner so as to ensure safety of all concerned compliance of statutory and industrial requirements for environment protection and conservation of natural resources to the extent possible..

**RISK AND CONCERNS**

Your company remains exposed to adverse movements in raw material prices. Large changes in prices trend to cause uncertainty and reduce demand for domest filament yarn. The Company emphasis on special value added product, Strong marketing capability and brand premium should partly offset this risk. With current rise in Raw material prices and increase in US Dollar prices the margin are expected under pressure. The huge expansion in the industries will also adverse effected to the whole industry.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY**

The Company has effective systems of internal control ensuring accurate, reliable and speedy compilation of financial information, safeguarding the assets and interest of the Company and ensuring compliance with laws and regulation. The Internal control is supplemented by an extention programme of internal audits, review by the management and documented policies, guidelines and procedures.

|                                       |
|---------------------------------------|
| <b>REPORT ON CORPORATE GOVERNANCE</b> |
|---------------------------------------|

**Company's philosophy**

The Company believes that good Corporate Governance is essential to achieve long term corporate goals and to enhance stake holders' value. Corporate Governance is about commitment to values and adhering ethical business. This include its corporate structure, culture, policies and the manner in which it deals with various stake holders.

**Board of Directors**

As on March, 2013 the Company's Board of Directors consisting of Four directors. The day to day affairs are however being looked after by Shri Moahn Gupta who is designated as Whole Time Director out of Three, Non executive directors Shri Promod kumar Tiwari and Shri Anil Singhal are independent directors & Shri Prakash Gupta promoter Director. The Chairman of the Company Shri Anilkumar Singhal is a Non Executive Director.

During the year 2012-2013 the Board met 7th times on 11.04.2012, 16.04.2012, 26.05.2012, 05.06.2012, 14.08.2012, 15.11.2012 and 14.02.2013. The maximum gap between two meeting was not more than four months.

The Company Secretary while preparing the agenda, notes on agenda, minutes etc. of the meeting(s) and holding and conducting the meetings, is responsible for and is required to ensure adherence to all the applicable provisions of law including the Companies Act, 1956 and the Secretarial standards recommended by The Institute of Company Secretaries of India, New Delhi.

The composition of the Board of Directors, attendance of Directors at the Board Meetings and at the last Annual General Meeting as also the number of Directorship and Committee Membership held by them in other companies are given below.

| NAME               | CATEGORY               | MEETINGS ATTENDED | LAST AGM ATTENDED | NO. OF OTHER DIRECTORSHIP | COMMITTEE MEMBERSHIP |
|--------------------|------------------------|-------------------|-------------------|---------------------------|----------------------|
| Shri Anil Singhal  | Independent & Non Exe. | 07                | Yes               | 6                         | 3                    |
| Shri Prakash Gupta | Non Ind. & Executive.  | 06                | Yes               | 5                         | 2                    |
| Shri Mohan Gupta   | Non Ind. & Executive.  | 05                | —                 | 3                         | 3                    |
| Shri P.K. Tiwari   | Independent & Non Exe. | 04                | —                 | 0                         | 3                    |

**Audit Committee**

The Audit Committee consist of two independent Directors namely Shri Anil Singhal and Shri Pramodkumar Tiwari and Shri Prakash Gupta Executive Director. Shri Pramod kumar Tiwari Independent Non Executive Director is the Chairman of Audit Committee.

Terms of reference of the Audit Committee are as per Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreements with the Stock Exchange that interalia includes overseeing financial reporting process, reviewing periodic financial results, financial statements and adequacy of internal control system with the Management and adequacy of internal audit function, discussions with auditor about the scope of audit including the observation of the auditors and discussion with internal auditors on any significant findings dated 26.05.2012, 14.08.2012 15.11.2012 and 14.02.2013.

**Remuneration Committee.**

The remuneration committee consist of two independent Directors namely Shri Anil Singhal and Shri Pramodkumar Tiwari and Shri Prakash Gupta Executive Director. Shri Anil Singhal Independent Non Executive Director is the Chairman of remuneration Committee. The terms of reference of Remuneration Committee is to recommend / review the remuneration package of the Managing Director/ Executive Directors, base on the performance and define criteria.

**Shareholders / Investors / Grievance Committee:**

The Committee consists of 3 members viz Shri Pramodkumar Tiwari, Shri Anilkumar Singhal and Shri Mohan N Gupta.

- a. Shri Avinash Shah Company Secretary of the Company is the Compliance officer.
- b. No. of Shareholders' complaints received during the period 1-04-2012 to 31.03.2013. 02
- c. No. of complaints not solved to the satisfaction of the Shareholders Nil  
 Number of pending complaints as on 31.03.2013. Nil

**Compliances by the Company**

There has neither been any non compliance of any legal provision of applicable law, nor any penalty, structure imposed by the stock exchange or securities and exchange Board of India or any other authorities, on any matter related to capital market during the last three years.

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**Name and designation of Compliance Officer:**

Shri Avinash Shah, Company Secretary of the company has been appointed as compliance officer .

**Means of Communication:**

Financial Results are published in leading Financial Newspaper as well as copies of the same are also being sent to Stock Exchange where the shares of the company is listed for the benefit of the public at large. It is also being displayed on the website of the company [www.guptasynthetics.com](http://www.guptasynthetics.com) with regular updation.

Financial results are published normally in leading English and in Vernacular daily newspaper.

Website of the company is [www.guptasynthetics.com](http://www.guptasynthetics.com).

The company supplies copies of the financial results and annual report of the company to various analysts, registered shares brokers, various government department and agencies and investors/shareholders and all those interested in getting the same as and when requested.

**Stock code:**

The stock code of the company on the Bombay Stock Exchange Ltd. is 514116 and ISIN No. INE 957D01017

**Share Transfer System;**

The Share Transfers (pertaining to shares in physical mode) are approved by the committee of Directors which meets regularly. Total numbers of shares transferred during the financial year 2012-13 were 600 (Six Hundred).

**Shareholding Pattern of Equity Shares as on 31.03.2013:**

| Sr No | Category                 | Number of Shares held | % of Share holdings |
|-------|--------------------------|-----------------------|---------------------|
| 1     | Promoters                | 3746677               | 50.96               |
| 2     | Private Bodies Corporate | 192403                | 02.61               |
| 3     | NRI's                    | 184291                | 02.51               |
| 4     | Indian Public            | 3229329               | 43.92               |
|       | <b>Total</b>             | <b>7352700</b>        | <b>100.00</b>       |

**Distribution of Shareholding:**

| Share or Debenture holding of nominal value of |           | Share / Debenture holders |               | Share / Debenture Amount |               |
|--|-----------|---------------------------|---------------|--------------------------|---------------|
|  |           | Number                    | % to total    | ( In ₹ )                 | % to total    |
| Upto   | 5,000     | 4327                      | 76.38         | 8196080                  | 11.15         |
| 5,001  | 10,000    | 724                       | 12.78         | 5513700                  | 7.50          |
| 10,001   | 20,000    | 323                       | 5.70          | 4839370                  | 6.58          |
| 20,001   | 30,000    | 103                       | 1.82          | 2682570                  | 3.65          |
| 30,001   | 40,000    | 35                        | 0.62          | 1219990                  | 1.66          |
| 40,001   | 50,000    | 40                        | 0.71          | 1839540                  | 2.50          |
| 50,001   | 1,00,000  | 56                        | 0.99          | 3985820                  | 5.42          |
| 1,00,001                                       | and above | 57                        | 1.00          | 45249930                 | 61.54         |
| <b>T O T A L</b>                               |           | <b>5665</b>               | <b>100.00</b> | <b>73527000</b>          | <b>100.00</b> |

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**Share price for the period April,2012 to March,2013**

| MONTHS    | HIGH  | LOW   |
|-----------|-------|-------|
| APRIL     | 06.25 | 05.24 |
| MAY       | 06.39 | 05.66 |
| JUNE      | 06.50 | 05.03 |
| JULY      | 05.77 | 04.61 |
| AUGUST    | 05.82 | 04.30 |
| SEPTEMBER | 05.10 | 04.00 |
| OCTOBER   | 04.37 | 03.68 |
| NOVEMBER  | 04.98 | 03.40 |
| DECEMBER  | 04.60 | 03.77 |
| JANUARY   | 04.74 | 03.71 |
| FEBRUARY  | 04.49 | 03.68 |
| MARCH     | 03.68 | 03.34 |

These Data is from BSE site: [www.bseindia.com](http://www.bseindia.com)

**General Body Meetings**

Location and time, where last three AGMs held :

| For the Year Ended | Location  | Date       | Time       |
|--------------------|---|------------|------------|
| 31-03-2010         | 326, Sardar Gruh Building, 198 Laok Maniya Tilak Road, Mumbai 400 002                                   | 29-09-2010 | 12.30 p.m. |
| 31-03-2011         | 326,Sardar Gruh Building, 198 Laok Maniya Tilak Road, Mumbai 400 002                                    | 23-12-2011 | 12.30 p.m. |
| 31.03.2012         | Maharashtra Chamber of Commerce, Industry of Agriculture, Oricon House12, k, Dubhash Marg, Fort, Mumbai | 04.07.2012 | 11.30 a.m. |

Whether Special Resolutions

- 1) Were put through postal ballot last year : No
- 2) Details of voting pattern : N.A.
- 3) Person who conducted the postal ballot exercise : N.A.
- 4) Are votes proposed to be conducted through postal ballot this year. : No.

**Nomination facility:**

Your Company has already offered the facility of nomination to the members. Individual shareholders can avail of the facility of nomination and may submit to the company the prescribed form 2B at the Registered Office of the Company. It is advisable to avail the facility especially by shareholders who currently hold shares in single name. In case of any assistance, please contact at the Registered Office or Corporate office of the Company.

**Disclosure:**

There has neither been any non-disclosure of any legal provision of applicable law, nor any penalties or structures have been imposed on the company by the statutory authority on any matter related to capital market during last three years.

**Address for correspondence:**
**Regd.office:**

326, Sardar Gruh Building, 198, Lokmanya Tilak Road, Nr. Crawford Market, Mumbai- 400002. Tel:-022-22000356, Fax:-022-22000357.

Email:-shahavinash@guptasynthetics.com [investorgrievances@guptasynthetics.com](mailto:investorgrievances@guptasynthetics.com)

**Corporate Office:**

101, Trividh Chambers, Opp. Fire Brigade Station, Ring Road, Surat-395 002.

Tel:-0261-2335891, Fax:-0261-2313301, E-mail : [info@guptasynthetics.com](mailto:info@guptasynthetics.com)

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**CERTIFICATE ON CORPORATE GOVERNANCE**

To,  
The Members,  
Gupta Synthetics Limited

We have examined the compliance of conditions of Corporate Governance by **Gupta Synthetics Limited** for the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

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 statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied in material respects with the conditions of corporate governance as stipulated in the above mentioned Listing agreement.

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

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

For **R. R. Patchigar & Co.**  
*Chartered Accountants,*

**R. R. Patchigar**  
*(Proprietor)*  
M.No. 31172

Place : Surat  
Date : 12.08.2013

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**CERTIFICATE BY CHIEF EXECUTIVE OFFICER OF THE COMPANY**

We Mohan Gupta Whole-time Director and Chief Executive Officer of Gupta Synthetics Limited , to best of our knowledge and belief certify that:

We have reviewed the Balance Sheet and Profit & Loss Account of the Company for the year ended March 31, 2013 and all its schedules and notes on account, as well as the Cash Flow Statement.

To the best of our knowledge and information

These statement do not contain any materially untrue statement or omit to state a material fact or contains statement that might be misleading:

These statement together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

We also certify, that based on our knowledge and the information provided to us, there are no transactions entered into by the Company, which are fraudulent, illegal violate the company's code of conduct.

We are responsible for establishing and maintaining internal controls and procedures for the Company, and we have evaluated the effectiveness of the Company's controls and procedures.

We have disclosed , based on our most recent evaluation, wherever applicable, to the Company's auditors and through them to the audit committee of the Company's Board of Directors:

We also certify that there have been no significant changes in internal control during the year and also there have been no significant changes in accounting policies during the year.

Any fraud, which we have become aware of and that involves Management or other employees who have a significant role in the Company's internal control systems.

We further declare that all board members and senior management have affirmed compliance with the code of conduct for the year 2012-2013.

Place : Surat  
Date : 12.08.2013

**Mr Mohan Gupta**  
(CEO & Whole time Director)

|                         |
|-------------------------|
| <b>AUDITORS' REPORT</b> |
|-------------------------|

To,  
The Members of  
GUPTA SYNTHETICS LIMITED

**Report on the Financial Statements**

We have audited the accompanying financial statements of **GUPTA SYNTHETICS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and 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.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements gives the information required by the Act in the manner so required and in conformity with the accounting principles generally accepted in India and gives a true and fair view subject to loss of Stock in Fire of ₹ 2162.93 Lacs not provided by the company as mentioned in the Note No. 43 forming part of balance sheet.

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b. in the case of the Profit and Loss Account, of the **loss** 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:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from branches not visited by us.
  - c. 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 and with the returns received from branches not visited by us;

- d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
- e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **R. R. Patchigar & Co.**  
*Chartered Accountants,*  
FRN: 107639W

Place : Surat  
Date : 07.06.2013

**Rupin Patchigar**  
*(Proprietor)*  
M.No. 31172



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|---|
| <b>ANNEXURE 'A' TO AUDITORS' REPORT</b> |
|---|

1. In respect of fixed assets :
  - a. The Company has maintained proper records to showing full particulars including quantitative details and situation of Fixed Assets.
  - b. As explained to us, the physical verification of the assets has been carried by the management at reasonable intervals and no material discrepancies were noticed on such verification.
  - c. Further in our opinion, the company has not disposed off substantial part of fixed assets affecting its going concern status during the financial year.
2. In respect of its inventories :
  - a. As explained to us, inventories have been physically verified by the management at regular intervals during the year.
  - b. In our opinion and according to information and explanations given to us, the procedure of physical verification of inventories followed by the management is reasonable and adequate in relation to the size of the company and nature of its business.
  - c. In our opinion and according to the information and explanations given to us, the company has maintained proper record of its inventories and no material discrepancies noticed on physical verification in stock.
3. In respect of loans, secured or unsecured, granted or taken by the company to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
  - a. The company had granted unsecured loans to company and other parties covered in the register maintained under Section 301 of the Companies Act, 1956 and year - end balance of the loan granted is ₹ 382.57 Lacs.
  - b. The loan granted by the company is interest free.
  - c. The principal amount is repayable on demand and there is no repayment schedule.
  - d. In respect of the said loan, the same is repayable on demand and therefore the question of overdue amounts does not arise.
  - e. The company has taken unsecured loans from companies covered in the register maintained under section 301 of the Companies Act, 1956 and year - end balance of the loan taken from such parties is ₹ 146.37 Lacs.
  - f. In respect to loans taken by the company from body corporate and related parties are interest free.
  - g. In respect of the said loan taken, the same is payable on demand and therefore the question of overdue amounts does not arise.
4. In our opinion, there is an adequate internal control procedure that commensurate with the size of the company and the nature of its business with regard to purchase of inventory, fixed assets and with regard to sale of goods. During the course of our audit, we have not observed any major weakness in internal controls.
5. In respect of transaction covered under Section 301 of the Companies Act, 1956 :
  - a. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 have been so entered.
  - b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Act and exceeding the value of the five lacs rupees in respect of any party during the year have been made at price which are reasonable having regard to prevailing market prices at the relevant time.
6. In our opinion and according to the information and explanations given to us, the company has not accepted deposits in terms of provisions of Section 58A and 58AA of the Companies Act, 1956.
7. The company does not have an internal audit system that commensurate with its size and nature of the business.

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8. We have broadly reviewed the books of accounts maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956, and Companies (Cost accounting records Rule), 2011, and are of the opinion that prima-facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of records with a view to determine whether they are accurate or complete.

9. a. According to the records of the Company, undisputed statutory dues including Provident Fund, Income tax, Sales tax, Custom Duty, Excise Duty, Cess and other material statutory dues have been generally regularly deposited with the appropriate authorities.

There are no undisputed amounts payable in respect of Income tax, Sales tax, Custom Duty, Excise Duty, Cess and other material statutory dues as at 31<sup>st</sup> March, 2013 which are outstanding for a period of more than six months from the date they become payable, except income tax of ₹ 30.09 lacs, fringe benefit tax of ₹ 16.33 lacs, and tax on proposed dividend of ₹ 5.03 lacs are outstanding exceeding six month from the end of the financial year.

b. According to the information and explanations given to us and the records produced before us, the particulars of commercial tax and excise duty and service tax as at 31st March 2013 which have not been deposited as on 31<sup>st</sup> March, 2013 on account of dispute pending are as under:

| Nature of Statute        | Nature of Dues              | ₹ in Lacs     | Period to which Amount relates        | Forum where dispute is pending                          |
|--------------------------|-----------------------------|---------------|---------------------------------------|---|
| Gujarat Commercial Tax   | Value Added Tax / Penalties | 33.48         | 2006-07                               | Gujarat Value Added Tax Appellate Tribunal              |
|                          |                             | 80.83         | 2007-08                               | Deputy Commissioner of Commercial Tax                   |
|                          |                             | 4.12          | 2008-09                               |   |
|                          |                             | 172.22        | 2009-10                               |   |
|                          |                             | 87.56         | 2010-11                               |   |
| Central Excise Act, 1944 | Excise Duty and Service Tax | 26.45         | Various years from 2002-03 to 2007-08 | Customs, Excise & Service Tax Appellate Tribunal        |
|                          |                             | 63.92         | Various years from 2005-06 to 2010-11 | Commissioner of Central Excise (Appeals)                |
|                          |                             | 53.41         | Various years from 2006-07 to 2010-11 | Additional Commissioner of Central Excise & Service Tax |
| <b>Total</b>             |                             | <b>521.99</b> |                                       |   |

10. At the end of the financial year the accumulated losses of the Company have exceeded its net worth. Further the company has incurred cash loss during current and preceding financial year. The Company has an accumulated loss of ₹ 7153.81 Lacs as on 31<sup>st</sup> March 2013 and the Company has incurred cash losses of ₹ 2541.11 Lacs and ₹ 1059.18 Lacs during such financial year and in the immediately preceding financial year respectively.

11. Based on our audit procedures and according to the information and explanations given to us, the company has defaulted in repayment of dues towards their Term Loan Accounts with ING Vysya Bank Ltd., Oriental Bank of Commerce, Industrial Development Bank of India and State Bank of India. Details of period and amount of default are as under:

| Sr. No. | Name of the Bank                     | Amount of default(₹ in lacs) |
|---------|--------------------------------------|------------------------------|
| 1       | ING Vysya Bank Ltd.                  | 1368.14                      |
| 2       | Oriental Bank of Commerce            | 606.93                       |
| 3       | Industrial Development Bank of India | 1635.06                      |
| 4       | State Bank of India                  | 2253.88                      |

The amount of default includes principal and interest.

12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.
13. In our opinion the company is not a chit fund or a nidhi / mutual benefit fund / society, therefore, clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 is not applicable to the company.
14. The company is not dealing or trading in shares, securities, debentures and other investment. However the company has invested in shares and securities as mentioned in Note ₹9' to the accounts. Since the investment are made with a view to earn dividend, interest for capital appreciation and for other benefits, the question of the company maintaining separate records of the transactions and contracts and making timely entries therein does not arise. These shares and securities are held by the Company in its own name.
15. The company has pledged certain shares held as investments as guarantees for loans taken by others from banks or financial institutions.
16. According to the information and explanations given to us, term loan were applied for the purpose for which the loans were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that funds raised on short term basis have, prima facie, not been used for long term investment during the year.
18. During the year, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Companies Act, 1956.
19. During the financial year, the company did not issue any debentures. Hence the provision of clause 4 (xix) of the Companies (Auditor's Report) Order, 2003 regarding creation of security or charge for debentures are not presently applicable to the company.
20. The company has not raised money by way of public issue during the year.
21. In our opinion and according to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

For **R. R. Patchigar & Co.**  
Chartered Accountants,  
FRN: 107639W

Place : Surat  
Date : 07.06.2013

**Rupin Patchigar**  
(Proprietor)  
M.No. 31172

**BALANCE SHEET AS AT 31ST MARCH, 2013**

(Amount in ₹.)

| Particulars   | Note No. | As at<br>31.03.2013  | As at<br>31.03.2012  |
|---|----------|----------------------|----------------------|
| <b>I. EQUITY AND LIABILITIES :</b>                  |          |                      |                      |
| <b>1. SHARE HOLDER'S FUND</b>                       |          |                      |                      |
| a) Share Capital                                    | 1        | 223,527,000          | 223,527,000          |
| b) Reserve & Surplus                                | 2        | (569,174,735)        | (249,244,405)        |
| c) Money received against share warrants            |          | -                    | -                    |
|   |          | <u>(345,647,735)</u> | <u>(25,717,405)</u>  |
| <b>2. SHARE APPLICATION MONEY PENDING ALLOTMENT</b> |          |                      |                      |
|   |          | -                    | -                    |
| <b>3. NON-CURRENT LIABILITIES</b>                   |          |                      |                      |
| a) Long term borrowings                             | 3        | 3,293,162            | 5,170,394            |
| b) Deferred tax liabilities (Net)                   |          | 138,374,311          | 139,045,019          |
| c) Other long term liabilities                      |          | -                    | -                    |
| d) Long term provisions                             |          | -                    | -                    |
|   |          | <u>141,667,473</u>   | <u>144,215,413</u>   |
| <b>4. CURRENT LIABILITIES</b>                       |          |                      |                      |
| a) Short term borrowings                            | 4        | 2,086,336,898        | 2,043,104,822        |
| b) Trade payables                                   | 5        | 146,995,859          | 298,800,561          |
| c) Other current liabilities                        | 6        | 366,502,376          | 269,586,742          |
| d) Short term provisions                            | 7        | 11,042,793           | 14,820,032           |
|   |          | <u>2,610,877,926</u> | <u>2,626,312,156</u> |
|   |          | <u>2,406,897,664</u> | <u>2,744,810,164</u> |
| <b>II. ASSETS :</b>                                 |          |                      |                      |
| <b>1. NON - CURRENT ASSETS</b>                      |          |                      |                      |
| a) Fixed assets                                     | 8        |                      |                      |
| i) Tangible assets                                  |          | 895,912,034          | 963,016,507          |
| ii) Intangible assets                               |          | -                    | 62,065               |
| iii) Capital work-in-progress                       |          | -                    | -                    |
| iv) Intangible assets under development             |          | -                    | -                    |
|   |          | <u>895,912,034</u>   | <u>963,078,572</u>   |
| b) Non-current investments                          | 9        | 12,676,500           | 12,680,500           |
| c) Deferred Tax Assets (Net)                        |          | -                    | -                    |
| d) Long term loans and advances                     | 10       | 71,683,183           | 76,935,697           |
| e) Other non-current assets                         | 11       | 10,992,736           | 15,902,092           |
|   |          | <u>991,264,452</u>   | <u>1,068,596,861</u> |
| <b>2. CURRENT ASSETS</b>                            |          |                      |                      |
| a) Current investments                              |          | -                    | -                    |
| b) Inventories                                      | 12       | 250,100,494          | 387,136,100          |
| c) Trade receivables                                | 13       | 806,776,849          | 854,834,597          |
| d) Cash and cash equivalents                        | 14       | 12,804,037           | 50,546,067           |
| e) Short-term loans and advances                    | 15       | 345,951,831          | 383,696,540          |
| f) Other current assets                             |          | -                    | -                    |
|   |          | <u>1,415,633,212</u> | <u>1,676,213,304</u> |
|   |          | <u>2,406,897,664</u> | <u>2,744,810,164</u> |

**Significant accounting policies and notes on accounts** 24 to 48

As per our report of even date attached  
**FOR R. R. Patchigar & CO.,**  
 Chartered Accountants  
 FRN: 107639W  
**(R. R. Patchigar)**  
 Proprietor  
 Membership No. : 31172  
 Place : Surat  
 Date : 07.06.2013

FOR AND ON BEHALF OF THE BOARD

**Prakash Gupta** *Managing Director*
**Mohan Gupta** *Whole-time Director*
**Avinash Shah** *Company Secretary*

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| <b>PROFIT &amp; LOSS ACCOUNT FOR THE YEAR ENDED ON 31ST MARCH, 2013</b> |
|---|

(Amount in ₹.)

| Particulars   | Note No. | As at<br>31.03.2013  | As at<br>31.03.2012  |
|---|----------|----------------------|----------------------|
| I. Revenue from operations  | 16       | 1,339,824,309        | 3,417,718,073        |
| II. Other Incomes   | 17       | 4,420,272            | 261,260,762          |
| III. Total Revenue (I + II)   |          | <u>1,344,244,582</u> | <u>3,678,978,835</u> |
| IV. Expenses  |          |                      |                      |
| Cost of Materials consumed  | 18       | 854,656,932          | 2,131,705,592        |
| Purchase of Stock-in-Trade  |          | 97,410,372           | 662,315,732          |
| Changes in inventories  | 19       | 125,665,526          | 294,451,597          |
| Employee benefits expense   | 20       | 31,578,553           | 46,973,495           |
| Finance costs   | 21       | 188,116,335          | 175,221,342          |
| Depreciation and amortization expense                                       | 8        | 66,489,547           | 67,117,289           |
| Other expenses  | 22       | 300,257,782          | 474,229,445          |
|   |          | <u>1,664,175,047</u> | <u>3,852,014,492</u> |
| V. Profit before exceptional and extraordinary items and tax (III - IV)     |          | (319,930,465)        | (173,035,657)        |
| VI. Exceptional items   | 23       | 670,573              | -                    |
| VII. Profit before extraordinary items and tax (V - VI)                     |          | (320,601,038)        | (173,035,657)        |
| VIII. Extraordinary items   |          | -                    | -                    |
| IX. Profit before tax (VII - VIII)  |          | (320,601,038)        | (173,035,657)        |
| X. Tax expense  |          |                      |                      |
| Current tax   |          |                      |                      |
| Deferred tax Liability / (Asset)  |          | (670,708)            | 2,451,133            |
|   |          | <u>(670,708)</u>     | <u>2,451,133</u>     |
| XI. Profit / (Loss) for the period from continuing operations (VII - VIII)  |          | (319,930,330)        | (175,486,790)        |
| XII. Profit / (Loss) for the period from discontinuing operations           |          | -                    | -                    |
| XIII. Tax expense of discontinuing operations                               |          | -                    | -                    |
| XIV. Profit / (Loss) from discontinuing operations (after tax) (XII - XIII) |          | -                    | -                    |
| XV. Profit / (Loss) for the period (XI + XIV)                               |          | <u>(319,930,330)</u> | <u>(175,486,790)</u> |
| XVI. Earnings per equity share: (Refer Note No. 41)                         |          |                      |                      |
| Basic   |          | (43.51)              | (23.87)              |
| Diluted   |          | (43.51)              | (23.87)              |

As per our Report of even date annexed

24 to 48

As per our report of even date attached

FOR R. R. Patchigar &amp; CO.,

Chartered Accountants

FRN: 107639W

(R. R. Patchigar)

Proprietor

Membership No. : 31172

Place : Surat

Date : 07.06.2013

FOR AND ON BEHALF OF THE BOARD

Prakash Gupta

Managing Director

Mohan Gupta

Whole-time Director

Avinash Shah

Company Secretary

**NOTES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2013**

(Amount in ₹.)

| Particulars   | As at<br>31st March 2013 | As at<br>31st March 2012 |
|---|--------------------------|--------------------------|
| <b>NOTE 1 : SHARE CAPITAL</b>                                       |                          |                          |
| Authorised Share Capital :  |                          |                          |
| 1,50,00,000 Equity Share of ₹ 10 each                               | 150,000,000              | 150,000,000              |
| 15,00,000 Preference Share of ₹ 100 each                            | 150,000,000              | 150,000,000              |
|   | <u>300,000,000</u>       | <u>300,000,000</u>       |
| <b>Issued, Subscribed and paid-up capital : (Refer Note No. 26)</b> |                          |                          |
| Equity Shares of ₹ 10 each  |                          |                          |
| Opening Balance : 73,52,700 equity shares                           | 73,527,000               | 73,527,000               |
| Add : Addition of equity shares during the year                     | -                        | -                        |
| Less : Deduction of equity shares during the year                   | -                        | -                        |
|   | <u>73,527,000</u>        | <u>73,527,000</u>        |
| <b>Redeemable Non-Cummulative Preference Shares of ₹ 100 each</b>   |                          |                          |
| Opening Balance : 15,00,000 preference shares                       | 150,000,000              | 150,000,000              |
| Add : Addition of preference shares during the year                 | -                        | -                        |
| Less : Deduction of preference shares during the year               | -                        | -                        |
|   | <u>150,000,000</u>       | <u>150,000,000</u>       |
|   | <u>223,527,000</u>       | <u>223,527,000</u>       |
| <b>NOTE 2 : RESERVES AND SURPLUS</b>                                |                          |                          |
| <b>Capital Reserve</b>  |                          |                          |
| Opening Balance   | 30,147,750               | 103,000                  |
| Add : Addition during the year                                      | -                        | 30,044,750               |
| Less : Deduction during the year                                    | -                        | -                        |
|   | <u>30,147,750</u>        | <u>30,147,750</u>        |
| <b>General Reserve</b>  |                          |                          |
| Opening Balance   | 30,014,049               | 30,014,049               |
| Add : Addition during the year                                      | -                        | -                        |
| Less : Deduction during the year                                    | -                        | -                        |
|   | <u>30,014,049</u>        | <u>30,014,049</u>        |
| <b>Securities Premium Reserve</b>                                   |                          |                          |
| Opening Balance   | 86,044,500               | 86,044,500               |
| Add : Addition during the year                                      | -                        | -                        |
| Less : Deduction during the year                                    | -                        | -                        |
|   | <u>86,044,500</u>        | <u>86,044,500</u>        |
| <b>Surplus</b>  |                          |                          |
| Opening Balance   | (395,450,704)            | (219,963,914)            |
| Add : Addition during the year                                      | (319,930,330)            | (175,486,790)            |
| Less : Deduction during the year                                    | -                        | -                        |
|   | <u>(715,381,034)</u>     | <u>(395,450,704)</u>     |
|   | <u>(569,174,735)</u>     | <u>(249,244,405)</u>     |

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(Amount in ₹.)

| Particulars                                 | As at<br>31st March 2013 | As at<br>31st March 2012 |
|---|--------------------------|--------------------------|
| <b>NOTE 3 : LONG TERM BORROWINGS</b>        |                          |                          |
| <b>SECURED BORROWINGS</b>                   |                          |                          |
| Term Loans:                                 |                          |                          |
| From Banks towards car loan                 | 3,293,162                | 5,170,394                |
|   | <b>3,293,162</b>         | <b>5,170,394</b>         |
| <b>NOTE 4 : SHORT TERM BORROWINGS</b>       |                          |                          |
| <b>SECURED BORROWINGS</b>                   |                          |                          |
| <u>Loan from banks repayable on demand:</u> |                          |                          |
| Term loan from bank                         | 927,536,773              | 903,383,510              |
| Working capital loan from bank              | 762,493,529              | 704,602,590              |
| Overdrawn bank accounts                     | 25,429,462               | 17,078,326               |
| <u>Other loan and advances</u>              |                          |                          |
| LC facility by bank                         | -                        | 5,147,110                |
| <b>UNSECURED BORROWINGS</b>                 |                          |                          |
| Loans and advances from related parties     | 14,636,731               | 37,778,230               |
| <u>Other loans and advances :</u>           |                          |                          |
| From Shareholders                           | -                        | 16,137,531               |
| From Body Corporate                         | 321,030,234              | 323,425,858              |
| From Others                                 | 35,210,169               | 35,551,666               |
|   | <b>2,086,336,898</b>     | <b>2,043,104,822</b>     |
| <b>NOTE 5 : TRADE PAYABLES</b>              |                          |                          |
| Creditors (Refer Note No. 29)               |                          |                          |
| For Goods                                   | 93,309,176               | 223,296,093              |
| For Expenses                                | 48,754,372               | 70,572,157               |
| For Capital Goods                           | 4,932,310                | 4,932,310                |
|   | <b>146,995,859</b>       | <b>298,800,561</b>       |
| <b>NOTE 6 : OTHER CURRENT LIABILITIES</b>   |                          |                          |
| Interest accrued and due on borrowings      | 337,530,630              | 237,640,081              |
| Advance from customers                      | 27,286,218               | 13,449,736               |
| Others :                                    |                          |                          |
| Outstanding expenses                        | 1,685,528                | 18,496,925               |
|   | <b>366,502,376</b>       | <b>269,586,742</b>       |
| <b>NOTE 7 : SHORT TERM PROVISIONS</b>       |                          |                          |
| Provision for Employee benefits:            |                          |                          |
| LTA Payable                                 | 165,544                  | 274,719                  |
| Provident Fund Payable                      | 110,343                  | 1,572,071                |
| Salary and bonus payable                    | 4,522,168                | 6,509,033                |
| Others :                                    |                          |                          |
| Provision for Income Tax                    | 3,009,555                | 3,009,555                |
| Provision for Fringe Benefit Tax            | 1,633,434                | 1,633,434                |
| Provision for Dividend                      | 130,339                  | 130,339                  |
| Provision for Tax on Proposed Dividend      | 502,829                  | 502,829                  |
| Provision for Vat / Entry Tax               | 604,406                  | -                        |
| T.D.S. / T.C.S. Payable                     | 364,175                  | 1,188,052                |
|   | <b>11,042,793</b>        | <b>14,820,032</b>        |

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**NOTE 8 : FIXED ASSETS**

| ASSETS                  | GROSS BLOCK         |           |                                   | DEPRECIATION        |             |                 |                     | NET BLOCK           |                     |
|-------------------------|---------------------|-----------|-----------------------------------|---------------------|-------------|-----------------|---------------------|---------------------|---------------------|
|                         | As at<br>01.04.2012 | Additions | Deductions<br>As at<br>31.03.2013 | As at<br>01.04.2012 | Deductions  | For the<br>year | As at<br>31.03.2013 | As At<br>31.03.2013 | As at<br>31.03.2012 |
| Land                    | 26,240,994          | -         | 26,240,994                        | -                   | -           | -               | -                   | 26,240,994          | 26,240,994          |
| Building                | 212,569,250         | -         | 212,569,250                       | 46,238,315          | -           | 6,966,755       | 53,205,070          | 159,364,180         | 166,330,935         |
| Plant & Machineries     | 1,118,164,466       | 159,194   | 1,118,323,660                     | 372,610,798         | -           | 55,738,878      | 428,349,676         | 689,973,984         | 745,553,668         |
| Furniture & Fixtures    | 13,381,768          | -         | 13,381,768                        | 6,277,881           | -           | 554,184         | 6,832,065           | 6,549,703           | 7,103,887           |
| Vehicles                | 24,518,888          | -         | 1,110,719                         | 23,408,169          | 9,726,721   | 208,934         | 1,820,027           | 11,337,814          | 12,070,355          |
| Office Equipments       | 12,220,632          | 65,600    | 12,286,232                        | 9,225,776           | -           | 1,347,638       | 10,573,414          | 1,712,818           | 2,994,856           |
| Total Tangible Assets   | 1,407,095,998       | 224,794   | 1,110,719                         | 1,406,210,073       | 444,079,491 | 208,934         | 66,427,482          | 510,298,039         | 895,912,034         |
| Computer Software       | 7,087,455           | -         | 7,087,455                         | 7,025,390           | -           | 62,065          | 7,087,455           | -                   | 62,065              |
| Total Intangible Assets | 7,087,455           | -         | -                                 | 7,087,455           | 7,025,390   | -               | 62,065              | 7,087,455           | -                   |
| Total Assets            | 1,414,183,453       | 224,794   | 1,110,719                         | 1,413,297,528       | 451,104,881 | 208,934         | 66,489,547          | 517,385,494         | 895,912,034         |
| PREVIOUS YEAR           | 1,412,642,335       | 1,541,118 | -                                 | 1,414,183,453       | 383,987,592 | -               | 67,117,289          | 451,104,881         | 963,078,572         |

(Amount in ₹.)

| Particulars | As at<br>31st March 2013 | As at<br>31st March 2012 |
|-------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|

**NOTE 9 : NON-CURRENT INVESTMENTS**
**Investment in Equity Instruments (at Cost)**
**Quoted :** (Refer Note No. 42)

701000 Equity Shares of Rs. 5 each fully paid up of CIL Nova Petrochemicals Ltd. **6,331,500** 6,331,500  
(Market Value as on 31.03.2013\* is INR 11,987,100)

1135800 Equity Shares of Rs. 5 each fully paid up of GSL Nova Petrochemicals Ltd. **6,331,500** 6,331,500  
(Market Value as on 31.03.2013\* is INR 1,306,170)

\*Note : 31.03.2013 being a Sunday closing rate as on 29.03.2013 is considered.

**Unquoted :**

|  |                   |                   |
|--|-------------------|-------------------|
| 50 Equity shares of Rs.10 each fully paid-up of Anamika Syntex Pvt Ltd.        | <b>500</b>        | 500               |
| 50 Equity shares of Rs.10 each fully paid-up of Rivera Tex Prints Pvt Ltd.     | <b>500</b>        | 500               |
| 10 Equity shares of Rs.100 each fully paid-up of Sharp Synthetics Pvt Ltd.     | <b>1,000</b>      | 1,000             |
| 50 Equity shares of Rs.10 each fully paid-up of Sangam Silk Mills Pvt Ltd.     | <b>500</b>        | 500               |
| 100 Equity shares of Rs.10 each fully paid-up of Gupta Agro Farms Pvt Ltd.     | <b>1,000</b>      | 1,000             |
| 400 Equity shares of Rs.10 each fully paid-up of Gaurav Silk Mills Pvt. Ltd.   | -                 | 4,000             |
| 400 Equity shares of Rs.10 each fully paid-up of Micro Filaments Pvt. Ltd.     | <b>4,000</b>      | 4,000             |
| 400 Equity shares of Rs.10 each fully paid up of Novarties Syntex Pvt. Ltd.    | <b>4,000</b>      | 4,000             |
| 100 Equity shares of Rs.10 each fully paid up of Millennium Infosoft Pvt. Ltd. | <b>1,000</b>      | 1,000             |
| 100 Equity shares of Rs.10 each fully paid up of Comptel Infosys Pvt Ltd.      | <b>1,000</b>      | 1,000             |
|  | <b>12,676,500</b> | <b>12,680,500</b> |

**NOTE 10 : LONG TERM LOANS AND ADVANCES**

|                                       |                   |            |
|---------------------------------------|-------------------|------------|
| Security Deposits                     | <b>3,456,183</b>  | 2,990,647  |
| Loans and Advances to Related Parties | <b>38,257,000</b> | 38,137,000 |
| Other Loans and Advances              |                   |            |
| Advances to Associates                | <b>29,970,000</b> | 35,808,050 |
|                                       | <b>71,683,183</b> | 76,935,697 |



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(Amount in ₹.)

| Particulars | As at<br>31st March 2013 | As at<br>31st March 2012 |
|-------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|

**NOTE 11 : OTHER NON-CURRENT ASSETS**

**I. Pre-Operative Expenses :**

|                                |                   |                   |
|--------------------------------|-------------------|-------------------|
| Opening Balance                | 14,259,109        | 17,525,482        |
| Add : Addition during the year | -                 | -                 |
|                                | 14,259,109        | 17,525,482        |
| Less : W/off During the year   | 3,266,373         | 3,266,373         |
| <b>SUB - TOTAL (A)</b>         | <b>10,992,736</b> | <b>14,259,109</b> |

**II. Deferred Revenue Expenses :**

|                                |           |                  |
|--------------------------------|-----------|------------------|
| Opening Balance                | 1,642,983 | 3,285,967        |
| Add : Addition during the year | -         | -                |
|                                | 1,642,983 | 3,285,967        |
| Less : W/off During the year   | 1,642,983 | 1,642,984        |
| <b>SUB - TOTAL (B)</b>         | <b>-</b>  | <b>1,642,983</b> |

|                        |                   |                   |
|------------------------|-------------------|-------------------|
| <b>TOTAL (A) + (B)</b> | <b>10,992,736</b> | <b>15,902,092</b> |
|------------------------|-------------------|-------------------|

**NOTE 12 : INVENTORIES** (Refer Note No. 43)  
(As taken, vauled and certified by the Management)

|                                       |             |             |
|---------------------------------------|-------------|-------------|
| Raw Materials                         | 16,134,318  | 11,505,362  |
| Work - in - Process                   | 200,687,545 | 281,070,575 |
| Finished Goods                        | 9,801,843   | 55,084,339  |
| Stores and Spares / Packing Materials | 22,675,472  | 35,276,847  |
| Spinning Oil / LDO                    | 801,316     | 4,198,977   |
|                                       | 250,100,494 | 387,136,100 |

**NOTE 13 : TRADE RECEIVABLES** (Unsecured, considered good)

|   |             |             |
|---|-------------|-------------|
| Trade receivables outstanding for a period exceeding 6 months | 139,065,993 | 149,642,676 |
| Others trade receivables                                      | 667,710,856 | 705,191,921 |
|   | 806,776,849 | 854,834,597 |

**NOTE 14 : CASH AND CASH EQUIVALENTS**

|                           |            |            |
|---------------------------|------------|------------|
| Bank Balance with Banks : |            |            |
| In Current Accounts       | 170,492    | 12,347,854 |
| As Bank Gurantees         | 5,876,287  | 7,897,197  |
| As Margin Money           | 680,144    | 13,098,317 |
| Cheques, drafts on hand   | 6,000,000  | 15,000,000 |
| Cash in Hand              | 77,115     | 2,202,699  |
|                           | 12,804,037 | 50,546,067 |

| (Amount in ₹.)  |                          |                          |
|---|--------------------------|--------------------------|
| Particulars   | As at<br>31st March 2013 | As at<br>31st March 2012 |
| <b>NOTE 15 : SHORT TERM LOANS AND ADVANCES</b>              |                          |                          |
| (Unsecured, considered good)                                |                          |                          |
| Others:   |                          |                          |
| Advances to brokers   | 1,302,345                | 1,328,452                |
| Advances to Suppliers                                       | 24,711,843               | 59,010,054               |
| Advances to Others  | 10,345,792               | 9,890,891                |
| Interest Receivable (Refer Note No. 33)                     | 79,151,649               | 79,151,649               |
| Claim Receivable from Insurance Company (Refer Note No. 43) | 216,293,654              | 216,293,654              |
| Prepaid Expenses  | 418,961                  | 1,649,096                |
| <u>Taxes and duties</u>                                     |                          |                          |
| Service Tax Receivable                                      | 365,871                  | 331,354                  |
| Vat Receivable  | 9,644,283                | 10,043,006               |
| Balance with Central Excise Authority                       | 1,486,359                | 3,961,159                |
| TDS Receivable  | 2,231,074                | 2,037,225                |
|   | <u>345,951,831</u>       | <u>383,696,540</u>       |

**NOTES FORMING PART OF PROFIT & LOSS STATEMENT  
FOR THE YEAR ENDED 31.03.2013**

| (Amount in ₹.)  |                          |                          |
|---|--------------------------|--------------------------|
| Particulars   | As at<br>31st March 2013 | As at<br>31st March 2012 |
| <b>NOTE 16 : REVENUE FROM OPERATIONS</b>                      |                          |                          |
| Sale of products  |                          |                          |
| Domestics Sales   | 1,496,108,942            | 3,670,818,237            |
| Export Sales  | 6,316,925                | 15,196,067               |
|   | <u>1,502,425,867</u>     | <u>3,686,014,303</u>     |
| Less : Excise Duty  | 151,850,627              | 259,876,852              |
| Sales Return  | 10,750,931               | 8,419,378                |
|   | <u>1,339,824,309</u>     | <u>3,417,718,073</u>     |
| <b>NOTE 17 : OTHER INCOMES</b>                                |                          |                          |
| Other Interest Income   | 731,696                  | 920,474                  |
| Bank Interest Income  | 1,787,888                | 1,223,778                |
| Excess interest charged by bank written back                  | -                        | 35,946,738               |
| Claim Receivable on Loss of Stock on Fire (Refer Note No. 43) | -                        | 205,151,499              |
| Creditors and advances written back                           | -                        | 14,717,912               |
| Insurance Claim Received                                      | 1,900,688                | 3,300,361                |
|   | <u>4,420,272</u>         | <u>261,260,762</u>       |

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(Amount in ₹.)

| Particulars | As at<br>31st March 2013 | As at<br>31st March 2012 |
|-------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|

**NOTE 18 : COST OF MATERIALS CONSUMED**

|                                      |             |               |
|--------------------------------------|-------------|---------------|
| Opening Stock of Material            | 11,505,362  | 21,072,971    |
| Add : Purchases made during the year | 859,285,888 | 2,122,137,983 |
|                                      | 870,791,250 | 2,143,210,954 |
| Less : Closing Stock of Material     | 16,134,318  | 11,505,362    |
|                                      | 854,656,932 | 2,131,705,592 |

**NOTE 19 : CHANGES IN INVENTORIES**

**OPENING STOCK :**

|                 |             |             |
|-----------------|-------------|-------------|
| Work in Process | 281,070,575 | 336,665,351 |
| Finished Goods  | 55,084,339  | 293,941,160 |
|                 | 336,154,914 | 630,606,511 |

**CLOSING STOCK :**

|                 |             |             |
|-----------------|-------------|-------------|
| Work in Process | 200,687,545 | 281,070,575 |
| Finished Goods  | 9,801,843   | 55,084,339  |
|                 | 210,489,388 | 336,154,914 |
|                 | 125,665,526 | 294,451,597 |

**NOTE 20 : EMPLOYEE BENEFITS EXPENSE**

|   |            |            |
|---|------------|------------|
| Salary, Wages & Bonus Paid              | 30,302,642 | 44,183,005 |
| Contribution to Provident & Other Funds | 1,275,225  | 2,293,708  |
| Welfare Expenses                        | 686        | 496,782    |
|   | 31,578,553 | 46,973,495 |
|   |            |            |

**NOTE 21 : FINANCE COST**

|  |             |             |
|--|-------------|-------------|
| Interest on Term Loan (Refer Note No. 38 & 39)       | 100,929,649 | 98,089,969  |
| Interest on Working Capital (Refer Note No. 38 & 39) | 81,994,760  | 66,411,196  |
| Interest on Hire Purchase                            | 1,363,938   | 1,195,448   |
| Other Interest                                       | 3,068,781   | 7,661,939   |
| <u>Other borrowing costs</u>                         |             |             |
| Bank Commission & Charges                            | 759,207     | 1,532,717   |
| Processing Fee to Bank                               | -           | 330,073     |
|  | 188,116,335 | 175,221,342 |
|  |             |             |

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(Amount in ₹.)

| Particulars   | As at<br>31.03.2013 | As at<br>31.03.2012 |
|---|---------------------|---------------------|
| <b>NOTE 22 : OTHER EXPENSES</b>                     |                     |                     |
| <b>MANUFACTURING EXPENSES :</b>                     |                     |                     |
| Consumption of Stores and Spares                    |                     |                     |
| Spin Finish Oil Consumed                            | 24,688,929          | 38,999,050          |
| Stores, Spares & Oil Consumed                       | 38,427,603          | 48,912,025          |
| Packing Materials                                   | 42,841,828          | 92,507,159          |
| Power & Fuel  | 144,172,927         | 226,067,934         |
| Rent  | 225,320             | 939,520             |
| Excise Duty Paid                                    | 604,000             | -                   |
| Repairs to Machineries                              | 3,200,701           | 3,503,280           |
| <b>ADMINISTRATIVE EXPENSES AND OTHER EXPENSES :</b> |                     |                     |
| Repairs & Maintenance to - Building                 | 322,319             | 268,857             |
| Repairs & Maintenance to - Others                   | 271,571             | 797,414             |
| Insurance   | 2,910,990           | 3,923,454           |
| Fees, Rates, & Taxes                                | 151,024             | 232,677             |
| Factory Expenses                                    | 324,186             | 1,094,601           |
| Security Expenses                                   | 1,442,729           | 1,554,172           |
| <b>Payment to Auditor</b>                           |                     |                     |
| As Auditor  | 56,180              | 56,180              |
| For Taxation Matters                                | 61,798              | 61,798              |
| Internal Audit Fees                                 | -                   | 140,000             |
| Office Expenses                                     | 407,924             | 593,003             |
| Travelling & Conveyance                             | 2,568,397           | 2,269,839           |
| Postage & Telephone                                 | 1,109,905           | 1,366,471           |
| Printing & Stationery                               | 651,675             | 1,060,977           |
| Director Remuneration                               | 600,000             | -                   |
| Legal & Professional Fees                           | 2,386,258           | 5,234,056           |
| Service Tax Expenses                                | 196,383             | 293,018             |
| Donation  | 5,000               | 17,100              |
| Membership & Subscription                           | 69,310              | 174,518             |
| Loss on sales of assets                             | 109,181             | -                   |
| Pre-Operative Exp. Written Off                      | 3,266,373           | 3,266,373           |
| Deferred Revenue Exp. Written Off                   | 1,642,984           | 1,642,984           |
| <b>SELLING EXPENSES :</b>                           |                     |                     |
| Cartage, Clearing & Forwarding                      | 8,042,253           | 12,932,902          |
| Commission, Brokerage & Discounts                   | 17,311,901          | 23,376,813          |
| Rate Difference                                     | 335,751             | 2,023,033           |
| Claim & Weight Shortage                             | 1,761,967           | 423,645             |
| Advertisement                                       | 89,853              | 79,083              |
| Export Expenses                                     | 561                 | 77,440              |
| Sales Tax / VAT                                     | -                   | 340,069             |
|   | <b>300,257,782</b>  | <b>474,229,445</b>  |
| <b>NOTE 23 : EXCEPTIONAL ITEMS</b>                  |                     |                     |
| Prior period expenses                               | 670,573             | -                   |
|   | 670,573             | -                   |

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| <b>ACCOUNTING POLICIES AND NOTES FORMING PART OF ACCOUNTS</b> |
|---|

**NOTE 24: SIGNIFICANT ACCOUNTING POLICIES****A. Basis of Preparation**

The financial statements are prepared under historical cost convention, on accrual basis of accounting and in accordance with the generally accepted accounting principles in India, provisions of the Companies Act, 1956 and comply in material aspects with the accounting standards notified under Section 211(3C) of the Act, read with Companies (Accounting Standards) Rules 2006.

**B. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

**C. Inventories**

- a. Inventories of Raw Material, Packing Material, Spin Finish Oil and other Consumables are valued as per cost.
- b. Work in Process is valued at cost including material cost, labour cost and manufacturing & operating overheads.
- c. Finished goods are valued at cost or net realizable value, whichever is lower.

**D. Fixed Assets**

Fixed Assets are carried at cost of acquisition less depreciation. CENVAT availed on fixed assets purchased during the year has been reduced from the purchase cost and depreciation has been claimed on the net amount.

**E. Depreciation**

- a. Depreciation has been provided under the Straight Line Method at rates prescribed in Schedule XIV to the Companies Act, 1956 for the proportionate period of use during the year. However, old machineries not put to use are not depreciated.
- b. Free Hold Land and Lease Hold Land are not depreciated.

**F. Gratuity**

The liability as at 31.03.2013 for retiring gratuity payable to the company's employees under Section 3(B) of the payment of the Gratuity Act, 1972 has been determined at ₹ 30.68 lacs. The said amount is accounted on payment basis.

**G. Investment**

Investments are carried at cost.

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**NOTES FORMING PART OF ACCOUNTS:**

25. The Company has been in losses and as on year ended 31st March, 2013 the accumulated losses of the Company has exceeded its entire net worth, making it a 'Sick Industrial Company' as per the definition of Sick Industrial Companies (Special Provisions) Act, 1985.

The Company had filed reference under Section 15(1) of Sick Industrial Companies (Special Provisions) Act, 1985 with the Board of Financial and Industrial Reconstruction on 18.04.2012 and said reference was registered on 26.04.2012.

Further the company has been declared a 'sick industrial company' under Section 3(1)(o) of Sick Industrial Companies (Special Provisions) Act, 1985 on its hearing dated 29.05.2013.

**26. DISCLOSURES PERTAINING TO SHARE CAPITAL:**

a. Details of Shareholders holding more than 5 per cent shares in the company:

| Sr. No. | Name of the Shareholder   | No. of Shares held |
|---------|---------------------------|--------------------|
| 1       | Shri Shyamsunder N. Gupta | 505936             |
| 2       | Shri Prakash N. Gupta     | 521400             |
| 3       | Shri Mohan N. Gupta       | 577260             |
| 4       | Shri Sunilkumar N. Gupta  | 671640             |

b. Details of Preference Shareholders holding more than 5 per cent shares in the company:

| Sr. No. | Name of the Shareholder               | No. of Shares held |
|---------|---------------------------------------|--------------------|
| 1       | M/s.Gautam Resources Ltd.             | 100000             |
| 2       | M/s Esskay Telecom Ltd.               | 110000             |
| 3       | M/s Poonam Corporation Ltd.           | 140000             |
| 4       | M/s Artillengence Bio Innovatios Ltd. | 105000             |
| 5       | M/s Sterlite Industries Pvt.Ltd.      | 100000             |

c. Details for the period of five years immediately preceding the date as at which the Balance Sheet is prepared:

|  | Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash | Aggregate number and class of shares allotted as fully paid up by way of bonus shares | Aggregate number and class of shares bought back |
|--|--|---|--|
| <b>Equity Shares</b>                               | Nil  | 4901800   | Nil  |
| <b>Redeemable Non-Cumulative Preference Shares</b> | Nil  | Nil   | Nil  |

d. Forfeiture of share application money:

During the year the company has not forfeited any shares application money.

**27. CONTINGENT LIABILITIES (₹ IN LACS):**

|   | As at 31.03.2013 | As at 31.03.2012 |
|---|------------------|------------------|
| Bank Guarantees                                       | 129.18           | 229.18           |
| Claims against the company not acknowledged as debt * | 521.99           | 551.21           |
| Gratuity  | 30.68            | 29.31            |

\* Note: The company has been legally advised that the demands raised are likely to be either deleted or substantially reduced and accordingly no provision has been made.

28. The company is engaged in manufacturing Partially Oriented Yarn (POY), Fully Drawn Yarn (FDY) Polyester Texturised Yarn, Polyester Draw Twisted Yarn, Polyester Twisted Yarn and Nylon Yarn. During the financial year the company is engaged in trading of fabric and nylon.

29. The details of amounts outstanding to Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) based on the available information with the company are as under (₹ In lacs):

| <b>Particulars</b>  | <b>As at<br/>31.03.2013</b> | <b>As at<br/>31.03.2012</b> |
|---|-----------------------------|-----------------------------|
| Principal amount due and remaining unpaid   | 19.42                       | 37.65                       |
| Interest due on principal amount  | -                           | -                           |
| Interest paid on all delayed payments under the MSMED Act   | -                           | -                           |
| Payment made beyond the appointed day during the year   | -                           | -                           |
| Interest due and payable for the period of delay other than interest paid on all delayed payments under the MSMED Act | -                           | -                           |
| Interest accrued and remaining unpaid   | -                           | -                           |
| Amount of further interest remaining due and payable in succeeding years  | -                           | -                           |

30. Managerial Remuneration :

|                                   | <b>31.03.2013</b> | <b>31.03.2012</b> |
|-----------------------------------|-------------------|-------------------|
| Remuneration to Managing Director | ₹ 6,00,000        | Nil               |

31. Previous Year's Figures have been recasted and regrouped wherever considered necessary to make them comparable with those of current year.

32. Trade Receivables, Trade Payables, Advances from customers, Deposits with Banks, Unsecured Short Term Borrowings and Long Term & Short Term Loans and Advances are subject to confirmation.

33. Interest Receivable comprised of Interest Subsidy under Technology Upgradation Fund Scheme. During the earlier year 2010-11 the Company had credited the interest receivable from the bank as interest subsidy under the Technology Upgradation Fund Scheme amounting to ₹ 863.24 Lacs. Against the said amount the Company had received interest subsidy of ₹ 71.72 Lacs during the financial year 2011-12 and thereafter have not received any interest subsidy. Therefore as on 31.03.2013, interest subsidy to be received is ₹ 791.52 Lacs i.e. same as the balance receivable as on 31.03.2012. The calculation of interest subsidy receivable is based on statements provided to us. The balance is subject to confirmation from the bank.

34. Following items are included under the head "Auditors Remuneration" :

|                                 | <b>As at<br/>31.03.2013</b> | <b>As at<br/>31.03.2012</b> |
|---------------------------------|-----------------------------|-----------------------------|
| For Audit                       | ₹ 50,000                    | ₹ 50,000                    |
| For Tax Audit                   | ₹ 30,000                    | ₹ 30,000                    |
| For Taxation Work               | ₹ 25,000                    | ₹ 25,000                    |
| For Service Tax (as applicable) | ₹ 12,978                    | ₹ 12,978                    |
|                                 | <b>₹ 117,978</b>            | <b>₹ 117,978</b>            |

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35. Terms of repayment of term loans are tabulated below:

| Sr. No.                                     | Term Loan     | Sanctioned Limit<br>(₹ In Lacs) | Moratorium   | Repayment Schedule   | O/s as on<br>31.3.2013<br>(₹ in Lacs) |
|---|---------------|---------------------------------|--|--|---------------------------------------|
| <b>Oriental Bank of Commerce</b>            |               |                                 |  |  |                                       |
| 1   | Term Loan     | 1,305.00                        | Upto 31.03.2010 first repayment shall be made before 30.06.2010. | 32 quarterly installments commencing from 30.06.2010 and ending on 31.03.2018.                   | 1418.01                               |
|   | FITL-II       | 185.00                          | Upto 31.03.2010 first repayment shall be made before 30.06.2010. | 8 quarterly installments commencing 30.06.2010. FY 11: 40% & FY 12 : 60%                         | 58.68                                 |
|   | WCTL          | 976.00                          | Upto 31.03.2010 first repayment shall be made before 30.06.2010. | 32 quarterly installments commencing from 30.06.2010 and ending on 31.03.2018.                   | 1039.58                               |
|   | <b>Total</b>  | <b>2466.00</b>                  |  |  | <b>2516.27</b>                        |
| <b>ING Vysya</b>                            |               |                                 |  |  |                                       |
| 2   | Term Loan-I   | 285.70                          | -  | 81 monthly installments of varying amounts commencing from October 2009 and ending in June 2016. | 250.04                                |
|   | Term Loan-II  | 96.60                           | -  |  | 84.71                                 |
|   | Term Loan-III | 2,042.70                        | -  |  | 1,795.59                              |
|   | <b>Total</b>  | <b>2,425.00</b>                 |  |  | <b>2,130.34</b>                       |
| <b>State Bank of India</b>                  |               |                                 |  |  |                                       |
| 3   | T/L-I         | 1,698.00                        | -  | Commencing from year 2010-11 and ending in year 2017-18.   | 1,125.00                              |
|   | WCTL          | 1,216.00                        | -  |  | 1,216.00                              |
|   | FITL-I        | 109.00                          | -  | Commencing from year 2010-11 and ending in year 2010-11.   | 109.00                                |
|   | FITL-II       | 303.00                          | -  | Commencing from year 2010-11 and ending in year 2011-12.   | 303.00                                |
|   | FITL-III      | 270.00                          | -  |  | 270.00                                |
|   | <b>Total</b>  | <b>3,596.00</b>                 |  |  | <b>3,023.00</b>                       |
| <b>Industrial Development Bank of India</b> |               |                                 |  |  |                                       |
| 4   | Term Loan     | 1,760.00                        | -  | 32 quarterly installments commencing from 30.06.2010 and ending on 31.03.2018.                   | 1605.74                               |
|   | <b>Total</b>  | <b>1760.00</b>                  |  |  | <b>1605.74</b>                        |

Above details are compiled based on the latest sanction letters of respective banks produced before us by the management.



36. Working Capital Facilities, Term loan as well as Working Capital from Oriental bank of Commerce Mumbai, ING Vysya Bank Mumbai, State Bank of India Mumbai, Industrial Development bank of India Mumbai, Standard Chartered Bank Mumbai, and State Bank Of Saurashtra Mumbai are secured by way of hypothecation of Stock, Book Debts, Equitable Mortgage of Factory Land and Building, Plant and Machinery and personal guarantee of all the Promoter Directors.

An unsecured loan from Indian Overseas Bank, Baroda for ₹ 500 Lacs has been sanctioned and availed, secured by the personal guarantee of Directors of the Company only.

Term loan from HDFC is secured by way of hypothecation of Motor Cars.

37. The company has defaulted in repayment of dues towards their Term Loan Accounts with State Bank of India, ING Vysya Bank Ltd., Industrial Development Bank of India and Oriental Bank of Commerce. Details of overdue amounts are tabulated below (₹ In lacs):

| Sr. No.                                     | Term Loan          | Default Since | Overdue Amount in ₹ | O/s as on 31.3.2013 in ₹ |
|---|--------------------|---------------|---------------------|--------------------------|
| <b>Oriental Bank of Commerce</b>            |                    |               |                     |                          |
| 1   | Term Loan          | 17.11.11      | 338.43              | 1,418.01                 |
| 2   | FITL-II            | 09.12.11      | 27.94               | 58.68                    |
| 3   | WCTL               | 28.11.11      | 240.56              | 1,039.58                 |
|   | <b>Total</b>       |               | <b>606.93</b>       | <b>2,516.27</b>          |
| <b>ING Vysya</b>                            |                    |               |                     |                          |
| 1   | Term Loan-I        | 31.07.10      | 1368.14             | 250.04                   |
| 2   | Term Loan-II       |               |                     | 84.71                    |
| 3   | Term Loan-III      |               |                     | 1,795.59                 |
|   | <b>Total</b>       |               | <b>1368.14</b>      | <b>2,130.34</b>          |
| <b>State Bank of India</b>                  |                    |               |                     |                          |
| 1   | T/L-I              | 31.03.08      | 877.89              | 1,125.00                 |
| 2   | WCTL               | 21.04.10      | 628.68              | 1,216.00                 |
| 3   | FITL-I             | 21.04.10      | 109.00              | 109.00                   |
| 4   | FITL-II            | 21.04.10      | 368.31              | 303.00                   |
| 5   | FITL-III           | 21.04.10      | 270.11              | 270.00                   |
|   | <b>Total</b>       |               | <b>2253.88</b>      | <b>3,023.00</b>          |
| <b>Industrial Development Bank of India</b> |                    |               |                     |                          |
| 1   | Term Loan          | 27.05.10      | 1635.06             | 1605.74                  |
|   | <b>Total</b>       |               | <b>1635.06</b>      | <b>1605.74</b>           |
|   | <b>Grand Total</b> |               | <b>5864.01</b>      | <b>9,275.35</b>          |

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38. Following bank accounts are classified as Non-Performing Assets and the interest expenses for these banks are estimated by the company at the interest rate prescribed by the bank in sanction letters and are debited to the Profit & Loss Statement during the year, since these banks have not provided Bank Statements to the company:

| Sr. No. | Name of the Bank                     | Account Type | Estimated Interest Expense (₹ in lacs) |
|---------|--------------------------------------|--------------|--|
| 1       | ING Vysya                            | Cash Credit  | 162.52                                 |
|         |                                      | Term Loan    | 223.08                                 |
| 2       | State Bank of India                  | Cash Credit  | 68.62                                  |
|         |                                      | Term Loan    | 376.55                                 |
| 3       | Industrial Development Bank of India | Term Loan    | 168.14                                 |
|         | <b>Total</b>                         |              | <b>998.91</b>                          |

Above interest is estimated at the rate of ten per cent per annum on the amount outstanding in books of accounts since the date of continuing default in repayment.

39. During the year, Oriental Bank of Commerce, Industrial Development Bank of India and Standard Chartered Bank have charged higher interest rate on term loan and cash credit facilities in comparison to the interest rates prescribed by the banks in their respective sanction letters. Therefore, the company has credited ₹ 482.92 Lacs to Interest expenses account.

40. The balances with Term Loans and Cash Credit Account of State Bank of India and ING Vysya Bank Ltd. and Term Loan of Industrial Development Bank of India are subject to confirmation from the respective banks.

**41. EARNINGS PER SHARE (EPS):**

The earnings per equity share computed as per the requirement of Accounting Standard 20 "Earnings Per Share" is as under (Amount in ₹):

|  |           | As at<br>31.03.2013 | As at<br>31.03.2012 |
|--|-----------|---------------------|---------------------|
| Loss attributable to Equity Shareholders         | (A)       | (319930330)         | (175,486,790)       |
| No. of Equity Shares outstanding during the year | (B)       | 7352700             | 7352700             |
| Nominal value of Equity Shares (Rupees)          |           | 10.00               | 10.00               |
| Basic and Diluted EPS                            | (C = A/B) | (43.51)             | (23.87)             |

42. The Company holds investment in 1135800 equity shares of GSL Nova Petrochemicals Ltd. and 701000 CIL Nova Petrochemical Ltd. out of which 323000 shares of both the companies were pledged against the loan obtained by GSL Nova Petrochemicals Ltd. and CIL Nova Petrochemical Ltd.

**43. LOSS OF STOCK IN FIRE:**

On account of fire occurred in the company's factory premises on 30.06.2008 stock were destroyed. According to the Company, the estimated loss due to fire was ₹ 2051.51 Lacs. The company had made a claim with its insurer New India Assurance Co. Ltd. The insurer New India Assurance Co. Ltd. vide its letter dated 09.12.2009 repudiated liability for any claim. The company made detailed submission on 16.12.2009 pointing out that the reasons given by the insurer for repudiating claim were not germane and correct. The solicitor of the company wrote to the insurer for providing copies of papers on which the insurer relied. The company also made application under Right to Information Act 2005 on 07.12.2009. The insurer did not provide all the papers and therefore company again wrote to the insurer on 11.08.2010 that all the papers should be provided by the insurer. On non receipt of the required papers company approached the grievance redressal officer IRDA Hyderabad. By letter dated 14.06.2010 IRDA merely reproduced what insurance company had informed them without their comments. Being aggrieved the company filed complaint under Section 21(A)(1) of Consumer Protection Act 1986 before the National Consumer Disputes Redressal Commission New Delhi on 08.12.2010 and the matter is pending before them.

On the basis of abovementioned facts, upto the year ended on 31 March 2011, the company had separately mentioned the value of destroyed goods amounting to ₹ 2051.51 Lacs, which is claimed by the company from Insurance company.

During the financial year 2011-12 the company had removed the amount of loss of stock in fire, by crediting the said amount as income under the head 'Claim Receivable on Loss of Stock on fire' and debiting the said amount as 'Claim Receivable from Insurance Company'.

For the stock destroyed in fire the Company had amount receivable of ₹ 111.42 Lacs as excise duty credit from Central Excise Department. During the financial year 2011-12 the company had credited the 'Balance with Central Excise Authority' and debited 'Excise Receivable for Stock Lost in Fire from Insurance Company' by ₹ 111.42 Lacs based on the order dated 20.01.2012 received from Commissioner Central Excise, Customs and Service Tax, Vapi.

Consequently, as on 31.03.2013 the 'Claim Receivable on Loss of Stock on fire' is ₹ 2162.93 Lacs in the balance sheet.

44. Followings are the pending disputed cases against the company:

| Sr. No. | Cases   | Brief Summary   |
|---------|---|---|
| 1       | SBI Global Factors Limited<br>v/s Gupta Synthetics Limited.:        | The Company has taken unsecured loan of ₹1500 Lacs in 2007-08 and ₹744 Lacs (principal Amount) <i>plus</i> interest was outstanding against the same due to adverse market conditions. SBI Global Factors Limited (a Unsecured Creditors) has filed winding up petition in 2010 against this outstanding and against this company has paid ₹545 Lacs up to February 2012. The matter is pending before Bombay High Court. |
| 2       | Standard Chartered Bank<br>v/s Gupta Synthetics Limited             | Standard Chartered Bank (a Secured Creditor) has filed recovery application against the company in DRT-I (Mumbai) for the amount of ₹1436.62 Lacs.  |
| 3       | State Bank of India<br>v/s Gupta Synthetics Limited.                | State Bank of India (a Secured Creditor) has filed recovery application against company in DRT-I (Mumbai) for the amount of ₹4287.76 Lacs.  |
| 4       | Indian Overseas Bank<br>v/s Gupta Synthetics Limited.:              | Indian Overseas Bank (a unsecured Creditor) has filed recovery application against company DRT-II (Ahmedabad) for the amount of ₹422.23 Lacs.   |
| 5       | Indo Rama Synthetics (I) Limited<br>v/s Gupta Synthetics Limited.   | Gupta Synthetics Limited has filed application in Delhi High Court against the order of Sole arbitrator. For a dispute of ₹17.05 lacs was outstanding against various supplies <i>plus</i> Interest and other Charges with Indo Rama Synthetics (I) Limited.  |
| 6       | Desai Construction Private Limited<br>v/s Gupta Synthetics Limited. | Desai Construction Pvt. Ltd. has filed application in The Arbitral Tribunal amount for ₹195.89 Lacs & Company has Counter Claimed vide is reply dated 30.11.2007 for ₹38.39 Lacs on the complainant.  |
| 7       | ING Vysya Bank Ltd.<br>v/s Gupta Synthetics Limited.                | ING Vysya Bank Ltd. has filed recovery application against the company in DRT-I (Mumbai) for the amount of ₹ 4268.01 Lacs.  |

45. In the Financial year 2011-2012 depreciation as per Companies Act is less than as per Income-Tax Act. Deferred Tax liabilities will arise as follows.

|                                    | As at<br>31.03.2013 | As at<br>31.03.2012 |
|------------------------------------|---------------------|---------------------|
| Depreciation as per Income Tax Act | 643,18,969          | 750,49,760          |
| Depreciation as per Companies Act  | 664,89,547          | 671,17,289          |
| Deferred Liability                 | (21,70,578)         | 79,32,471           |
| Deferred Tax Liability @ 30.90%    | (670,708)           | 24,51,133           |

46. **RELATED PARTY DISCLOSURES:**

**I. List of related parties and relationships:**

Enterprises over which Key Managerial personnel and relative of such personnel are able to exercise significant influence

**Sr. No. Name of the such Related Parties**

1. Kshitij Mohan Gupta
2. Mohan N. Gupta HUF
3. Neetadevi P. Gupta
4. Nandkishore O. Gupta
5. Prakash N. Gupta HUF
6. Umadevi M. Gupta
7. Gaurav P. Gupta
8. Jatin P. Gupta
9. Prakash N. Gupta
10. Mohan N. Gupta
11. Sharp Synthetics Pvt. Ltd.
12. Blue Chip Builders Pvt. Ltd.
13. Evergreen Synthetics Pvt. Ltd.
14. Sterlite Synthetics Pvt. Ltd.
15. GSL Nova Petrochemicals Pvt. Ltd.

**II. Transactions during the year with related parties (₹ In lacs):**

| Sr. No. | Nature of Transactions          | Transaction during the year |
|---------|---------------------------------|-----------------------------|
| 1.      | Unsecured Loan taken / (repaid) | 81.86<br>(315.32)           |
| 2.      | Expenses                        | 29.56                       |
| 3.      | Director Remuneration           | 6.00                        |

**III. Balance as at March 31, 2013 (₹In lacs):**

| Sr. No. | Nature of Transactions | Balance Outstanding as on 31.03.2013 |
|---------|------------------------|--------------------------------------|
| 1.      | Unsecured Loan         | 146.37 Cr.                           |
| 2.      | Loans and Advances     | 382.57 Dr.                           |
| 3.      | Sundry Debtors         | 546.40 Dr.                           |

Above information regarding related parties have been determined to the extent such parties have been identified on the basis of information and explanations given to us by the company.

47. **FOREIGN EXCHANGE TRANSACTIONS:**

|  | As at<br>31.03.2013 | As at<br>31.03.2012 |
|--|---------------------|---------------------|
| <b>a. C.I.F. VALUE OF IMPORTS (₹ in lacs):</b> |                     |                     |
| Raw Materials                                  | Nil                 | 1628.53             |
| Components & Spares                            | 60.86               | 147.66              |
| Capital Goods                                  | Nil                 | Nil                 |

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|   | As at<br>31.03.2013 | As at<br>31.03.2012 |
|---|---------------------|---------------------|
| <b>b. EXPENDITURE IN FOREIGN CURRENCY (₹ in lacs):</b>                                  |                     |                     |
| Royalty   | Nil                 | Nil                 |
| Technical Know-How  | Nil                 | Nil                 |
| Interest  | Nil                 | Nil                 |
| Other Accounts  | Nil                 | Nil                 |
| <b>c. AMOUNT REMITTED IN FOREIGN CURRENCY ON ACCOUNT OF DIVIDENDS PAID (₹ in lacs):</b> |                     |                     |
| No. of Non-Resident Share Holders   | Nil                 | Nil                 |
| No. of Shares Held  | Nil                 | Nil                 |
| Year to which Dividend related  | Nil                 | Nil                 |
| <b>d. EARNING IN FOREIGN EXCHANGE (₹ in lacs):</b>                                      |                     |                     |
| Export of Goods (On F.O.B. Value)   | 61.06               | 150.02              |
| Royalty Know How Professional & Consultancy Fees and Charges                            | Nil                 | Nil                 |
| Interest & Dividend   | Nil                 | Nil                 |
| Other Incomes   | Nil                 | Nil                 |

**48. QUANTITATIVE DETAILS RELATING TO OPENING STOCK, CLOSING STOCK PURCHASE AND SALES (As certified by the Management) (₹ in lacs):**

| Particulars             | Unit   | 31.03.2013 |             | 31.03.2012 |             |
|-------------------------|--------|------------|-------------|------------|-------------|
|                         |        | Quantity   | Value in ₹. | Quantity   | Value in ₹. |
| <b>A. Opening Stock</b> |        |            |             |            |             |
| Raw Material            | Kgs    | 57492      | 115.05      | 134277     | 210.73      |
| Work in Progress        | Kgs    | 2929315    | 2810.71     | 3412856    | 3366.65     |
| Finished Goods          | Kgs    | 522857     | 550.84      | 2427094*   | 2556.50*    |
| Stock in trade – Yarn   | Kgs    | Nil        | Nil         | 243391     | 382.91      |
| <b>B. Closing Stock</b> |        |            |             |            |             |
| Raw Material            | Kgs    | 87051      | 161.34      | 57492      | 115.05      |
| Work in Progress        | Kgs    | 1894743    | 2006.87     | 2929315    | 2810.71     |
| Finished Goods          | Kgs    | 100486     | 98.06       | 522857     | 550.84      |
| Stock in trade – Yarn   | Kgs    | Nil        | Nil         | Nil        | Nil         |
| <b>C. Purchase</b>      |        |            |             |            |             |
| Stock in Trade – Fabric | Meters | 1143190    | 974.10      | 5994072    | 6623.15     |
| Stock in Trade – Yarn   | Kgs    | Nil        | Nil         | Nil        | Nil         |
| Other Raw Materials     | Kgs    | 10201898   | 8592.86     | 24127288   | 21221.37    |
| <b>D. Sales</b>         |        |            |             |            |             |
| Stock in Trade – Fabric | Meters | 1143190    | 1174.46     | 5994072    | 7943.61     |
| Stock in Trade – Yarn   | Kgs    | Nil        | Nil         | 243391     | 976.44      |
| Finished Goods          | Kgs    | 11440586   | 12223.78    | 24550814   | 25257.13    |

\*Note: Opening stock of finished goods comprised of stock lost in fire.

As per our report of even date attached  
FOR **R. R. Patchigar & CO.,**  
Chartered Accountants  
FRN: 107639W  
**(R. R. Patchigar)**  
Proprietor  
Membership No. : 31172  
Place : Surat  
Date : 07.06.2013

FOR AND ON BEHALF OF THE BOARD

**Prakash Gupta** Managing Director

**Mohan Gupta** Whole-time Director

**Avinash Shah** Company Secretary

|   |
|---|
| <b>CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31.03.2013</b> |
|---|

|  | (Amount in ₹)                          |  |
|--|--|--|
| Particulars  | For the year<br>ended on<br>31.03.2013 | For the year<br>ended on<br>31.03.2012 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>              |  |  |
| Net Profit / (Loss) before tax and extraordinary items       | (319,930,465)                          | (173,035,657)                          |
| Adjustments for :-   |  |  |
| Depreciation   | 66,489,547                             | 67,117,289                             |
| Loss on sale of fixed assets                                 | 109,181                                | -                                      |
| Deferred revenue Expenses Written Off                        | 4,909,357                              | 4,909,357                              |
| Excess interest written back                                 | -                                      | (35,946,738)                           |
| Interest on Term Loan  | 100,929,649                            | 98,089,969                             |
| Interest on Working Capital                                  | 81,994,760                             | 66,411,196                             |
| Operating Profit / (Loss) before working capital changes     | (65,497,971)                           | 27,545,416                             |
| Adjustments for changes:                                     |  |  |
| Trade and other receivables - Net                            | 91,054,971                             | (22,581,526)                           |
| Inventories  | 137,035,606                            | 291,428,201                            |
| Trade payables and other liabilities & provisions - Net      | (158,556,856)                          | (135,717,561)                          |
| Cash generated from operations                               | 4,035,750                              | 160,674,530                            |
| Adjustment Related to previous year                          | (670,573)                              | -                                      |
| Cash Flow before extraordinary items                         | 3,365,177                              | 160,674,530                            |
| <b>NET CASH FROM OPERATING ACTIVITIES</b> [ A ]              | <u>3,365,177</u>                       | <u>160,674,530</u>                     |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>              |  |  |
| Purchase of Fixed assets                                     | (224,794)                              | (859,215)                              |
| Sale of Fixed assets   | 792,604                                | -                                      |
| Sales of Investments   | 4,000                                  | -                                      |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b> [ B ]           | <u>571,810</u>                         | <u>(859,215)</u>                       |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>              |  |  |
| Proceeds of Short Term Borrowings                            | 23,516,896                             | -                                      |
| Repayments of Long Term Borrowings                           | (1,877,232)                            | (42,972,222)                           |
| Repayments of Short Term Borrowings                          | (63,318,681)                           | (112,012,780)                          |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b> [ C ]           | <u>(41,679,017)</u>                    | <u>(154,985,002)</u>                   |
| <b>NET INCREASE IN CASH &amp; CASH EQUIVALENTS</b> [D=A+B+C] | <u>(37,742,030)</u>                    | <u>4,830,313</u>                       |
| OPENING BALANCE OF CASH & CASH EQUIVALENTS                   | 50,546,067                             | 45,715,754                             |
| CLOSING BALANCE CASH & CASH EQUIVALENTS                      | 12,804,037                             | 50,546,067                             |

As per our report of even date attached  
**FOR R. R. Patchigar & CO.,**  
 Chartered Accountants  
 FRN: 107639W

**(R. R. Patchigar)**  
 Proprietor  
 Membership No. : 31172  
 Place : Surat  
 Date : 07.06.2013

FOR AND ON BEHALF OF THE BOARD

**Prakash Gupta**                      *Managing Director*

**Mohan Gupta**                      *Whole-time Director*

**Avinash Shah**                      *Company Secretary*

\_\_\_\_\_

**GUPTA SYNTHETICS LIMITED**

Registered Office : 326, Sardar Gruh Building, 198, Lokmanya Tilak Road, 3rd Floor, Mumbai - 400 002.

**PROXY FORM**

I/ We \_\_\_\_\_  
of \_\_\_\_\_ being a member of GUPTA SYNTHETICS LIMITED  
hereby appoint\* \_\_\_\_\_ of \_\_\_\_\_  
or failing him \_\_\_\_\_ of \_\_\_\_\_  
as my/ our proxy to attend and vote for me/ us and on my/ our behalf at the General Meeting of the Company to  
be held on Friday, the 27<sup>th</sup> September, 2013 and/ or at any adjournment thereof.

As witness my/our hand(s) this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

Signed by the said \_\_\_\_\_

Affix One  
Rupee  
Revenue  
Stamp

\* The member/members is/are requested to fill in the name of a person/persons selected by him/them as proxy  
in the place marked with this asterisk.

NOTE : The Companies Act, 1956 lays down that an instrument appointing a proxy shall be deposited at the  
Registered Office of the Company not less than forty eight hours before the time fixed for the meeting.

**FOR OFFICE USE ONLY**

L. Folio No. : \_\_\_\_\_ DP Id : \_\_\_\_\_  
No. of Shares : \_\_\_\_\_ Client Id : \_\_\_\_\_

**GUPTA SYNTHETICS LIMITED**

Registered Office : 326, Sardar Gruh Building, 198, Lokmanya Tilak Road, 3rd Floor, Mumbai - 400 002.

**ATTENDANCE SLIP**

PLEASE COMPLETE THIS ATTENDANCE SLIP & HAND IT OVER AT THE ENTRANCE OF THE HALL.

I/We hereby record my/our presence at the 29<sup>th</sup> ANNUAL GENERAL MEETING held at 326, Sardar Gruh Building, 3rd  
Floor, 198, Lokmanya Tilak Road, MUMBAI - 400 002. at 12.30 P.M. on Friday, the 27<sup>th</sup> September, 2013.

Name of the Shareholder/s (in Block Letters) \_\_\_\_\_

Signatures of the Shareholder/s or proxy/proxies \_\_\_\_\_

L. Folio No. : \_\_\_\_\_ DP Id : \_\_\_\_\_  
No. of Shares : \_\_\_\_\_ Client Id : \_\_\_\_\_

**NOTES :**

- 1. Shareholders/Proxy holders are requested to bring the Attendance Slip with them when they come to the meeting and hand it over at the entrance after affixing their signature on it. NO ATTENDANCE SLIP WILL BE ISSUED AT THE TIME OF THE MEETING.
- 2. Joint Shareholders may obtain additional Attendance Slips on request from the Registered Office of the Company.
- 3. SHAREHOLDERS WHO COME TO ATTEND THE MEETING ARE REQUESTED TO BRING THEIR COPIES OF THE ANNUAL REPORT WITH THEM.

**BOOK-POST**

To,

*If undelivered please return to :*  
**GUPTA SYNTHETICS LIMITED**  
326, Sardar Gruh Building, 3rd Floor,  
198, Lokmanya Tilak Road,  
MUMBAI - 400 002.

Ganapati, (079) 26568111




**Corporate Office :**  
101, Trividh Chambers,  
1st Floor, Opp. Fire Brigade,  
Ring Road, Surat-395 002. (India)  
Phone : + 91- 261 - 2335891-2-3  
Phone : + 91- 261 - 4075000  
Fax : + 91- 261 - 2313301  
E-mail : info@guptasynthetics.com

**Gupta**<sup>®</sup>

**Synthetics Limited**

**FORM-A**

(Format of covering letter of the annual audit report to be filed with the Stock Exchange)

|    |  |   |
|----|--|---|
| 1  | Name of the Company                            | Gupta Synthetics Limited  |
| 2  | Annual Financial Statements for the year ended | 31 <sup>st</sup> March, 2013  |
| 3  | Type of Audit observation                      | Un- qualified   |
| 4  | Frequency of observation                       | Not Applicable  |
| 5. | To be Signed by                                | For Gupta Synthetics Limited  |
|    | Shri Mohan Gupta<br>Whole Time Director        | <br>Whole Time Director |

**Regd. Office :** 326, Sardar Gruh Building 198, Lokmanya Tilak Road, Near Crawford Market, Mumbai-2. Ph. : + 91-22-22000356 / 357  
**Factory :** Plot No. 28, Survey No. 259 / 1 / 1, Navnit Shah Industrial Estate - Dadra, Silvassa ( U.T. of D & N H )  
Ph. : + 91 - 260 - 2669401 (M) 98251-00571 / 572 Fax : + 91 - 260 - 2669400 E-mail : info@guptasynthetics.com