



ISO 9001: 2000 Certified Co.

22ND
Annual Report
2012-13

STYLAM INDUSTRIES LIMITED

REGISTERED OFFICE: SCO 14, SECTOR 7-C, MADHYA MARG, CHANDIGARH-160019.

STYLAM INDUSTRIES LIMITED

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COMPANY INFORMATION

Board of Directors

Mr. Jagdish Gupta, Chairman cum Managing Director
 Mr. Satish Gupta, Executive Director
 Mr. Mahavir Singh, Director
 Mr. Satpal Garg, Director
 Mr. Ravinder Krishan, Director
 Mr. Manav Gupta, Director

Company Secretary

CS. Nitika Sharma

Statutory Auditors

M/s Sunil k Sood & Co.
 Chartered Accountants
 #143, Sector-7,
 Panchkula-134109.

Bankers

State Bank of Patiala
 SCO 103-107, Commercial Branch,
 Sector 8-C, Chandigarh
 ING Vysya Bank Ltd.
 Sector 8-C, Chandigarh

Registered Office

SCO 14, Sector 7- C, Madhya Marg,
 Chandigarh -160019 (INDIA)
 Tele - + 91-172-5021555, 5021666
 Fax - +91-172-2795213, 5021495

Works

192-193, Industrial Area, Phase-I
 Panchkula -134 108 (Haryana)
 Tele - +91-172- 2565387,
 Fax - +91-172-2565033

Registrar and Transfer Agents (RTA)

Link Intime Private Limited
 A-40, 2nd Floor, Naraina Industrial Area
 Phase – II, Near Batra Banquet ,
 New Delhi – 110 028
 Phone -011- 4141059229961281-283, Fax 011-29961284
 Email: delhi@linkintime.co.in

ISIN Details: INE239C01012

Stock Code :

| | |
|-------------------------------|--------|
| Bombay Stock Exchange Limited | 526951 |
|-------------------------------|--------|

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NOTICE OF 22nd ANNUAL GENERAL MEETING

NOTICE is hereby given that the 22nd Annual General Meeting of the Members of Stylam Industries Limited will be held on Saturday, the 28th September, 2013 at Chandigarh Club Limited, Sector-1, Chandigarh at 10:00 a.m. to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Statements of Account for the financial year ended on 31st March, 2013 and Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Satpal Garg who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint M/S Sunil K Sood, Chartered Accountants as Statutory Auditor from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

1. To consider and if thought fit, to pass with or without modification, the following resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the monthly remuneration of Sh. Jagdish Gupta, Managing Director is proposed to be increased from Rs.3,00,000/- p.m. to Rs.3,50,000/- p.m. with effect from 01.10.2013 and that the use of company's car and telephone at residence used by him for official duties, shall not be included in the remuneration package."

2. To consider and if thought fit, to pass with or without modification, the following resolution as **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 198, 269, 309, 310 read with Schedule XII and all other applicable provisions, if any, of the Companies Act, 1956, the monthly remuneration of Sh. Satish Gupta, Executive Director is proposed to be increased from Rs.3,00,000/- p.m. to Rs.3,50,000/- p.m. with effect from 01.10.2013 and that the use of company's car and telephone at residence used by him for official duties, shall not be included in the remuneration package."

By Order of the Board,
For Stylam Industries Limited
Sd/-

Jagdish Gupta
Managing Director

Place: Chandigarh
Date: 4th September, 2013

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY TO BE EFFECTIVE, SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE TIME FIXED FOR COMMENCEMENT OF THE MEETING.**
2. The Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of special business as set out above is annexed to this Notice and forms part of the same.
3. Members holding shares in physical form are requested to notify their change of address, if any, to the Company / Registrar and Transfer Agent (RTA). In case, shares are held in electronic form, the change of address, if any, may have to be communicated to their respective DPs.

Registrar and Transfer Agent (RTA): The contact details of Registrar and Transfer Agent are as under:

Mr. Sunil Mishra

Link Intime India Private Limited
A-40, 2nd Floor, Naraina Industrial Area
Phase – II, Near Batra Banquet Hall,
New Delhi – 110 028
Ph: 011-41410592-93-94, 25897309
Fax: 011-41410591

The shareholders may contact for matters relating to dematerialization of shares to RTA directly.

4. Notice of the Annual General Meeting will be sent to those shareholders/ beneficial owners received from M/s Link Intime India Pvt. Ltd. (RTA) of the Company as on 30th August,2013.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 23rd September, 2013 to Saturday,28th September,2013 (Both days inclusive).
6. Members /their proxies are requested to bring their copies of the Annual Report to the Meeting as extra copies will not be distributed.
7. Proxies in order to be effective must be received at the Company's Registered Office not less than 48 hours before the commencement of the Meeting.
8. Members are requested to send their queries, if any on accounts and operations of the Company, if any, may please be sent to the Company Secretary of the Company ,seven days in advance of the Meeting so that the information may be readily available at the Meeting.

ANNEXURE TO NOTICE**Explanatory Statement Pursuant to Section 173(2) of Companies Act, 1956****Item No. 1 & 2**

Shri Jagdish Gupta, Managing Director and Shri Satish Gupta, Executive Director are the promoter Directors of the Company. Due to their vision and guidance, the Company has made its existence world over and renowned for its quality industrial laminates under the brand name "STYLAM".

The Board has proposed to increase their monthly remuneration of Shri Jagdish Gupta, Managing Director and Shri Satish Gupta, Executive Director to be increased to Rs.3,50,000/- p.m. w.e.f. 01.10.2013.

The remuneration payable to them commensurate with responsibilities conferred on them.

The remuneration has been approved by Remuneration Committee as per Schedule XIII of the Companies Act, 1956.

The members are requested to grant their consent and pass the resolution as Ordinary Resolutions.

Shri Jagdish Gupta, Shri Satish Gupta and Mr. Manav Gupta being the Directors of the Company are concerned or interested in the said resolution.

By Order of the Board,
For Stylam Industries Limited

Sd/-

Jagdish Gupta
Managing Director

Place: Chandigarh

Date: 4th September, 2013

I. GENERAL INFORMATION

1. The company is in the manufacture of Luxury grade decorative laminated sheets for both home and industrial use ,under the brand name STYLAM.
2. More than 80% of the products are being exported to over 60 countries around the world, along with exports to 20 Countries in Europe providing testimony to our commitment to quality.

II. OTHER INFORMATION

- (1) The Company is aiming for healthy growth which will be achieved through an appropriate mix of international and domestic business. The Company is also trying to add a new product segment in Laminates which will help to penetrate into newer markets. The Company has installed new machinery thus increasing its manufacturing capacity.

DIRECTORS' REPORT

The Directors are pleased to present the 22nd Annual Report together with Audited statement of Accounts for the year ended 31st March, 2013.

FINANCIAL RESULTS

The Financial performance of the Company for the year ended 31st March 2013 is summarized below:

Rs in Lakh

| | FY 2012-13 | FY 2011-12 |
|---|-------------------|-------------------|
| Net Revenue | 1414.21 | 1045.66 |
| Profit before depreciation and amortisation expenses, Finance Costs and tax expenses (EBDITA) | 1389.92 | 1,056.30 |
| Less: | | |
| Finance Costs | 466.32 | 355.37 |
| Depreciation | 306.98 | 282.22 |
| Profit before tax | 616.62 | 418.70 |
| Less: | | |
| Current Tax | 221.25 | 115.22 |
| Deferred Tax | -11.52 | 21.89 |
| Profit for the year | 406.87 | 281.58 |
| Transferred to General Reserve | 406.87 | 281.58 |

PERFORMANCE OVERVIEW

The company has recorded total revenue of Rs.1414.21 Lacs as against Rs. 1045.66 Lacs in the previous year showing a remarkable growth of 35.25%. The operating profit (Earnings before Depreciation, Interest and Taxes – EBDITA) for the year stood at Rs. 1389.92 (previous year Rs. 1056.30) representing Rs. 336.62 Lacs increase in the net revenue. The Profit Before Tax (PBT) and Profit After Tax (PAT) for the financial year ended March 31, 2013 was at Rs. 616.62 Lacs and Rs. 418.70Lacs respectively as against Rs. 406.87 Lacs and Rs. 281.58 Lacs of the previous year. The profit after tax has registered growth of 44.50 % .

The financial year 2012-13 was yet another significant year in terms of highest ever turnover and profit of the company. The performance of the company has a significant improvement though during this year, considering the factor that the input prices increased steeply, which coupled with the weakening of the rupee vis-a-vis with other currencies, which has also impacted margins.

During the year, the company has penetrated into newer market for exports. In the domestic market, the company has also increased its customer's base by the offering wide range of products for all sort of customers, i.e premium products for high-end customers, and value for money products for mass middle-class customers.

EXPORTS

During the year under review, the company has capitalized the growing demand from the export market and has explored good customers in export. Exports (including incentives) during the year were Rs. 108.61 crores which has increased from Rs. 79.33 crores, in the previous year and recorded a growth of 36.90 %. The company continues to retain dominant market share in exports.

FINANCIAL POSTION

The company's financial position continues to be comfortable. During the year under review, the company has taken term loan for capacity expansion and for setting up BPO in Panchkula Technology Park, Haryana, the revenue from these two projects will commence from the Financial Year 2014-15, which will further strengthen the leverage of the company. The net-worth as at 31st March 2013 improved to Rs. 27.84 crores from Rs. 23.75 crores.

During the year under review, CARE has assigned 'Triple B Minus' rating on the Company's Long term bank facilities at 'CARE BBB-' and assigned 'A Three' rating on the short term bank facilities at 'CARE A3'

DIVIDEND

In view of the expansion and investment strategies of the Company, your directors do not recommend any dividend for the year under review.

FUTURE OUTLOOK

We have strong belief in our people and we are confident with the growing popularity of the company's brand and support from its employees and stake-holders the company will set up new standards.

The Indian real estate sector plays a significant role in the Country's economy. The real estate is second only to agriculture in terms of employment generation and contributes considerably towards GDP. According to a study, the real estate is expected to grow rapidly due to improvement in affordability and availability of housing finance.

Since cement, plywood, laminate and steel related products are essential part of construction right from initial brick to final stage of furnishing; the demand for these products is directly related to the growth of infrastructure and real estate sector, the demand for company's products is expected to remain buoyant.

Your Directors are confident of achieving better results in the coming years.

EXPANSION

Considering buoyant demand for the products and to improve the market share, the Board of Directors of the company has approved for enhancement of capacity from 48,00,000 to 64,00,000 sheets per annum. The project requires total estimated capital outlay of Rs.15.33 crore and the expansion is carried out at its existing location. The company has taken Term Loan for Rs. 11.50 crore for this project. The project has started in the year 2012-13 and is almost complete in all aspects. The commercial production is likely to commence by the end of this calendar year.

The Board of Directors has approved to diversify in the service sector, for BPO activities, at an estimated capital outlay of Rs.33.14 crore. The company has taken Term loan of Rs. 21.00 crore for the project. Haryana State Industrial Infrastructure Development Corporation (HSIIDC) has allotted 5572 Sq. mts. Of Land At Panchkula Technology Park, Haryana for Setting up BPO.

CAPITAL STRUCTURE

There was no change in the capital structure during the period.

DIRECTORS

In accordance with the provisions of Section 2516(1) of the Companies Act, 1956 and Articles of Association of the Company, Mr. Satpal Garg retire by rotation at the company's forthcoming annual general meeting and, being eligible offer themselves for re-appointment.

The company has received a notice in writing under Section 257 of the Companies Act, 1956, proposing the appointment of Mr. Satpal Garg for the office of director of the company liable to retire by rotation. Necessary resolution is placed for approval of members in this respect.

None of the directors is disqualified under provisions of Section 274(1)(g) of the Companies Act,1956.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956 (“the Act”), your directors confirm that:

- (i) in preparation of the annual accounts for the year ending 31st March 2013, the applicable accounting standards have been followed;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company for the year ended 31st March, 2013 and the profit for that year;
- (iii) the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the Directors have prepared the annual accounts on a ‘going concern’ basis.

AUDITORS

M/s Sunil K Sood & Co., Chartered Accountants, the statutory Auditors, hold office until the conclusion of the ensuing Annual General Meeting and being eligible to offer themselves for reappointment. The Company has received a letter from them to the effect that the re-appointment, if made, would be within the prescribed limits under Section 224(1-B) of the Companies Act, 1956 and they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act.

The Notes of Financial Statement referred to in the Auditors Report are self-explanatory and therefore does not required any further clarification.

COST AUDITORS

Pursuant to Order No. F.No.52/26/CAB-2010 dated 30.06.2011 issued by the Central Government in terms of the provisions of Section 233B of the Companies Act, 1956, the board for the Financial Year 2013-14, has appointed C.L.Bansal & Associates, Cost Accountant, a practicing Cost Accountant, as Cost Auditor of the company. The appointment has been approved by Central Government.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public under Section 58A of the Companies Act, 1956.

HEALTHY, SAFETY AND ENVIORMENT PROTECTION

The company has complied with all applicable environment and labour laws. The company continues to be certified under ISO 9001: 2000 certification for complete range of laminates manufactured.

INDUSTRIAL RELATION

During the year under review, industrial relations in the company remain cordial and healthy at all levels. The directors wish to place on record their appreciation for the excellent co-operation received from employees at all levels.

PARTICULARS OF EMPLOYEES

The particulars of employees who were in receipt of remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules 1975, as amended from time to time is 'Not Applicable' as no employee is in receipt of remuneration in excess of the limits prescribed under this Section.

DIRECTORS WITH MATERIALLY SIGNIFICANT ,PECUNIARY OR BUSINESS RELATION WITH THE COMPANY.

Note to Financial Statement furnishes the transaction with related parties, as stipulated under Accounting Standard- 18(AS-18) .Apart from aforesaid related party transactions, there are no transactions of material nature with the Directors/or their relatives, which may have a potential conflict with the interest of the Company.

ACKNOWLEDGEMENT

The Board wishes to take this opportunity to thank its employees for their dedicated service and firm commitment to give the goals of the company.

The Board also wishes to place on record its sincere appreciation for the wholehearted support from shareholders, customers, vendors, bankers, and all other business associates for their support and cooperation during the year.

By Order of the Board,
For Stylam Industries Limited
Sd/-

Place: Chandigarh
Date: 4th September, 2013

Jagdish Gupta
Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information pursuant to the Companies (disclosure of particulars in the Report of Board of Directors) Rules, 1988, and forming part of the Report of Directors

A. Particulars of conservation of energy

The company continued its focused energy conservation efforts through up-gradation of process technology, effective production scheduling and various energy saving initiatives like installation of Florissant lamps.

| Electricity Consumed | 2012-13 | 2011-12 |
|--|----------------|----------------|
| Electricity Consumed (In Value) | 18,685,851 | 12,369,428 |
| Electricity Consumed (In Units) | 30,29,277 | 25,00,462 |
| Average Cost (Per Unit) | 6.17 | 4.95 |
| Electricity Generating Through Generator | | |
| Diesel Consumed (In Value) | 69,98,660 | 4,628,315 |
| Units Produced and Consumed | 5,78,066 | 3,79,359 |
| Average Cost (Per Unit) | 12.11 | 12.20 |

B Technology Absorption

a) Research and Development (R&D)

The R&D activities of the company are categorized under the following area of focus:

- Developing new products & designs for emerging applications;
- Improvement in manufacturing process;
- Effective production scheduling;
- Reduction in input pilferage.

b) Benefits derived as a result of the above R&D

- Penetration into newer market;
- Enhanced reliability of the product;
- Cost reduction;
- Import substitution;
- Foreign exchange earnings.

c) Future Plan of Action

- To continue with the R&D for new products and better processes

b) Technology absorption, adaption and innovation

a) Steps adopted

- Setting –up strict quality norms so as to ensure the goods dispatched from factory is as per the requirement of the customer and is free from all defects;
- Participated in the exhibition at national and international level.

b) Benefits of the steps adopted

- Improvement in product quality;
- Establishment of 'STYLAM' Brand;
- Development of new market.

c) Particulars of Imported Technology in the last 5 years: Nil, the company keeps itself updated on the latest technology available.

C Foreign Exchange Earnings and Outgo

1. The company participates in the exhibition organized at the international levels and continued its initiatives to increase exports by developing new products and expanding to new markets. The thrust for exploring new market for export will continue in future.

2. Total Foreign Currency Earned and Used

| Parameters | Rs in Lakh | |
|-----------------------------------|------------|----------|
| | 2012-13 | 2011-12 |
| Foreign Exchange used | 42,55.05 | 44,15.48 |
| Foreign Exchange earned - exports | 102,39.45 | 73,34.68 |

ACKNOWLEDGEMENT

Your Directors thank all the employees for their sincere efforts, active involvement and devoted services rendered.

Your Directors thank the shareholders of the Company for the confidence reposed in the Management of the Company.

You Directors place on record their gratitude to the Customers, Suppliers, company's Bankers and Financial Institutions for their support and cooperation during the year under review.

By Order of the Board,

For Stylam Industries Limited

Sd/-

Jagdish Gupta
Managing Director

Place: Chandigarh

Date: 4th September, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry Structure and Developments

The major end-use segments constitute are New Residential Construction, Residential Replacement, and Commercial Sector i.e. Furniture and interior infrastructure. With tremendous growth in real estate sector and rise in the disposable income of the country's middle class, there is an anticipated exponential growth in the demand for interior infrastructure products. The projected growth of the company is based on the push-and-pull effects of supply and demand determinants like the economic trends in India, growth of infrastructure and housing. The domestic laminates industry is highly fragmented with majority of sector comprising unorganized players though there has been increasing shift in consumer preference from unbranded to branded goods. Competition from both organised as well as unorganised players leads to pricing pressure for the players in the industry. In the Export segment however, demand has been stable on account of shift from the wood based panel products to engineered panels like MDF and particle board. India is one of the largest exporters of the laminates in the world. Players with established track record of delivering quality products in the export markets, including STYLAM have been consistently able to register growth in turnover over the years despite the global slowdown though the prospects of the company will be primarily driven by the demand from the real estate sector and its ability to manage currency fluctuations.

Opportunities and Threats

Opportunities

- High potential and growing demand from both domestic as well as international market
- Future expected growth in the Real Estate market

Threats

- Fragmented Industry
- Competitive Industry: transitioning from highly unorganized to organized sector
- Price Sensitive Market
- Competition from China

Future Outlook

The share of particle board and MDF boards exceeds 64% of total production of panel boards worldwide, against less than 3.5% in India. The production quantity of MDF boards and Particle Boards in China alone is over 300 times, in comparison to India. Plywood currently accounts for about 95% of industry scales. Plywood is popular amongst housing industry while MDF has gained approval in the large commercial spaces. The housing market being much larger, plywood holds a significant market share. There is a perception of Plywood being more durable and the skill required to use plywood is lower. But with the increasing awareness of MDF and particle boards, the trend has started changing resulting into increase in the share of such items in total requirement of boards.

The state of the decorative laminates industry is sensitive to changes in the overall economy, as well as spending in new construction, and building remodeling and repairs. During 2005 to 2010, the decorative laminates industry contracted in light of macroeconomic recessionary conditions in the latter part of that period and a downturn in the housing market. Going forward, continued improvement in the housing market, lower unemployment and greater credit availability will boost the potential market for laminates used in applications such as cabinets, countertops, flooring, furniture and wall panels. Decorative laminates is forecast to advance 5.5 percent per year to 12.4 billion square feet in 2015, from US only .

Advances will also be stimulated by the consumer perception of decorative laminates as the workhorse surfacing material, providing a low-cost, low maintenance, durable surface. Competition from alternative

materials is intense as other materials are often chosen due to consumer preference for a more natural appearance or feel, or for a surface that can be renewed when damaged. In order to compete, decorative laminate manufacturers focus on developing advanced printing techniques that create patterns and textures that rival the aesthetics of alternative materials such as solid wood or natural stone, but at a lower cost.

Internal Control system & their adequacy

The company believes that business efficiency, management effectiveness and asset safeguarding can be sustained through adequate internal control and process standardization.

At the Company, internal control is exercised through the following initiatives:

1. Accurate recording of transactions with multi-layered checks;
2. Consistent accounting policies and practices; compliance with prescribed accounting standards;
3. Initiatives in line with statutory requirements;
4. Constant monitoring by internal control personnel
5. Interactions between independent auditors, management and audit committee on scope, observations and outcomes of audits and reviews

Financial Performance

Stylam recorded a gross turnover of Rs 1446.81 Lakhs as compared to the previous year's turnover of RS. 1052.75 Lakhs which is up by 37.43 % over the previous year. The company has earned Post-tax profits of Rs. 406.87 Lacs.

The revenue from Exports (including incentives) during the year were Rs. 108.61 crores which has increased from Rs. 79.33 crores, in the previous year and recorded a growth of 36.90 %. Further, the revenue from Domestic sales increased from Rs. 28.75 crores to Rs. 37.79 crores, recording a growth of 31.46 %.

The profitability of the company has also received a set back due to increase in raw material costs and inflation all over the world. However, due to operational efficiency and better realization the company has maintained the bottom line.

Human Resource / Industrial Relations

During the year Company cultivated a work environment that encouraged high performance, team efforts, work culture and up gradation of talent & capabilities.

Human Resources Management is the key focus area for the company and there has been constant endeavour to attract and retain the best talent.

The Company is regularly conducting training programmes & workshops to meet the training & developments needs of its employees.

The company has been maintaining healthy and cordial relationship with its staff and workers.

Risks & Concerns:

Risk Management:

The company's activities expose it to variety of risks including market risk, sales risk, raw material risk, regulatory risk, product liability and liquidity risk. The Company has laid down procedures to inform board members about the risk assessment and minimization procedures. The board periodically discusses the significant business risks identified by the management and the mitigation process being taken up. A broad framework for minimizing the risks faced by the Company by adopting a risk management policy for product and currency has been formed by the Company.

STYLAM INDUSTRIES LIMITED

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report for the Year 2012-13, which has been prepared pursuant to the provisions of Clause 49 of the Listing Agreement, is furnished herein below.

1. Company's Philosophy on Corporate Governance

Corporate Governance is about commitment to values, pursuing excellence and maintaining transparency, accountability and ethical business standards. It relates to compliance of laws, regulations, procedures and adherence to such implicit rules and voluntary practices of the Board of Directors and the Management. The Corporate Governance structure specifies the distribution of rights and responsibilities among different participants in one corporation, such as the Board, Managers, Shareholders and other stake holders and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provide the structure through which the Company objective "REACHING TOMORROW FIRST" is set and the means of attaining these objectives and the system of monitoring performance is institutionalized.

2. Board of Directors

The Company's Board presently comprises of three (3) executive directors and three (3) independent directors.

The constitution of the Board is given below:

| Name of Director | Promoter/ Executive / Non-Executive / Independent | No. of other Directorships in Public Limited Companies | Membership of other Board Committees |
|------------------|---|--|--------------------------------------|
| Jagdish Gupta | Promoter/ Executive | 2 | 3 |
| Satish Gupta | Promoter/ Executive | 2 | --- |
| Mahavir Singh | Non-Executive / Independent | 6 | 3 |
| Satpal Garg | Non-Executive/ Independent | --- | --- |
| Ravinder Krishan | Non-Executive/ Independent | --- | 3 |
| Manav Gupta | Promoter/ Executive | --- | --- |

BOARD MEETINGS

Attendance of Directors at Board Meetings and Annual General Meeting (Incl. EOGM)

During the financial year the Board of Directors met 20(Twenty) times during the financial year, on the following dates:

| | | | |
|------------|------------|------------|------------|
| 11.04.2012 | 27.05.2012 | 29.05.2012 | 07.06.2012 |
| 16.06.2012 | 04.07.2012 | 11.07.2012 | 10.08.2012 |
| 13.08.2012 | 16.08.2012 | 06.09.2012 | 17.09.2012 |
| 03.10.2012 | 13.10.2012 | 31.12.2012 | 28.01.2013 |
| 11.02.2013 | 21.03.2013 | | |

The attendance at the Board Meetings and the last Annual General Meeting were as under:

| Name of Directors | No. of Board Meetings | | Annual Meeting | General |
|-------------------|-----------------------|----------|----------------|---------|
| | Held | Attended | | |
| Jagdish Gupta | 20 | 20 | | Yes |
| Satish Gupta | 20 | 20 | | Yes |
| Mahavir Singh | 20 | 18 | | Yes |
| Satpal Garg | 20 | 0 | | Yes |
| Ravinder Krishan | 20 | 18 | | Yes |
| Manav Gupta | 20 | 20 | | Yes |

- Leave of Absence has been granted to Mr. Satpal Garg.

3. AUDIT COMMITTEE

The Audit Committee comprises of optimum combination of executive and non-executive directors. There are 3 members, of 2 are Independent and 1 Promoter Director as on 31st March, 2013. The terms of reference of the Committee are same as are described in Clause 49 of the Listing Agreement.

MEETINGS AND ATTENDANCE

During the year, 4 Audit Committee meetings were held on 28.5.2012, 10.08.2012, 10.11.2012, 09.02.2013.

The Attendance of Members at meetings was as under :

| Sr. No. | Name | Position | No. of Meetings held during the relevant period | No. of Meetings attended |
|---------|------------------|----------|---|--------------------------|
| 1. | Ravinder krishan | Member | 4 | 4 |
| 2. | Mahavir Singh | Member | 4 | 4 |
| 3. | Satpal Garg* | Member | 4 | 0 |
| 3 | Jagdish Gupta | Member | 2 | 2 |

- Mr. Satpal Garg resigned from Audit Committee w.e.f 1st April, 2013.

The Company Secretary acts as the secretary to the committee.

4. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE

The Board reconstituted and redesignated the 'Investor Grievance Committee' as Shareholders/Investors Grievance Committee as per Clause 49 of listing agreement to specifically look into the redressal of shareholder and investors complaints.

During the year, Twelve meetings were held on 04.04.2012, 19.04.2012, 09.07.2012, 01.09.2012, 21.09.2012, 10.10.2012, 26.10.2012, 04.12.2012, 17.12.2012, 05.01.2013, 04.02.2013, 15.02.2013.

As on date following are the members of the committee.

| Sr.No. | Name | Category | Position |
|--------|------------------|---|----------|
| 1. | Ravinder Krishan | Non-Executive and Independent Director | Chairman |
| 2. | Mahavir Singh | Non- Executive and Independent Director | Member |
| 3. | Jagdish Gupta | Executive and Promoter Director | Member |

- Mr. Satpal Garg resigned from Share Transfer Committee w.e.f 1st April, 2013.

The Company Secretary provides secretarial support to the committee and is also the designated Compliance Officer for such matters.

5. REMUNERATION COMMITTEE

Remuneration Committee was constituted to determine and recommend to the Board and the Members, compensation payable to Whole Time Directors/Managing Director, to determine and advise the Board for the payment of annual increments and commission to Whole Time Directors and to determine and recommend policy for the retirement benefits payable to its whole Time Director/Managing Director.

The Composition of the Committee is as under :

| Name | Designation | Non-executive/ Independent |
|-------------------|-------------|----------------------------|
| Mahavir Singh | Chairman | Non-Executive/ Independent |
| Ravinder Krishan | Member | Non-Executive/ Independent |
| Mr. Jagdish gupta | Member | Executive/ Promoter |

The terms of appointment of whole time directors are governed by resolution of Board of directors/ Shareholders and applicable rules of the Company. None of the directors are entitled to severance fees.

6. SHARE TRANSFER SYSTEM

With a view to expedite the process of physical share transfer, a committee of directors has been constituted to be called "Share Transfer Committee" and authority has been delegated to the said committee to approve the transfer, transmission, issue of duplicate sharescertificates and allied matters. The Company's Registrar's, M/s Link Intime India Private Limited have adequate infrastructure to process the above matters.

The constitution of the committee is given herein below.

| Sr.No. | Name | Category | Position |
|--------|------------------|---|----------|
| 1. | Ravinder Krishan | Non-Executive and Independent Director | Chairman |
| 2. | Mahavir Singh | Non- Executive and Independent Director | Member |
| 3. | Jagdish Gupta | Executive and Promoter Director | Member |

The committee meets fortnightly to approve the transfer/transmission & issue of Duplicate Shares. All shares have been transferred and returned within 15 days from the date of receipt of complete documents.

The complaints are generally replied to within 15 days from the date of lodgement with the Company. There was no compliant pending as on 31st March 2013.

7. CEO/CFO Certification

As required by Clause 49 of the listing agreement, the certificate duly signed by Mr. Jagdish Gupta , Managing Director and Mr. Satish Gupta, Executive Director was placed before the Board of Directors at its meeting held on 2nd September, 2013 as annexed at the end of corporate governance report.

8. Disclosures

No transaction of material nature has been entered into by the Company with its directors or Management and their relatives etc. that may have potential conflict with the interest of the Company. The Register of Contracts containing transactions, in which directors are interested, is placed before the board regularly for its approvals.

Transactions with the related parties are disclosed in Note No. 7 of Notes on Accounts in the Annual Report. There has been no instance of non-compliance by the Company on any matter related to capital markets.

10 .SHAREHOLDERS' INFORMATION**a. Name and Designation of Compliance Officer**

| |
|--|
| Mrs. Nitika Sharma, Compliance Officer Email id : Nitika.sharma@stylam.com Contact No. : 0172- 5021491 |
|--|

b. Details of Complaints Received and redressed during 1st April, 2012 to 31st March, 2013 : NIL**c. Physical Share Transfer Details for the period from 1st April, 2012 to 31st March, 2013**

| Transactions | Physical |
|--------------------------------|----------|
| Number of Transfers | 33 |
| Number of Shares Transferred | 6011 |
| No. of Pending Share Transfers | Nil |

d. Investors' Grievances :

The Registrars and Transfer Agents, under supervision of the Company look after investors' grievances. At each Meeting of Investors' Grievance Committee, all matters pertaining to investors including their grievances and redressal are reported.

e. Information on General Body Meetings :

The last 3 Annual General Meetings of the Company were held as under:

| Annual General Meeting (AGM) | Date | Time | Venue | No. of Special Resolution Passed. |
|------------------------------|---------------------------------|------------|---------------------------------------|-----------------------------------|
| 19 th AGM | 31 st August ,2010 | 10:00 AM | Chandigarh Club, Sector-1, Chandigarh | -- |
| 20 th AGM | 28 th September,2011 | 10:00A.M. | Chandigarh Club, Sector-1, Chandigarh | 3 |
| 21 st AGM | 31 st July, 2012 | 10:00 A.M. | Chandigarh Club, Sector-1, Chandigarh | 1 |

The Special Resolutions were passed by show of hands. The Company has not passed any shareholders resolution through postal ballot during the year under reference.

f. Means of Communication :

- (i) Half-Yearly Report is not being sent to each household of shareholders as half yearly results are intimated to Stock Exchanges.
- (ii) The Quarterly Results are usually published in Financial Express in English in National daily and in the newspaper of vernacular language i.e Jansatta- Chandigarh daily Edition.
- (iii) Information released to the press at the time of declaration of results is also sent to all Stock Exchanges where the shares of the Company are listed for the benefit of investors.
- (iv) Management Discussion and Analysis forms part of the Annual Report.

g. Annual General Meeting :

- Date & Time: 28th September, 2013 at 10:000 A.M.
- Venue : Chandigarh Club, Sector – 1, Chandigarh -160019

h. Financial Calendar :

The financial year of the Company is for a period of 12 months from 1st April 2013 to 31st March, 2014.

| | | |
|---|---|--|
| First Quarter results | : | By 15 th August, 2013 |
| Second Quarter results | : | By 15 th November, 2013 |
| Third Quarter results | : | By 14 th February, 2014 |
| Fourth Quarter results / Year end results | : | By 30 th May, 2014 (Audited Results will be considered) |

i. Book Closure

Monday, the 23rd September, 2013 to Saturday , the 28th Day of September, 2013 (both days inclusive).

j. Dividend Payment Date :

Not applicable as the Board has not recommended any dividend for the financial year ending 31st March, 2013.

k. Listing on Stock Exchanges :

Shares of the Company are listed on the Bombay Stock Exchange Limited.

Scrip Code : 526951

Address : 25th Floor, Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai – 400 001

The Company has paid Annual Listing Fees for the year 2012-13 to the above Stock Exchange.

l. Market Price Data:

Stock Code: The Stock Code for the Company's shares is as follows: -

The Stock Exchange, Mumbai: Code : 526951

The ISIN Nos. for the Company's Shares in Demat Mode – INE239C01012

Company : [Stylam Industries Limited](#) 526951

Period: Apr 2012 to Aug 2013

All Prices in ₹

| Month | Open | High | Low | Close | No. of Shares | No. of Trades | Total Turnover | Deliverable Quantity | % Deli. Qty to Traded Qty | * Spread | |
|--------|-------|-------|-------|-------|---------------|---------------|----------------|----------------------|---------------------------|----------|-----------|
| | | | | | | | | | | H-L | C-O |
| Apr 12 | 20.30 | 23.30 | 20.10 | 22.50 | 64,651 | 129 | 14,12,608 | 59,185 | 91.55 | 3.20 | 2.20 |
| May 12 | 22.50 | 25.00 | 20.60 | 23.00 | 4,28,844 | 456 | 98,62,565 | 2,75,827 | 64.32 | 4.40 | 0.50 |
| Jun 12 | 22.65 | 27.25 | 21.65 | 23.80 | 1,77,830 | 268 | 45,15,481 | 1,64,617 | 92.57 | 5.60 | 1.15 |
| Jul 12 | 23.60 | 28.25 | 21.85 | 26.00 | 44,501 | 129 | 11,10,688 | 42,068 | 94.53 | 6.40 | 2.40 |
| Aug 12 | 24.95 | 28.10 | 20.00 | 22.70 | 30,051 | 157 | 7,04,695 | 21,536 | 71.66 | 8.10 | - 2.25 |
| Sep 12 | 23.85 | 24.85 | 17.50 | 21.90 | 18,440 | 245 | 3,96,427 | 15,848 | 85.94 | 7.35 | - 1.95 |
| Oct 12 | 22.90 | 25.70 | 20.75 | 25.00 | 80,395 | 255 | 18,17,821 | 66,135 | 82.26 | 4.95 | 2.10 |
| Nov 12 | 26.00 | 27.25 | 21.85 | 22.85 | 37,604 | 85 | 9,11,450 | 33,012 | 87.79 | 5.40 | - 3.15 |
| Dec 12 | 21.75 | 26.10 | 20.90 | 23.70 | 28,115 | 129 | 6,40,628 | 23,668 | 84.18 | 5.20 | 1.95 |
| Jan 13 | 22.60 | 26.10 | 22.25 | 24.45 | 62,914 | 194 | 14,86,391 | 60,725 | 96.52 | 3.85 | 1.85 |
| Feb 13 | 25.60 | 25.90 | 21.25 | 23.00 | 96,741 | 232 | 23,83,565 | 86,349 | 89.26 | 4.65 | - 2.60 |
| Mar 13 | 24.10 | 24.80 | 20.00 | 21.50 | 59,654 | 178 | 13,21,194 | 54,440 | 91.26 | 4.80 | - 2.60 |

* Spread

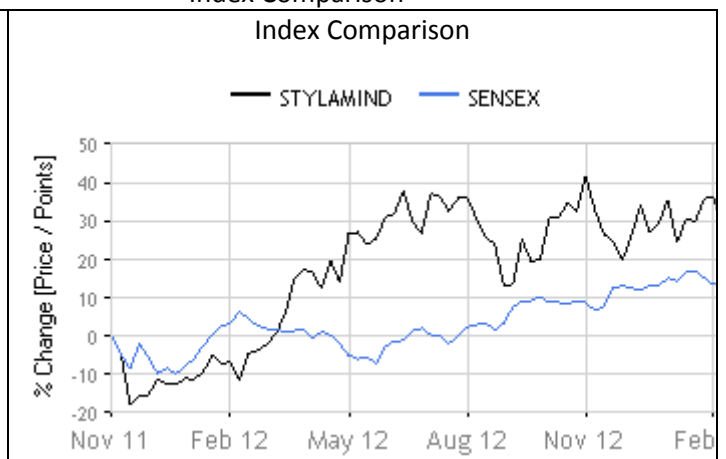
H-L : High-Low

C-O : Close-Open

Price Movement



Index Comparison



(Source: www.bseindia.com)

m. Registrars and Transfer Agents

Mr. Sunil Mishra

Link Intime India Private Limited

A-40, 2nd Floor, Naraina Industrial Area

Phase – II, Near Batra Banquet Hall,

New Delhi – 110 028

Ph: 011-41410592-93-94, 25897309

Fax: 011-41410591

n. Delegation of Share Transfer Formalities

The Board has delegated the power to approve share transfer in physical form under the signatures of any director or Company Secretary and confirmation of shares in demat mode to depositories / depositories participants by M/s Link Intime India Private Limited, Registrar & Share Transfer Agent (RTA) of the Company.

There are no transfers pending as on 31st March, 2013.

o.E-mail ID for redressal of Investor Grievances

As per Listing Agreement Clause 47(f), Company has a separate E-mail ID for redressal of Investor Complaints and Grievances. The E-mail ID for redressal of Investor Grievances is nitika.sharma@stylam.com

p.Shareholding Pattern as on 31st March, 2013 :

| Category | No. of Shares Held | %age of Shareholding |
|--------------------------|--------------------|----------------------|
| Promoters | 43,04,056 | 58.83 |
| Private Corporate Bodies | 4,39,773 | 06.02 |
| Indian Public | 2,553,330 | 34.90 |
| NRIs / OCBs | 19,041 | 0.25 |
| Total | 7,316,200 | 100.00 |

q. Distribution of shareholding as on 31st March, 2013 :

| Distribution Schedule as on 31.03.2013 | | | | |
|--|---------------------|---------|--------------------|----------|
| No. of Shares | No. of Shareholders | % age | No. of Shares Held | % age |
| Upto 2500 | 1137 | 54.014% | 1391070 | 1.901% |
| 2501 to 5000 | 541 | 25.701% | 2368300 | 3.237% |
| 5001 to 10000 | 198 | 9.406% | 1676850 | 2.292% |
| 10001 to 20000 | 80 | 3.800% | 1380990 | 1.888% |
| 20001 to 30000 | 38 | 1.805% | 971060 | 1.327% |
| 30001 to 40000 | 13 | 0.618% | 525890 | 0.719% |
| 40001 to 50000 | 25 | 1.188% | 1275730 | 1.744% |
| 50001 to 100000 | 22 | 1.045% | 2403930 | 3.286% |
| 100001 & Above | 51 | 2.423% | 61079280 | 83.485% |
| Total | 2105 | 100.00% | 7,316,200 | 100.00 % |

r. Dematerialisation of Shares and Liquidity :

Shares of the Company are available for dematerialisation on Central Depository Securities Limited (CDSL) & National Securities Depository Limited(NSDL). As on 31st March, 2013, 5,502,617 Equity Shares stand dematerialized in NSDL and 9, 83, 776 shares representing 13.44% stand dematerialized in NSDL A/c

s. Plant Locations :

The Company has its manufacturing Plant at the following address:

Stylam Industries Limited
 #92-93, Industrial Area, Phase – I,
 Panchkula – 134 108 (Haryana)
 Tele: - +91-172- 2565387, 2563907
 Fax: - +91-172 – 2565033

t.Address for correspondence :

Shareholders may correspond with the Company at the Registered Office of the Company or at the office of Registrars and Transfer Agents of the Company:

| | |
|--|---|
| Stylam Industries Limited SCO 14, Sector 7 C, Madhya Marg, Chandigarh -160019 Tele: 0172-5021555, 5021490 Email : nitika.sharma@stylm.com | Mr. Sunil Mishra Link Intime India Private Limited A-40, 2 nd Floor, Naraina Industrial Area Phase – II, Near Batra Banquet Hall, New Delhi – 110 028 Ph: 011-41410592-93-94, 25897309 Fax: 011-41410591 |
|--|---|

The above Report has been placed before the Board at its meeting held on 2nd Setember, 2013 and the same was approved.

For and on behalf of the Board

-Sd-

Jagdish Gupta

Managing Director

-Sd-

Satish Gupta

Executive Director

Place: Chandigarh

Dated: 4th September, 2013

MANAGING DIRECTOR'S DECLARATION WITH RESPECT TO CODE OF CONDUCT

I, Jagdish Gupta, Managing Director of **Stylam Industries Limited** hereby declare that all the Board Members and Senior Management of the Company have affirmed compliance of the Company's code of conduct for the financial year ended on 31st March, 2012.

For Stylam Industries Limited

Sd/-

Jagdish Gupta

Managing Director

Place: Chandigarh

Date: 4th September, 2013

Corporate Governance Certificate

To the Members of Stylam Industries Limited

We have examined the compliance of conditions of Corporate Governance by Stylam Industries Limited, for the period of 12 months ended on 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the abovementioned Listing Agreement.

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

Practising Company Secretaries

Sanjiv Kumar Goel
Partner

Place: Chandigarh
Date : 04.09.2013

Fellow Membership No. : 2107
CP NO. : 1248

CEO / CFO Certification

The Board of Directors of
STYLAM INDUSTRIES LIMITED
S.C.O 14,SECTOR 7C,
CHANDIGARH

Re : Financial Statements for the year 2012-13 - Certification by CEO and CFO

We, Mr. Jagdish Gupta, Managing Director and Mr. Satish Gupta , Executive Director of STYLAM INDUSTRIES Limited, on the basis of review of the financial statements and the Cash Flow Statement for the financial year ending 31st March, 2013 and to the best of our knowledge and belief, hereby certify that:

1. These statements do not contain any materially untrue statements or omit any material fact or contains statements that might be misleading.
2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
3. There are, to the best of our knowledge and belief, no transaction entered into by the Company during the year ended 31st March, 2013 which are fraudulent, illegal or violative of the Company's Code of Conduct.
4. We accept responsibility for establishing and maintaining internal controls, we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee those deficiencies, of which we are aware, in the design or operation of the internal control systems and that we have taken the required steps to rectify these deficiencies.
5. We further certify that :
 - (a) there have been no significant changes in internal control during this year.
 - (b) there have been no significant changes in accounting policies during this year.
 - (c) there have been no instances of significant fraud of which we have become aware and the involvement therein, of management or an employee having significant role in the Company's internal control systems.

Place: Chandigarh
Date : 04.09. 2013

Satish Gupta Jagdish Gupta
Director Managing Director

AUDITORS REPORT**TO THE MEMBERS OF M/s. STYLAM INDUSTRIES LIMITED, CHANDIGARH**

1. We have audited the attached Balance Sheet of **M/s. STYLAM INDUSTRIES LIMITED** as at **31st March, 2013** and the Profit & Loss Account for the year ended on that date annexed thereto and Cash Flow Statement for the year ended on that date. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amount and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Companies Act 1956 and on the basis of such checks of books and records of the Company as we considered appropriate and according to the information and explanations given to us, we enclose in the Annexure a statement on the matters specified in paragraph 4 & 5 of the said order.
4. Further to our comments in the Annexure referred to in paragraph (3) above, we report that:
 - i. We have obtained all the information and explanation, which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - ii. In our opinion, proper books of accounts as required by law have been kept by the Company so far as appears from our examination of those books and papers.
 - iii. The Balance Sheet and the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
 - iv. In our Opinion and to the best of our information and according to the explanation given to us, Balance Sheet, Profit & Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
 - v. On the basis of written representations received from the directors, as on 31st March 2013 and taken on record by the Board of Directors, We report **that none of the director is disqualified** as on 31st March 2013 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- vi. In our opinion, and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, in the case of ;
- (a) the Balance Sheet, of the State of the affairs of the Company as at 31st March 2013;
 - (b) the Profit & Loss Account, of the Profit of the Company for the year ended 31st March,2013; and
 - (c) the cash Flow Statement, of the cash flows of the Company for the year ended on that date.

For Sunil K. Sood & Co.
Chartered Accountant

Dated : 20-05-2013

Place : Panchkula

Sunil K. Sood
Proprietor

M. No. 81778

ANNEXURE TO THE AUDITOR'S REPORT

(Referred to in paragraph 3 of Auditor's Report of even date to the members of M/s. STYLAM INDUSTRIES LIMITED, Chandigarh on the financial statements for the year ended 31st March, 2013)

In terms of information and explanations given to us and the books and records examined by us in the normal course of audit, we report that:

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A major portion of the assets has been physically verified by the Management during the period. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. To the best of our knowledge, no material discrepancies have been noticed on such verification.
- (c) The Company has not disposed off a substantial part of its fixed assets during the year.

(ii) In respect of its inventories:

- (a) The inventory has been physically verified by the management in a phased manner during the year. In our opinion, the frequency of verification of inventory is reasonable. Inventory in Transit have been verified by the management with reference to the confirmations received from them and / or subsequent receipt of goods.
- (b) The procedures of physical verification of inventories followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on verification of inventory as compared to the book records were not material.

- (iii) (a) (i) The Company has granted loans to companies, firms or other Parties covered in the register maintained under Section 301 of the Companies Act, 1956 and the year end balance of such advances is Rs. 254.99 Lacs.
(ii) In our opinion, the terms & conditions on which loans have been given are not prima-facie prejudicial to the interest of the Company.
- (b) (i) The Company has taken Unsecured Loans from companies & other parties covered in the register maintained under section 301 of the companies Act 1956 and the year-end balance of such Loans is Rs. 886.91 Lacs.
(ii) In our opinion, the rate of interest and other terms and conditions on loans taken by the company, are not prima facie prejudicial to the interest of the company.

(iv) In our opinion and according to the information and explanations given to us, the Company has not purchased any item of special nature whose suitable alternative sources do not exist for obtaining comparable quotations, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to purchases of inventories of fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal controls.

(v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the Transaction made in pursuance of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act,1956 have been so entered.

(b)In our opinion, having regard to our comments in Paragraph (iv) above and according to the information and explanation given to us, no transactions have been made pursuance of contracts or arrangements required to be entered in the register maintained under Section 301 of the Company Act 1956.

(vi) The Company has not accepted any deposits from the public during the financial year, the provision of section 58 A and 58 AA of the Companies act, 1956 and the rules framed there under are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) We have broadly the cost records maintained by the company pursuant to the companies (Cost Accounting Records) Rules 2011, prescribed by the Central government under section 209(1)(d) of the Companies act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(ix) (a) According to the information and explanations given to us and a records of the company examined by us, in our opinion the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident fund, Employees' state insurance, Income Tax, Wealth Tax, Sales Tax, Customs duty, Excise duty, Service tax, Cess and other material statutory dues applicable with the appropriate authorities. No undisputed amounts payable in respect of aforesaid statutory dues were in arrears, as at **31st March 2013** for a period of more than six months from the date they became payable.

(b) The disputed Statutory dues aggregating to Rs.26.87 lacs out of which Rs.8.31 lacs have not been deposited on account of dispute matters pending before appropriate authorities are as under:-

| S.No. | Name of the Status | Nature of Dues | Amount (Rs.) Lacs | Period to which the amount relates | Forum where dispute is pending |
|-------|----------------------|-----------------|-------------------|------------------------------------|--------------------------------|
| 1. | Income Tax Act, 1961 | Income Tax Dues | Rs. 16.62 | AY 2009-10 | Appellant authority |
| 2. | Income Tax Act, 1961 | Income Tax Dues | Rs. 10.25 | AY 2010-11 | CIT (Appeals) |

(x) The Company does not have accumulated losses. The Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution or bank.

(xii) In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and

other securities. Therefore, the provisions of clause 2(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

- (xiii) In our opinion, the Company is not a Chit fund or a Nidhi Mutual benefit/ society. Therefore, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiv) In our opinion and according to the information and explanations given to us, the Company is not dealing in or trading in shares, securities, debentures & other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks financial institutions.
- (xvi) In our opinion and according to the information and explanations given to us, the term loans have been applied for the purpose for which they were raised.
- (xvii) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long-term investment. No long term funds have been used to finance short-term assets other than temporary deployment in investments pending application.
- (xviii) According to the information and explanations given to us, during the period covered by our audit report, 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.
- (xix) The Company has not issued any debenture during the year nor there is any outstanding as on **31st March 2013** and hence we have no-comments to offer in respect of Clause 4(xix) of the Companies (Auditor's Report) Order, 2003.
- (xx) During the year covered by our audit report, the Company has not raised any money by way of public issue.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no material fraud on or by the Company has been noticed or reported during the course of our audit.

For Sunil K. Sood & Co.
Chartered Accountant

Sunil K. Sood
Proprietor
M. No. 81778

Dated: 20-05-2013
Place: Panchkula

Stylam Industries Limited**Balance Sheet as at 31st March, 2013***(Figures in Rs.)*

| | Note No. | As at 31st March 2013 | As at 31st March 2012 |
|--|----------|--------------------------|--------------------------|
| EQUITY AND LIABILITIES | | | |
| Shareholder's funds | | | |
| Share capital | 1 | 73,162,000 | 73,162,000 |
| Reserves and surplus | 2 | 205,103,272 | 164,247,899 |
| Sub-total - Shareholders' funds | | 278,265,272 | 237,409,899 |
| Share application money pending allotment | | | |
| Non-current Liabilities | | | |
| Long-term borrowings | 3 | 233,730,839 | 121,529,580 |
| Deferred tax liabilities (Net) | 4 | 12,045,526 | 13,197,041 |
| Sub-total - Non-current liabilities | | 245,776,365 | 134,726,621 |
| Current liabilities | | | |
| Short-term borrowings | 5 | 361,770,559 | 274,983,021 |
| Trade payables | 6 | 79,434,201 | 79,581,072 |
| Other current liabilities | 7 | 154,520,243 | 100,912,284 |
| Short term provisions | 8 | 14,849,609 | 2,317,020 |
| Sub-total - Current liabilities | | 610,574,612 | 457,793,398 |
| TOTAL | | 1,134,616,249 | 829,929,917 |
| ASSETS | | | |
| Non-current assets | | | |
| Fixed assets | 9 | | |
| Tangible assets | | 307,379,619 | 308,719,746 |
| Capital work-in-progress | | 183,793,203 | 29,375,145 |
| Long term loans and advances | 10 | 33,773,655 | 33,973,077 |
| Sub-total - Non-current assets | | 524,946,477 | 372,067,968 |
| Current assets | | | |
| Inventories | 11 | 311,001,284 | 249,536,662 |
| Trade receivables | 12 | 204,924,139 | 153,518,695 |
| Cash and cash equivalents | 13 | 12,304,679 | 9,690,422 |
| Short term loans and advances | 14 | 78,183,550 | 42,107,114 |
| Other current assets | 15 | 3,256,120 | 3,009,057 |
| Sub-total - Current assets | | 609,669,772 | 457,861,950 |
| TOTAL | | 1,134,616,249 | 829,929,917 |

Significant Accounting Policies**Notes on Financial Statements**

1 to 26

As per Report of even date

FOR SUNIL K. SOOD & CO.
CHARTERED ACCOUNTANTSSUNIL K. SOOD
(PROPRIETOR)
Membership No.81778JAGDISH GUPTA
(MANAGING DIRECTOR)SATISH GUPTA
(EXECUTIVE DIRECTOR)DATE : 20th May, 2013
PLACE : ChandigarhNITIKA SHARMA
(COMPANY SECRETARY)SANJEEV VAID
(SR. FINANCE MANAGER)

Stylam Industries Limited

Statement of Profit and Loss for year ended 31st March, 2013

| | | As at 31st March 2013 | (Figures in Rs.) Year ended 31st March 2012 |
|--|-----------------|--------------------------|---|
| Income from operations | Note No. | | |
| Net Revenue | 16 | 1,402,113,459 | 1,041,732,232 |
| Other Income | 17 | 12,106,256 | 3,931,564 |
| Total Income from operations (Net) | | 1,414,219,714 | 1,045,663,797 |
| Total Expenditure | | | |
| Cost of Materials Consumed | 18 | 941,521,442 | 620,291,406 |
| Purchase of Stock-in-Trade | 19 | 2,691,016 | 1,104,542 |
| (Increase)/Decrease in Finished goods, Stock-in-progress and Stock-in-trade | 20 | (69,080,963) | 25,455,601 |
| Employee Benefits Expense | 21 | 99,763,483 | 70,489,744 |
| Finance costs | 22 | 46,632,546 | 35,537,122 |
| Depreciation and Amortization | 23 | 30,698,943 | 28,222,225 |
| Other Expenses | 24 | 302,648,941 | 222,975,618 |
| Total Expenditure | | 1,354,875,408 | 1,004,076,257 |
| Profit from ordinary activities | | 59,344,306 | 41,587,540 |
| Exceptional items | 25 | (2,317,158) | (282,626) |
| Profit from ordinary activities before tax (after exceptional items) | | 61,661,464 | 41,870,166 |
| Tax expenses | | | |
| Current Tax | | 21,617,528 | 11,522,461 |
| Income Tax of Earlier years | | 508,078 | - |
| Deferred Tax | | (1,151,515) | 2,189,455 |
| Profit/ (Loss) for the period | | 40,687,373 | 28,158,250 |
| Earnings per Equity Share: | | | |
| Basic and Diluted | 26 | 5.56 | 3.85 |
| Significant Accounting Policies | | | |
| Notes on Financial Statements | 1 to 26 | | |

As per Report of even date

FOR SUNIL K. SOOD & CO.
CHARTERED ACCOUNTANTS

SUNIL K. SOOD
(PROPRIETOR)
Membership No.81778

JAGDISH GUPTA
(MANAGING DIRECTOR)

SATISH GUPTA
(EXECUTIVE DIRECTOR)

DATE : 20th May, 2013
PLACE : Chandigarh

NITIKA SHARMA
(COMPANY SECRETARY)

SANJEEV VAID
(SR. FINANCE MANAGER)

STYLAM INDUSTRIES LIMITED

SCO.14, SECTOR-7-C CHANDIGARH 160027

Cash Flow Statement for the year ended 31/03/2013

| Particulars | Figures as at end of the current | | Figures as at end of the previous | |
|--|----------------------------------|----------------------|-----------------------------------|----------------------|
| A. Cash flow from operating activities | | | | |
| Net Profit / (Loss) before extraordinary items and tax | 61,661,464 | 61,661,464 | 41,870,166 | 41,870,166 |
| Adjustments for: | | | | |
| Depreciation and amortisation | 30,698,943 | 73,841,903 | 28,222,225 | 62,386,951 |
| Extraordinary Items | (2,317,158) | | (282,626) | |
| (Profit) / loss on sale / write off of assets | (16,573) | | 89,355 | |
| Finance costs | 46,632,546 | | 35,537,122 | |
| Interest income | (1,155,855) | | (1,179,124) | |
| Net unrealised exchange (gain) / loss | | | | |
| Operating profit / (loss) before working capital changes | | 135,503,367 | | 104,257,117 |
| Changes in working capital: | | | | |
| Adjustments for (increase) / decrease in operating assets: | | | | |
| Trade receivables | (51,405,445) | (149,193,565) | (35,153,401) | (83,203,643) |
| Inventories | (61,464,622) | | (53,391,872) | |
| Short-term loans and advances | (36,076,436) | | 5,176,118 | |
| Other current assets | (247,063) | | 165,512 | |
| Other non-current assets | - | | - | |
| Adjustments for increase / (decrease) in operating liabilities: | | | | |
| Trade payables | (146,872) | 55,969,990 | (10,507,727) | 51,347,441 |
| Other current liabilities | 53,607,959 | | (733,017) | |
| Short-term provisions | 2,508,904 | | 62,588,184 | |
| Long-term provisions | - | | - | |
| | | 42,279,792 | | 72,400,915 |
| Cash flow from extraordinary items | | 2,317,158 | | 282,626 |
| Cash generated from operations | | 44,596,950 | | 72,683,541 |
| Net income tax (paid) / refunds | | (12,101,921) | | (9,944,582) |
| Net cash flow from / (used in) operating activities (A) | | 32,495,030 | | 62,738,959 |
| B. Cash flow from investing activities | | | | |
| Capital expenditure on fixed assets, including capital advances | (184,816,302) | (182,237,025) | (104,763,647) | (108,559,575) |
| Proceeds from sale of fixed assets | 1,224,000 | | 370,000 | |
| Long-term loans and advances | 199,422 | | (5,345,053) | |
| Interest received | 1,155,855 | | 1,179,124 | |
| Dividend received | - | | - | |
| Cash flow from extraordinary items | | - | | - |
| Net cash flow from / (used in) investing activities (B) | | (182,237,025) | | (108,559,575) |
| C. Cash flow from financing activities | | | | |
| Proceeds from issue of equity shares | - | 152,356,252 | - | 45,070,887 |
| Proceeds from long-term borrowings | 112,201,259 | | 71,706,830 | |
| Proceeds from other short-term borrowings | 86,787,539 | | 8,901,179 | |
| Finance cost | (46,632,546) | | (35,537,122) | |
| Cash flow from extraordinary items | - | - | - | - |
| Net cash flow from / (used in) financing activities (C) | | 152,356,252 | | 45,070,887 |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C) | | 2,614,256 | | (749,729) |
| Cash and cash equivalents at the beginning of the year | | 9,690,422 | | 10,440,152 |
| Effect of exchange differences on restatement of foreign currency | | | | |
| Cash and cash equivalents at the end of the year | | 12,304,679 | | 9,690,422 |

See accompanying notes forming part of the financial statements

As per our report of even date attached

FOR SUNIL K. SOOD & CO.

CHARTERED ACCOUNTANTS

For and on behalf of the Board

(SUNIL K SOOD)
(PROPRIETOR)
Membership No. 81778JAGDISH GUPTA
(MANAGING DIRECTOR)SATISH GUPTA
(EXECUTIVE DIRECTOR)DATE : May 20, 2013
PLACE : ChandigarhNITIKA SHARMA
(COMPANY SECRETARY)SANJEEV VAID
(SR. FINANCE MANAGER)

Notes on Financial Statements for the Year ended 31st March, 2013

The previous year figures have been regrouped / reclassified wherever necessary to confirm to the current year presentation

1. Share Capital

(Figures in Rs.)

| Particulars | As at | |
|---|-------------------|-------------------|
| | 31st March 2013 | 31st March, 2012 |
| Authorised Share Capital | 80,500,000 | 80,500,000 |
| 80,50,000 Equity shares of Rs.10 (80,50,000) | | |
| Issued, Subscribed, Paid-up Share Capital | 73,162,000 | 73,162,000 |
| 73,61,200 Equity shares of Rs.10 each fully paid (73,61,200) | | |
| Total | 73,162,000 | 73,162,000 |

The detail of the equity shares held by each shareholder holding more than 5% is as below:-

| S No. | Name of the shareholder | As on | | As on | |
|-------|-------------------------|-----------------------|-------------------|-----------------------|-------------------|
| | | 31st March 2013 | 31st March, 2012 | 31st March, 2012 | 31st March, 2012 |
| | | Number of shares held | % of shareholding | Number of shares held | % of shareholding |
| 1 | Jagdish Gupta | 985450 | 13.47% | 985450 | 13.47% |
| 2 | Satish Gupta | 868963 | 11.88% | 868963 | 11.88% |
| 3 | Manit Gupta | 412198 | 5.63% | 412198 | 5.63% |
| 5 | Usha Gupta | 712875 | 9.74% | 712875 | 9.74% |
| 6 | Pushpa Gupta | 550970 | 7.53% | 550970 | 7.53% |
| 7 | Rattan Devi | 385700 | 5.27% | 385700 | 5.27% |

2. Reserves and surplus

(Figures in Rs.)

| | As on | | As on | |
|---------------------------------------|--------------------|------------------|------------------|--------------------|
| | 31st March 2013 | 31st March, 2012 | 31st March, 2012 | 31st March, 2012 |
| a. Capital Reserve | | | | |
| As per last Balance Sheet | 2,836,000 | | | 2,668,000 |
| b. General Reserve | | | | |
| As per last Balance Sheet | 161,579,899 | | 131,843,771 | |
| Add: MAT credit entitlement | - | | 1,577,878 | |
| Add: Transferred from Profit and Loss | 40,687,373 | | 28,158,250 | |
| | 202,267,272 | | | 161,579,899 |
| Total | 205,103,272 | | | 164,247,899 |

The company has capital reserves of Rs.28,36,000 as on 31st March, 2013 which includes capital reserve against State subsidy of Rs.26,00,000 (Previous Year Rs.26,00,000/-) and generator subsidy of Rs.2,36,000 (Previous Year Rs.68,000/-)

3. Long Term Borrowings

The long borrowings other than installments payable during the next financial year are detailed below:-

(Figures in Rs.)

| | As on | |
|-------------------------------------|--------------------|--------------------|
| | 31st March 2013 | 31st March, 2012 |
| Secured Loans (Ref Note No. 3.1) | 145,039,380 | 54,338,121 |
| Unsecured Loans (Ref Note No. 3.2) | 88,691,459 | 67,191,459 |
| Total | 233,730,839 | 121,529,580 |

Notes on Financial Statements for the Year ended 31st March, 2013

| | As on 31st March 2013 | As on 31st March, 2012 |
|----------------------------------|--------------------------|---------------------------|
| 3.1 Secured | | |
| From Banks | | |
| a. Foreign Currency Loans | | |
| Term Loan-I | 7,536,276 | 21,195,241 |
| b. Rupee Loans | | |
| Term Loan-Banks * | 133,609,774 | 30,116,335 |
| Vehicle Loans | 3,893,330 | 3,026,544 |
| Total | 145,039,380 | 54,338,121 |

* All the Term Loans from banks are secured first charges on the fixed assets of the company and further guaranteed by Mr Jagdish Gupta and Mr Satish Gupta, the promoter directors of the company by way of their personal guarantees

| | | <i>(Figures in Rs.)</i> | |
|--|--------------------------|---------------------------|--|
| | As on 31st March 2013 | As on 31st March, 2012 | |
| 3.2 Unsecured Loans and advances from related parties | | | |
| Particulars | | | |
| From Directors | 88,691,459 | 32,191,459 | |
| From other related parties* (Ref No.27.4) | - | 35,000,000 | |
| Total | 88,691,459 | 67,191,459 | |

* Unsecured Loans consists of Loans from related Body Corporates

| | | <i>(Figures in Rs.)</i> | |
|--|--------------------------|---------------------------|-------------------|
| | As on 31st March 2013 | As on 31st March, 2012 | |
| 4. Deferred Tax Liability (Net) | | | |
| Deferred Tax Liability | | | |
| At the commencement | 13,197,041 | 11,007,586 | |
| Add: Provision during the year | (1,151,515) | 2,189,455 | 13,197,041 |
| | 12,045,526 | | 13,197,041 |

| | | <i>(Figures in Rs.)</i> | |
|--|--------------------------|---------------------------|--|
| | As on 31st March 2013 | As on 31st March, 2012 | |
| 5. Short Term Borrowings | | | |
| Secured Loans (Ref Note No. 5.1) | 358,428,120 | 271,640,582 | |
| Unsecured Loans (Ref Note No. 5.2) | 3,342,439 | 3,342,439 | |
| Total | 361,770,559 | 274,983,021 | |

| | | As on 31st March 2013 | As on 31st March, 2012 |
|---------------------------------------|--------------------|--------------------------|---------------------------|
| 5.1 Secured | | | |
| Loans payable on demand | | | |
| From Banks | | | |
| a. Working Capital Rupee Loans | | | |
| Rupee Loans | | | |
| Cash Credit * | 80,408,031 | 41,162,012 | |
| Foreign Currency Loans | | | |
| Packing Credit * | 248,634,172 | 205,696,214 | |
| Buyers Credit * | 29,385,917 | 24,075,837 | |
| | 358,428,120 | 270,934,063 | |
| b. Others Rupee Loans | | | |
| Bank Overdraft in Rupee ** | - | 706,519 | |
| Total | 358,428,120 | 271,640,582 | |

*Secured by way of pari-passu charge on the current assets of the company and secured by personal guarantees of the promoter directors.

** Secured by way of fixed deposit.

Notes on Financial Statements for the Year ended 31st March, 2013

| | | | |
|-----|----------------------------|----------------------------------|-----------------------------------|
| 5.2 | Unsecured short term loans | As on 31st March 2013 | As on 31st March, 2012 |
| | From Others | 3,342,439 | 3,342,439 |
| | | 3,342,439 | 3,342,439 |

* Unsecured Loans consists of Loans from related Body Corporates

| | | | |
|----|-----------------------------------|----------------------------------|-----------------------------------|
| 6. | Trade Payables | As on 31st March 2013 | As on 31st March, 2012 |
| | Due to Small micro enterprises | - | - |
| | Bills Payable against acceptances | 8,396,925 | 20,302,468 |
| | Due to others | 71,037,276 | 59,278,604 |
| | Total Trade Payables | 79,434,201 | 79,581,072 |

7. **Other Current Liabilities** (Figures in Rs.)

| | | | |
|--|--|----------------------------------|-----------------------------------|
| | | As on 31st March 2013 | As on 31st March, 2012 |
| | Current maturities of the long term debts | 66,661,660 | 47,775,920 |
| | Interest accrued but not due on borrowings | 2,910 | 65,816 |
| | Interest accrued and due on borrowings | 3,083 | 7,023 |
| | Excise Duty on Finished Goods | 5,122,175 | - |
| | Advance received from customers | 10,304,415 | 6,870,033 |
| | Cheque Issued But not Presented | 45,200,580 | 10,612,629 |
| | Unclaimed dividend | 583,403 | 583,403 |
| | Creditors for Capital Goods | 4,066,300 | 19,065,123 |
| | Expenses payable | 17,773,877 | 10,424,929 |
| | Statutory dues * | 2,867,401 | 5,507,408 |
| | Security Deposit | 1,934,439 | - |
| | Total Other current liabilities | 154,520,243 | 100,912,284 |

* Statutory Dues include Vat Payable 14,04,817/-, TDS payable Rs.10,72,771/-, PF 1,94,302/-, ESI 1,18,756/- Welfare Fund 76,755/-

8. **Short term provisions** (Figures in Rs.)

| | | | |
|--|---|----------------------------------|-----------------------------------|
| | Particulars | As on 31st March 2013 | As on 31st March, 2012 |
| | Provision for Gratuity | 1,975,147 | 1,316,744 |
| | Provision for Bonus | 1,339,308 | 679,262 |
| | Provision for Leave Encashment | 1,511,469 | 993,055 |
| | Provision for Income Tax (Net of Advance Tax) | 10,023,685 | (672,041) |
| | Total short term provisions | 14,849,609 | 2,317,020 |

Stylam Industries Limited

9. Fixed Asset

(Figures in Rs.)

| | Rates - SLM | Gross Fixed Assets | | | Depreciation | | | Net Block | |
|------------------------------|-------------|-----------------------|------------|-------------------|-----------------------|--------------|--------------------|-----------------------|-----------------------|
| | | As at 31st March 2012 | Addition | Deletion/ Adjust. | As at 31st March 2013 | For the year | Deduction/ Adjust. | As at 31st March 2013 | As at 31st March 2012 |
| Tangible Assets : | | | | | | | | | |
| 1. Land Freehold Land | | 96,140,644 | 5,798,360 | - | 101,939,004 | - | - | 101,939,004 | 96,140,644 |
| 2. Building | 3.34% | 34,828,531 | 1,665,731 | - | 36,494,262 | 1,191,167 | - | 18,860,160 | 18,385,596 |
| a. Factory Building | | - | - | - | - | - | - | - | - |
| b. Building Improvements | | 333,980,058 | 17,469,251 | - | 351,449,309 | 25,491,513 | - | 157,858,935 | 165,881,197 |
| 3. Plant & Machinery | 10.34% | | | | | | | | |
| 4. Equipments | 10.34% | 12,740,116 | 387,415 | (2,080,000) | 11,047,531 | 1,090,132 | (1,543,804) | 4,773,721 | 6,012,634 |
| a. Factory Equipments | | 3,084,237 | 494,095 | - | 3,578,332 | 297,072 | - | 1,262,222 | 1,065,199 |
| b. Computer Equipments | 16.21% | | | | | | | | |
| 5. Furniture & Fixtures | 6.33% | 7,048,143 | 307,573 | - | 7,355,716 | 376,495 | - | 5,297,726 | 5,366,647 |
| 6. Motor Vehicles | 9.50% | 23,325,508 | 4,170,818 | (494,024) | 27,002,302 | 2,252,565 | (95,793) | 17,387,851 | 15,867,830 |
| Total (A) | | 511,147,237 | 30,293,243 | (2,574,024) | 538,866,456 | 30,698,943 | (1,639,597) | 307,379,619 | 308,719,746 |
| Intangible Assets (B) | | | | | | | | | |
| Total (A+B) | | 511,147,237 | 30,293,243 | (2,574,024) | 538,866,456 | 30,698,943 | (1,639,597) | 307,379,619 | 308,719,746 |
| Previous Year | | 436,878,449 | 75,399,146 | (1,130,358) | 511,147,237 | 28,222,225 | (660,359) | 308,719,746 | 262,012,826 |
| Capital Work-in-progress | | | | | | | | 183,793,203 | 29,375,145 |

Notes on Financial Statements for the Year ended 31st March, 2013

| | | |
|--|----------------------------------|-----------------------------------|
| 10. Long Term Loans and Advances | | <i>(Figures in Rs.)</i> |
| Unsecured capital advances considered good | | |
| | As on 31st March 2013 | As on 31st March, 2012 |
| To related parties (Ref Note No.27.4) | 25,499,077 | 25,286,672 |
| Others | 8,274,578 | 8,686,405 |
| Total | 33,773,655 | 33,973,077 |

| | | |
|---|----------------------------------|-----------------------------------|
| 11. Inventories | | <i>(Figures in Rs.)</i> |
| Inventories are valued at cost or net realizable value whichever is less. FIFO method is used for the valuation of raw materials. | | |
| | As on 31st March 2013 | As on 31st March, 2012 |
| Raw Materials | 212,317,340 | 215,991,527 |
| Raw Materials in transit | 14,648,402 | 18,659,119 |
| Work-in-progress | 12,949,649 | 7,412,912 |
| Finished goods | 69,910,405 | 6,366,179 |
| Stores and spares | 1,175,488 | 1,106,925 |
| Total | 311,001,284 | 249,536,662 |

| | | |
|---------------------------------|----------------------------------|-----------------------------------|
| 12. Trade Receivables | | <i>(Figures in Rs.)</i> |
| Unsecured and considered good * | | |
| | As on 31st March 2013 | As on 31st March, 2012 |
| Exceeding six months | 5,952,034 | 5,333,078 |
| Within six months | 198,972,105 | 148,185,617 |
| Total | 204,924,139 | 153,518,695 |

* Trade Receivables balances are subject to confirmation

| | | |
|--|----------------------------------|-----------------------------------|
| 13. Cash and cash equivalents | | <i>(Figures in Rs.)</i> |
| | | |
| | As on 31st March 2013 | As on 31st March, 2012 |
| Balance with schedule banks | | |
| In Current accounts | 697,181 | 745,066 |
| In Deposit accounts * | 8,555,876 | 5,153,828 |
| In Unclaimed Dividend accounts | 583,403 | 583,403 |
| Cheques on Hand | 2,428,877 | 3,175,440 |
| Cash in hand | 39,342 | 32,685 |
| Total Cash and cash equivalents | 12,304,679 | 9,690,422 |

* Deposit accounts include Rs.71,53,519 held as margin money against non fund based working capital limits and Rs.14,02,357 held as security against overdraft facility.

| | | |
|---|----------------------------------|-----------------------------------|
| 14. Short term loans and advances | | <i>(Figures in Rs.)</i> |
| (Unsecured and considered good) | | |
| | As on 31st March 2013 | As on 31st March, 2012 |
| Balance with Custom, Central Excise Authorities | 34,258,048 | 30,090,159 |
| Deposits | | |
| -with Statutory authorities | 20,000 | 20,000 |
| -with others | 990,962 | 990,962 |
| Prepaid expenses | 1,004,523 | 728,659 |
| Advance to suppliers | 37,845,154 | 8,194,098 |
| Staff advances | 449,522 | 163,090 |
| Other claims receivable in cash or kind | 3,615,341 | 1,920,146 |
| Total Cash and cash equivalents | 78,183,550 | 42,107,114 |

Notes on Financial Statements for the Year ended 31st March, 2013

| 15. Other current assets | (Figures in Rs.) | |
|--------------------------------|--------------------------|---------------------------|
| | As on 31st March 2013 | As on 31st March, 2012 |
| Interest accrued but not due | 249,240 | 167,116 |
| Income tax paid under appeal * | 831,230 | 831,230 |
| Income tax refundable | 2,175,650 | 2,010,711 |
| Vat Recoverable | - | - |
| Total | 3,256,120 | 3,009,057 |

* Income tax paid under appeal is 50% of the demand for Assessment Year 2009-10 Rs.16,62,460 raised by income tax authorities. The appeal is lying with Income Tax Tribunal, Chandigarh.

| 16. Revenue from Operations | (Figures in Rs.) | |
|-------------------------------------|----------------------|----------------------|
| | FY 2012-13 | FY 2011-2012 |
| a. Sale of Products | | |
| Gross Sale of Products | | |
| -Domestic | 377,949,008 | 287,497,678 |
| -Exports | 1,068,869,708 | 765,251,122 |
| Total Revenue from sale of products | 1,446,818,716 | 1,052,748,800 |
| b. Other Operating revenues | | |
| -Export Incentives | 17,244,548 | 28,044,447 |
| Total Gross Income | 1,464,063,264 | 1,080,793,247 |
| c. Less: Excise Duty | | |
| -Domestic | 41,326,782 | 25,740,980 |
| -Export | 20,623,023 | 13,320,034 |
| Total Excise Duty | 61,949,805 | 39,061,014 |
| Net Revenue from Operations | 1,402,113,459 | 1,041,732,232 |

| 17. Other Income | (Figures in Rs.) | |
|--|-------------------|------------------|
| | FY 2012-13 | FY 2011-2012 |
| Interest Income | 1,155,855 | 1,179,124 |
| Misc Income (Ref Note No.27.10) | 8,383,086 | 2,729,959 |
| Net gain/ (Loss) from Investments | - | - |
| Other Non Operating Income (Net of expenses) | - | 908 |
| Discount on Licence Purchased | 2,303,511 | - |
| Profit on Sale of Fixed Assets | 263,804 | 21,574 |
| Total Other Income | 12,106,256 | 3,931,564 |

| 18. Cost of Materials Consumed | (Figures in Rs.) | | | |
|--------------------------------|--------------------|------------------|--------------------|------------------|
| | FY 2012-13 | | FY 2011-2012 | |
| | Amount | % of Consumption | Amount | % of Consumption |
| Imported | 398,378,904 | 42.31% | 338,579,479 | 54.58% |
| Indigenous | 543,142,538 | 57.69% | 281,711,927 | 45.42% |
| Total | 941,521,442 | 100.00% | 620,291,406 | 100.00% |

| 18.1 Particulars of Material Consumed | FY 2012-13 | | FY 2011-2012 | |
|---------------------------------------|--------------------|------------------|--------------------|------------------|
| | Amount | % of Consumption | Amount | % of Consumption |
| Paper & Others | 611,100,187 | | 326,460,535 | |
| Chemicals | 330,421,255 | | 293,830,871 | |
| Total | 941,521,442 | | 620,291,406 | |

| 19. Purchase of Stock-in-Trade | FY 2012-13 | | FY 2011-2012 | |
|--------------------------------|------------|------------------|--------------|------------------|
| | Amount | % of Consumption | Amount | % of Consumption |
| Purchase | 2,691,016 | | 1,104,542 | |

Notes on Financial Statements for the Year ended 31st March, 2013

| | | | |
|--|---------------------|------------|--------------------------|
| 20. (Increase)/Decrease in Finished Goods, Stock-in-progress and Stock-in-trade | | | <i>(Figures in Rs.)</i> |
| Inventories (At close) | FY 2012-13 | | FY 2011-2012 |
| Finished Goods/ Stock-in-Trade | 64,788,230 | 6,366,179 | |
| Add: Excise Duty | 5,122,175 | - | |
| Stock-in-progress | 12,949,649 | 7,412,912 | |
| | 82,860,054 | | 13,779,091 |
| Inventories (At commencement) | | | |
| Finished Goods/ Stock-in-Trade | 6,366,179 | 38,884,539 | |
| Less: Excise Duty | - | 849,847 | |
| Stock-in-progress | 7,412,912 | 13,779,091 | 1,200,000 |
| | (69,080,963) | | 25,455,601 |
| Total | | | |
| 21. Employee Benefits Expense | | | <i>(Figures in Rs.)</i> |
| | FY 2012-13 | | FY 2011-2012 |
| Salary and Wages | 91,140,822 | | 63,430,716 |
| Contribution to Provident and Other funds | 2,211,010 | | 1,812,451 |
| Staff Welfare | 2,775,006 | | 2,828,210 |
| Other Employee Benefits | 3,636,645 | | 2,418,367 |
| Total | 99,763,483 | | 70,489,744 |
| 22. Finance Costs | | | <i>(Figures in Rs.)</i> |
| | FY 2012-13 | | FY 2011-2012 |
| Interest expenses | 32,841,857 | | 25,352,173 |
| Other borrowing costs | 8,510,405 | | 6,618,838 |
| Net Loss/ (Gain) on foreign currency transactions and translations | 5,280,284 | | 3,566,111 |
| Total Finance Cost | 46,632,546 | | 35,537,122 |
| 23. Depreciation and amortizations expense | | | <i>(Figures in Rs.)</i> |
| | FY 2012-13 | | FY 2011-2012 |
| Depreciation and Amortisation | 30,698,943 | | 28,222,225 |
| Total | 30,698,943 | | 28,222,225 |
| 24. Other Expenses | | | <i>(Figures in Rs.)</i> |
| a. Manufacturing Expenses | FY 2012-13 | | FY 2011-2012 |
| Stores & Packing Materials (Ref Note No 27.1) | 101,459,814 | 73,691,999 | |
| Excise Duty on Finished Goods | 5,122,175 | - | |
| Electric Power, Fuel and Water | 63,269,765 | 48,994,562 | |
| Repair to Building | 95,710 | 223,585 | |
| Repair to Machinery | 2,648,858 | 3,355,512 | |
| Excise Duty # | 3,588,400 | - | |
| | 172,596,321 | | 126,265,658 |
| b. Selling and Distribution Expenses | | | |
| Distribution Expenses | 49,889,747 | 34,848,744 | |
| Business Promotion Expenses | 23,537,092 | 14,603,933 | |
| Commission, Rebate & Discount | 27,065,077 | 22,820,473 | |
| Certification Expenses | 1,330,876 | 1,087,541 | |
| | 101,822,792 | | 73,360,691 |
| c. Establishment Expenses | | | |
| Rent | 658,800 | 543,600 | |

Notes on Financial Statements for the Year ended 31st March, 2013

| | | |
|--|--------------------|--------------------------|
| Insurance | 2,142,130 | 1,116,391 |
| Payment to Auditors | 95,000 | 105,000 |
| Other Repairs | 2,489,413 | 228,364 |
| Professional fess | 1,134,060 | 1,283,077 |
| Rates & Taxes | 570,860 | 1,912,531 |
| Travelling Expenses | 14,688,070 | 10,129,371 |
| Loss on Sale of Fixed Assets | 247,231 | 110,929 |
| Charity and Donation | 233,701 | 115,503 |
| Misc. Expenses | 5,970,564 | 7,804,503 |
| | 28,229,828 | 23,349,269 |
| Total | 302,648,941 | 222,975,618 |
| | | <i>(Figures in Rs.)</i> |
| 25. Details of items of exceptional nature | FY 2012-13 | FY 2011-2012 |
| Prior Period Items (Ref Note No. 27.9) | (2,317,158) | (282,626) |
| Profit/Loss on Investments | - | - |
| Total | (2,317,158) | (282,626) |
| 26. Earnings Per Share (EPS) | FY 2012-13 | FY 2011-2012 |
| Net profit after tax as per Statement of Profit and Loss attributable to equity shareholders | 40,687,373 | 28,158,250 |
| Weighted Average number of equity shares used as denominator for calculating EPS | 7,316,200 | 7,316,200 |
| Basic and Diluted Earning Per Share | 5.56 | 3.85 |
| Face Value per Equity Share | 10.00 | 10.00 |
| 27. Additional Information | | |
| 27.1 Value of Stores and Packing Materials Consumed | FY 2012-13 | FY 2011-2012 |
| Stores Consumed | 35,427,794 | 33,304,924 |
| Packing Material Consumed | 66,032,020 | 40,387,075 |
| | 101,459,814 | 73,691,999 |
| 27.2 Value of Imports calculated on C.I.F basis | FY 2012-13 | FY 2011-2012 |
| Raw Materials | 363,404,846 | 370,733,877 |
| Components and spare parts | - | - |
| Capital Goods | 20,467,664 | 36,012,300 |
| 27.3 Payments to Auditors as | FY 2012-13 | FY 2011-2012 |
| a. As Auditor | | |
| Statutory Audit Fees | 70,000 | 70,000 |
| Tax Audit Fees | 25,000 | 25,000 |
| b. for other services | - | 10,000 |
| Total | 95,000 | 105,000 |

Notes on Financial Statements for the Year ended 31st March, 2013

| 27.5 Expenditure in foreign currency on:- | FY 2012-13 | FY 2011-2012 |
|---|------------|--------------|
| Fair & Exhibition Charges | 2,061,007 | 2,656,608 |
| Travelling | 1,920,668 | 467,663 |
| Testing & Technical Fees | 1,880,058 | 928,321 |
| Bank Charges | 1,967,042 | 921,778 |
| Interest | 11,731,472 | 9,180,807 |
| Commission on Exports | 22,071,855 | 20,646,259 |

| 27.6 Earnings in Foreign Currency | FY 2012-13 | FY 2011-2012 |
|---|---------------|--------------|
| Export of Goods calculated on FOB Basis | 1,023,945,010 | 733,468,285 |

27.7 Segment reporting:

Information about Business Segments (Information Provided in respect of revenue items for the year-ended 31st March, 2013 and in respect of assets/liabilities as on at 31st March, 2013)

| Particulars | FY 2012-13 | FY 2011-2012 |
|---|----------------------|----------------------|
| 1. Segment Revenue | | |
| (Net sale/income from each segment should be disclosed under this head) | | |
| a. Segment - A | 1,402,113,459 | 1,041,732,232 |
| b. Segment - B | - | - |
| c. Segment - C | - | - |
| Total | 1,402,113,459 | 1,041,732,232 |
| Less: Inter segment revenue | | |
| Net Sale/income from operations | | |
| 2. Segment results | | |
| (Profit) (+)/Loss (-) before tax and interest from each segment | | |
| a. Segment - A | 61,661,464 | 41,870,166 |
| b. Segment - B | - | - |
| c. Segment - C | - | - |
| Total | 61,661,464 | 41,870,166 |
| Less: | | |
| Other unallocable expenditure | 20,974,091 | 13,711,916 |
| Total profit After Tax | 40,687,373 | 28,158,250 |
| 3. Capital employed (Segment assets-Segment Liabilities) | | |
| a. Segment - A | 278,265,272 | 237,409,899 |
| b. Segment - B | - | - |
| c. Segment - C | - | - |
| Total | 278,265,272 | 237,409,899 |

Notes:

1. Company's operations predominantly comprise of only one segment i.e. Laminates. The figures shown above relate to that segment only.

2. Business segments have been identified on the basis of the nature of products/ services, the risk and return profile of individual business, the organisational structure and the internal reporting system of the company.

3. Reportable segments have been identified as per the quantitative criteria specified " Accounting Standard-17 Segment Reporting" issued by the Institute of Chartered Accountants of India.

Notes on Financial Statements for the Year ended 31st March, 2013

27.8 Contingent Liabilities and commitments to the extent not provided for

A. Contingent Liabilities

i) Other Money for which the company is contingently liable

Liability in respect of bills discounted with banks

- a. In respect of Export bills Rs. 1,41,93,378/-
- b. In respect of Domestic bills Rs. 12,48,072/-

B. Capital contracts pending execution

i) Estimated amount of contracts remaining to be executed on capital account and not provided for :

- a. The company has started the construction of IT Project Building & Commissioning of New Press Line at Panchkula. The further estimated capital commitment for the projects is Rs.10,41,75,308/-

C. Disputed Demands

- a. Disputed demand raised by income tax authorities for the AY 2009-10 Rs.16,62,460 out of which company has already deposited Rs.8,31,230 and company has appealed against the Income Tax department.
- b. Disputed demand raised by income tax authorities for the AY 2010-11 Rs.10,24,950/-, company has filed appeal with CIT (Appeal) against the order of Income tax department.

27.9 Details of Prior Period Items

| | FY 2012-13 | FY 2011-2012 |
|------------------------------|--------------------|------------------|
| Prior Period Expenses | | |
| Previous year Rent | 36,324 | 5,735 |
| Previous year Expenses | 25,138 | |
| Previous Year Rate & Taxes | 1,000 | 108,243 |
| Prior Period (Income) | | |
| Creditor Balance written off | (2,379,620) | (396,604) |
| Total | (2,317,158) | (282,626) |

27.10 Details of Miscellaneous Income

| | FY 2012-13 | FY 2011-2012 |
|---------------------------------------|------------------|------------------|
| Commission Received | 280,774 | 19,419 |
| Development Cost of Designs | 5,241,006 | - |
| Incentive from Electricity department | - | 100,000 |
| Insurance Claim Received A/c | 2,137,292 | 1,667,268 |
| Misc. Income | 713,557 | 879,610 |
| Packing & Forwarding Charges | 10,456 | 63,662 |
| Total | 8,383,086 | 2,729,959 |

Auditor's Report
As per Report of even date

FOR SUNIL K. SOOD & CO.
CHARTERED ACCOUNTANTS

SUNIL K. SOOD
(PROPRIETOR)
Membership No.81778

JAGDISH GUPTA
(MANAGING DIRECTOR)

SATISH GUPTA
(EXECUTIVE DIRECTOR)

DATE : 20th April , 2013
PLACE : Chandigarh

NITIKA SHARMA
(COMPANY SECRETARY)

SANJEEV VAID
(SR. FINANCE MANAGER)

STYLAM INDUSTRIES LIMITED

Registered Office: S.C.O 14,SECTOR 7-C,MADHYA MARG,CHANDIGARH

ATTENDANCE SLIP

Folio No. DPID No.
 Client ID No. No. of Shares held :

I/We hereby record my/our presence at the 22nd Annual General Meeting of the Company to be held on Saturday,28th September,2013 at Chandigarh Club,Sector-1,Chandigarh at 10:00A.M.

Name of the Shareholder (in Block Letters) :.....
 Signature of the Shareholder
 Name of the Proxy(s) (in block letters) :.....
 Signature of the Proxy:

Shareholder / Proxy Signature

Notes :

1. You are requested to sign and hand over this slip at the entrance of the Meeting venue.
2. If you intend to appoint a proxy to attend the meeting instead of yourself, the Form of Proxy must be deposited at the Registered Office of the Company not later than 48 hours before the time for holding the meeting.

----- Tear here----- Tear here-----

STYLAM INDUSTRIES LIMITED

Registered Office: S.C.O 14,SECTOR 7-C,MADHYA MARG,CHANDIGARH

PROXY FORM

Folio No. DPID No.
 Client ID No. No. of Shares held :

I/Weof
being a member /members of the above-named
 Company hereby appoint Mrofor failing
 him Mr..... of..... as my/our proxy to vote for
 me/us on my/our behalf at the Annual General Meeting of the Company to be held on Saturday,
 28th day of September, 2013 at at Chandigarh Club,Sector-1,Chandigarh at 10:00A.M. and at any
 adjournment thereof.

Signed this _____ day of _____ 2013.

Affix Re. 1/-
 Revenue
 Stamp

NOTE :

Form of Proxy must be deposited at the Registered Office of the Company At S.C.O 14,SECTOR 7-C, Madhya Marg,Chanddigarh not later than 48 hours before the time for holding the meeting.

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Fax: - +91-172 -2795213, 5021495

Website : www.stylam.com



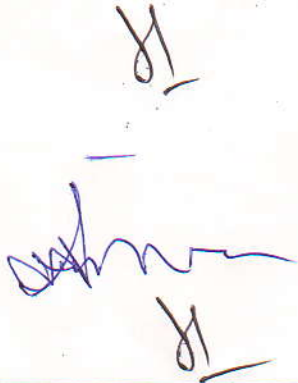
AN ISO 9001:2000 COMPANY

Stylam Industries Limited

Govt of India Recognised Star Export House
Lamination ★ Adhesives ★ Prelaminated Board

Regd. Off : SCO 14, Sector 7-C, Madhya Marg,
Chandigarh - 160019 (INDIA)
Tel.: 0172 - 5021555, 5021666 Fax : 0172-2795213, 5021495
E-mail :info@stylam.com
Web : http://www.stylam.com
CIN No. L20211CH1991PLC011732

FORM A

| | | |
|----|--|---|
| 1. | Name of the company | Stylam Industries Limited |
| 2. | Annual financial statements for the year ended | March 31 st , 2013 |
| 3. | Type of Audit observation | NA |
| 4. | Frequency of observation | NA |
| 5. | To be signed by- <input type="checkbox"/> CEO/Managing Director <input type="checkbox"/> CFO <input type="checkbox"/> Auditor of the company <input type="checkbox"/> Audit Committee Chairman |  |