



# **Supreme Tex Mart Limited**

24<sup>th</sup> Annual Report 2011-2012

# SUPREME TEX MART LIMITED

## Board of Directors

Mr. Ajay Mahajan  
Mr. Sanjay Ahuja  
Mr. A.P. Gupta  
Mr. R. C. Singal  
Mr. B. B. Goel  
Mr. Marsel Menda  
Mr. Sanjay Gupta  
Mr. Ajay Gupta  
Mr. Gautam Gupta

Chairman

Managing Director  
Jt. Managing Director

## Company Secretary

Mr. Robin Vijan

## Bankers

State Bank of India  
Punjab National Bank  
UCO Bank  
Allahabad Bank  
Oriental Bank of Commerce  
IDBI Bank Limited  
Punjab & Sind Bank  
Central Bank of India

## Registrar & Share Transfer Agent

M/s. Beetal Financial & Computer Services (P) Limited,  
Beetal House, 3rd Floor,  
99, Madangir, Bh-Local Shopping Complex,  
Near Dada Harsukhdas Mandir,  
New Delhi-110 062

Demat At CDSL & NSDL ISIN-INE651G01027

## Registered Office

424, Industrial Area-A, Ludhiana-141 003  
E-mail : info@supremetexmart.com  
Phone : 0161-2600593, 2222719, 6614400  
Fax : 0161-2609949

## Works

1. Spinning Unit-1  
Village Kanganwal, P.O. Jugiana,  
Ludhiana.
2. Spinning Unit-2  
Village Kanganwal, P.O. Jugiana,  
Ludhiana.
3. Dyeing Unit B-72,  
Phase-VIII, Focal Point, Ludhiana
4. Apparels & Knits Unit  
Village Paharuwal,  
P.O. Budhewal, Chandigarh Road,  
Ludhiana.
5. Hand Knitting Yarn Unit  
B-72, Phase-VIII, Focal Point, Ludhiana



## DIRECTORS' REPORT

Dear Members,

The Directors hereby present their Twenty-fourth Annual Report on the business and operations of the Company together with the audited Financial Accounts for the year ended March 31, 2012.

**Financial Performance**

Amount in Crores

Particulars	Amount in Crores	
	Year ending 31.03.2012	Year ending 31.03.2011
Net Turnover	846.56	588.15
Profit before Depreciation	41.09	34.76
Profit / Loss(-) before Tax	23.76	17.63
Less Provision for Tax (including deferred and fringe benefit tax)	7.92	8.06
Profit / Loss(-) after Taxes	15.84	9.57

**Operations Detail**

Production in both the spinning units was 222.51 lacs kgs. as compared to the figure of 204.47 lacs kgs. In the garment unit, 17.24 lacs pieces of garments & 2393 MT Fabric were produced as compared to the figure of previous year of 23.95 lacs pieces of garments and 2611 MT of fabric. Net Turnover during the year under review has shown an increase of 48.97%. There is net profit of Rs. 15.84 Crores as compared to net profit of Rs. 9.57 Crores in the previous year. Cash profit during the current year ending on 31.03.2012 increased to Rs. 41.05 Crores from the figure of Rs. 34.07 Crores in the previous year ending on 31.03.2011

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**Industry Outlook**

The fortune of Textiles industry in the recent past has been characterized by frequent swings. This is true for both Cotton as well as Synthetic sectors of the business. Consequently, the industry has been constantly occupied in coping with these ups and downs. This has coupled with the instability of rates of foreign currencies. This constant turmoil has required the industry to involve itself in restructuring its operations to make it more responsive to the rapid market changes.

The problem affecting the textile sector have been originating from two directions- one is frequent changes in fiber cost (mainly cotton) and the other being the economic turmoil in major purchasing countries resulting in poor off take of yarn, fabric and garments. Even the domestic market has seen very difficult times in last year reflecting the pessimistic mood of customers. Consequently, the biggest issue has been that of maintaining price levels in an environment of rising costs.

**Opportunities, Threats & Outlook**

In spite of instability in the industry, company has been able to sail through the turmoil. This has been achieved because of diversified activities of the company which has a complete value chain. State of the art technology added in our Recycled Fibre unit, fabric dyeing and garment unit have started showing results. We already have big names in our profile and recently we have been successfully roped in Mark and Spenser for supply of knitted garments.

In the current year and years to come, the diversified activity of company will not only save from the industry turmoil but also will able to garner handsome revenues.

**Financial / Operational Performance**

Supreme is manufacturer and exporter of cotton yarn, synthetic yarn, blended yarn, knitted fabric (both grey and processed) and knitted garments. During the year under review, the Company's exports (FOB value) were to the tune of Rs. 133.80 crore and accounts for about 15.80% of company's revenues. The company has identified two segment yarn segment and garments segment. The yarn segment comprises production of various types of yarn (from cotton, manmade fibers and blend thereof) and yarn processing activities. Garment segment comprises of knitted garments. Detailed segment wise performance is given in Notes to the accounts attached in this Annual Report.

## Risk Management

Your Company has a comprehensive risk management policy. The risk management policy inter alia provides for risk identification, assessment, reporting and mitigation procedure. The risk management framework actively supports the Board in its strategic decision making. During the year, the Board, reviewed the adequacy of the risk management framework of the Company, the key risks associated with the different businesses and the measures in place to mitigate the same.

Risk of rising pricing, fluctuation in foreign currency, change in Government policies and changing demand pattern are some of the examples of risks being faced by companies. Company is taking adequate steps to mitigate such risk by buying raw material in big quantities at lower prices, hedging its currency by forward booking, keep sharp track of Government policies and by expanding its suppliers range.

## Internal Control Systems and their adequacy

STML has appropriate internal control systems for business processes, with regard to efficiency of operations, financial reporting and controls, compliance with applicable laws and regulations, etc. Clearly defined roles & responsibilities down the line for all managerial positions have also been institutionalized. All operating parameters are monitored and controlled. Regular internal audits and checks ensure that responsibilities are executed effectively. The Audit Committee of the Board of Directors reviews the adequacy and effectiveness of internal control systems and suggests improvements for strengthening them from time to time.

## Human Resources

During the year under review, your Company continued its concern for development of its personnel through various training programmes. Besides, Management has laid special emphasis on strengthening HR activities for all levels in the Organization. Industrial relations during the year were cordial.

## Corporate Social Responsibility

STML is fulfilling its Corporate Social Responsibility in true spirit. STML has a strong sense of Corporate Social Responsibility towards various stakeholders viz. employees, shareholders, Government, customers, suppliers, competitors, society & environment.

## Cautionary Statement

Statement in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as litigation and labour negotiations. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.

## **DIVIDEND**

In view of ensuing expansions, company has decided not to declare any dividend.

## **EXPANSION PLAN**

Company is in process of implementing a project in its existing Spinning and Garment units. This project in garment section has been conceived keeping in mind the demand of high-end customers like Mark & Spencer (M&S) and is a very remunerative project. In spinning section, with a small investment in balancing machines, there will be an additional production of 8MT. Company will install 66 KVA sub-station which will save a good amount in electricity cost. Term Loans has already been sanctioned and are eligible under TUFS

## **AUDITORS**

The Auditors, M/s. Ashish Agarwal & Co., Chartered Accountants, Ludhiana will retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

## **AUDITORS' REPORT**

The Statutory Auditors of the company in their Report have made an observation that the possible loss, if any, on valuation of open derivative options could not be determined by the company due to certain reasons as specified in Note



37 of the Notes to Accounts. The ultimate outcome of these transactions and their effect on the financial statement cannot be ascertained at this stage.

The Company hedges its foreign currency fluctuation exposure in export sales by way of foreign currency derivative options. The Company has taken one USD/INR put and call option from a bank and having a maturity period upto Dec.2012. This derivative option is proprietary product of bank which does not have a ready market and such are marked to a model, which is usually bank specific instead of being marked to market. However in the view of significant uncertainty associated with the above derivative options whose ultimate outcome depends on future events, which is not in the control of the company, the loss if any, on such open derivative options cannot be determined at this stage and accordingly not been provided in the books of account. The other points of Auditors' report on the Accounts are self-explanatory and needs no comments.

**DIRECTORS**

Mr. Gautam Gupta, Mr. A P Gupta & Mr. B. B Goel- Directors of the Company retire by rotation at the conclusion of the forthcoming Annual General Meeting. They all are eligible for reappointment.

**PERSONNEL**

Since there is no employee receiving salary of Rs.60 Lacs or more P.A. or Rs.5.00 Lacs or more P.M., there is no information requires to be given pursuant to the provisions of Section 217(2A) of the Companies Act, 1956.

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particular with respect to conservation of energy and other areas as per Section 217(1) (e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are annexed hereto and form part of this report.

**CORPORATE GOVERNANCE**

Company is required to comply with the provision of Clause 49 of the Listing Agreements with Stock Exchanges and Company has accordingly complied all the required provisions as detailed in annexure of Annual Report.

**LISTING**

Shares of the company are listed on National Stock Exchange of India Limited (NSE) and Bombay Stock Exchange Limited (BSE).

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the Directors, confirm that -

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures;
- ii) that have, in the selection of the Accounting Policies, consulted the Statutory Auditors and have 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 at the end of the financial year viz. 31.03.2012 and of the profit of the Company for that period;
- iii) they have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) they have prepared the annual accounts on a going concern basis.

**APPRECIATION AND ACKNOWLEDGEMENTS**

Your Directors take this opportunity to express gratitude for valuable assistance and co-operation extended to the Company by Financial Institutions, Employees, Commercial Banks and other authorities.

**For and on behalf of the Board**

Place : Ludhiana  
Dated : 30.05.2012

**(SANJAY GUPTA)**  
Managing Director

**(AJAY GUPTA)**  
Jt. Managing Director

**ANNEXURE TO THE DIRECTORS' REPORT**

**INFORMATION AS PER SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2012 :-**

**1. CONSERVATION OF ENERGY:**

With continuous efforts, company keeps on trying to reduce and control the consumption of fuel & electricity.

**FORM A :**

<b>A</b>		<b>2011-12</b>	<b>2010-11</b>
<b>1</b>	<b>Power and Fuel Consumption</b>		
	<b>Electricity - Own Generation</b>		
	Unit Produced KWH in Lac	9.94	11.69
	Unit Produced /Ltr. of Diesel KWH	3.52	3.64
	Cost Per Unit Rs.	10.51	9.89
<b>2</b>	<b>Electricity - Purchased</b>		
	Unit Purchased KWH in Lac	586.88	610.16
<b>B</b>	<b>Electricity Consumed Per Kg of Production</b>	<b>2011-12</b>	<b>2010-11</b>
	Yarn KWH/Kg	2.26	2.54
	Dyeing KWH/Kg	0.87	0.86
	Garment KWH/Kg	1.21	1.17

**2. TECHNOLOGY ABSORPTION:**

Technology absorption, Innovation and Research & Development (R & D) is a continuing Process and a continued emphasis is given on quality improvement and product upgradation. Information as per Form-B of the Annexure to the Rules is given below:

**RESEARCH & DEVELOPMENT (R & D)**

**(a) Specific Areas in which R & D carried by the Company:**

The Company has adopted latest new technology. However, R & D has been carried in the areas of new product development, improvement in the production process and quality of products.

**(b) Benefits desired as a result of above R & D:**

The efforts have resulted in cost competitiveness.

**(c) Future Course of action:**

The management is committed to continue R&D to increase market competitiveness.

**3. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

(Rs. in crore)

Foreign Exchange Earned	143.05
Foreign Exchange Used (CIF Value of Imports)	69.16



## CORPORATE GOVERNANCE REPORT

## 1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

The Company, while conducting its business has been upholding the core values such as transparency, integrity, honesty, accountability and compliance of laws. In continuation of its efforts towards performance, the Company intends to seize opportunities of tomorrow and create a future that will make it the best Company in its area of operations. This in turn will help to improve the quality of life of the communities it serves, e.g. customers, suppliers, Government, shareholders, local community, etc.

Your company is committed to follow the best & established corporate practices. We are happy to inform you that your company's practices and policies are significantly in conformity with the requirements stipulated by the SEBI.

## 2. BOARD OF DIRECTORS

## a) Size &amp; Composition of Board

The Board is in conformity with clause 49 of listing agreement and the composition as on 31.03.2012 was as under:

One Non-Executive Independent Chairman

Three Executive Directors

Five Non-executive Independent Directors

None of the Directors on the Board is a Member on more than 10 Committees and Chairman of more than 5 Committees (as per Clause 49(I)(C)(ii)) across all the companies in which he is a Director. All the Directors have made the requisite disclosures regarding Committee positions held by them in other companies.

The detail of the Composition of the Board, number of directorship and committee position held by each of the directors are given here under:

Name of Directors	Designation	Category	Name of Directorship Held in other Companies	Name of Board Committee Membership Held in Other Companies	No. of Board Committee Chairman Held in Other Companies
1. Ajay Mahajan	Chairman	C-NE-I	10	2	2
2. S.K. Ahuja	Director	NED-I	10	2	2
3. A.P Gupta	Director	NED-I	5	-	-
4. R.C. Singal	Director	NED-I	9	5	4
5. B.B.Goel	Director	NED-I	2	2	-
6. Ajay Gupta	Jt.MD	EXE	3	-	-
7. Sanjay Gupta	MD	EXE	3	-	-
8. Marsel Menda	Director	NED-I	-	-	-
9. Gautam Gupta	Director	EXE	2	-	-

"C-NE-I" Chairman - Non Executive-Independent

"EXE" Executive

"NED-I" Non Executive -Independent

**b) Board Meeting**

During the year ended 31st March, 2012 Seven Board Meetings were held on the following dates:

27.05.2011, 09.06.2011, 11.08.2011, 12.11.2011, 24.01.2012, 14.02.2012, 30.03.2012

**c) Directors Attendance Record**

**Attendance of Directors at Board Meeting and at Annual General Meeting (AGM)**

Name of Directors	No. of Board Meeting Attended	Whether Attended The Age Held on 06.08.2011
1. Ajay Mahajan	0 (Zero)	No
2. S.K. Ahuja	0 (One)	No
3. S.S.Chugh/ Mr. A.P Gupta	0 (Zero)	No
4. B.B.Goel	7 (Seven)	No
5. R.C. Singal	7 (Seven)	Yes
6. Ajay Gupta	7 (Seven)	Yes
7. Sanjay Gupta	7 (Seven)	Yes
8. Mr. Gautam Gupta	7 (Seven)	Yes
9. Mr. Marsel Menda	0 (Zero)	No

**d) BOARD PROCEDURE**

The annual calendar of Board Meetings is the beginning of the financial year. The Agenda is circulated in advance to the Board members. The items in the Agenda are backed by comprehensive background information to enable the Board to take appropriate decisions. The Board is also kept informed of major events/items and approvals taken wherever necessary. The Managing Director at the Board Meetings keeps the Board apprised of the overall performance of the Company.

**e) SHAREHOLDING OF NON-EXECUTIVE DIRECTORS**

None of the Non-executive director as on March 31, 2012 was holding shares of the company. However, Mr.Ajay Mahajan, Mr.S.K.Ahuja & Mr. A.P Gupta are nominee Directors of a shareholder namely PSIDC (holding 4500000 Equity Shares) Mr. Marsel Menda who represents another shareholder namely Chic-Tex Inc. (holding 3840965 equity shares).

**3. CODE OF CONDUCT**

The Company had adopted the Code of Conduct for all the Board members and senior management personnel. Further all the Board members and senior management personnel (as per Clause 49 of the listing Agreement) have affirmed the compliance with the respective Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this report.

**4. AUDIT COMMITTEE**

The audit committee has been constituted as per section 292A of the Companies Act, 1956 and the guidelines set out the in the listing Agreement with the stock exchange.



**Composition and Attendance**

During the year ended 31st March, 2012, Six meetings of the audit committee were held on the following dates:

27.05.2011, 14.07.2011, 11.08.2011, 12.11.2011, 14.02.2012, 30.03.2012

NAME OF THE MEMBER	CATEGORY	NO. OF MEETING ATTENDED
1. Sanjay Gupta	Executive Director	6 (Six)
2. B.B.Goel	Non-executive Director	6 (Six)
3. R.C.Singal- Chairman	Non-executive Director	6 (Six)

These terms of reference stipulated by the Board of Director to the Audit Committee are as contained the section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement. All the members are non-executive Directors except Mr. Sanjay Gupta, who is Managing Director, and all the members have requisite financial and management expertise. The Company Secretary acts as the Secretary to the Committee. Minutes of meeting of Audit Committee are circulated to members of the committee and Board kept apprised.

**5. REMUNERATION OF DIRECTORS****Remuneration of Managing/Executive Directors for the services rendered by them:**

Managing/Executive directors have drawn their monthly remuneration (all inclusive) consisting of Basic salary, Allowances and bonus as approved by the Board and shareholders as given below:

Mr. Sanjay Gupta	Rs.172780
Mr. Ajay Gupta	Rs.172780
Mr. Gautam Gupta	Rs. 95,780

Detail regarding total amount of remuneration paid and its eligibility under Companies Act, 1956 has been provided in the notes on Annual Accounts for the year.

**Remuneration to Non-Executive Independent directors:**

The Company pays sitting fee to all the non-executive directors for attending meetings of the Board and/or committee thereof.

The Company did not have any pecuniary relationship or transactions with the Non Executive Directors during the financial year 2011-2012.

**6. SHAREHOLDERS/INVESTORS GRIEVANCE AND SHARE TRANSFER COMMITTEE CUM MANAGEMENT REMUNERATION COMMITTEE.**

This committee comprises of Sh.R.C.Singal (Chairman), Sh.B.B.Goel and Sh.Sanjay Gupta.

The objective of the Shareholders / Investors Grievance and Share Transfer Committee Cum Management Remuneration Committee is to focus on the shareholders Grievance and to strengthen the investor relations. It also decides the matters regarding Management Remuneration.

During the year ended 31st March, 2012, the company has not received any shareholders complaint from Stock Exchange/SEBI/Department of Company Affairs/Registrar of Companies. Three meetings of Shareholders/Investors Grievance and Share Transfer cum Management Remuneration Committee were held on 09.08.2011, 09.11.2011, 26.03.2012. No requests for share transfer are pending with the company.

## 7. Name and Address of the Compliance Officer

Mr. Robin Vijan  
Company Secretary  
424, Industrial Area-A, Ludhiana.  
Ph. 0161-6614400, 2222719, 9915700175  
E-mail - robinvijan@supremetexmart.com

## 8. GENERAL BODY MEETINGS

The last three Annual General Meetings were held as per detail given below:

<u>FY ending</u>	<u>Date</u>	<u>Day</u>	<u>Time</u>	<u>Held At</u>
31.03.2011	06.08.2011	Saturday	12.00 Noon	424, Industrial Area-A, Ludhiana
31.03.2010	06.08.2010	Friday	12.00 Noon	424, Industrial Area-A, Ludhiana
31.03.2009	05.09.2009	Saturday	12.00 Noon	424, Industrial Area-A, Ludhiana

Special Resolutions passed in the previous three AGM:

21<sup>st</sup> AGM in 2009: No special Resolution was passed.

22<sup>nd</sup> AGM in 2010 One Special Resolution regarding appointment of Mr. Gautam Gupta as an Executive Director was passed.

23<sup>rd</sup> AGM in 2011 No special Resolution was passed.

During the year ended 31st March, 2012, three Extra-ordinary General Meetings was held on 27.04.2011, 09.07.2011, 05.03.2012.

## 9. Postal Ballot

During the year ended 31st March, 2012, the company has not passed any resolutions through postal ballot.

## 10. DISCLOSURES

### A. Related Party Transactions

During the year under review the company has entered into the following transaction, however these are not in conflict with the interest of the company:

- Contract was entered with company's sister concern which is a limited company for sale/purchase of goods at market price.
- Building of a sister concern is being used by the company as Registered Office of the company at a very nominal annual rent of Rs.2.4 lacs.

Except as aforesaid, during the financial year 2011-2012 there were no materially significant transactions entered into between the Company and its promoters, directors or the management or relatives, etc. that may have potential conflict with the interests of the Company. Declarations have been received from the senior management personnel to this effect. Company does not have any subsidiary.

### B. Compliances by the Company

- During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchange or SEBI or any other statutory authorities on matters related to capital markets.
- Company has not denied any personnel, access to Audit Committee for informing unethical or improper practice.
- Company has complied with all the mandatory requirements of corporate governance.



**11. GENERAL INFORMATION FOR SHAREHOLDER****a) Annual General Meeting**

The Annual General Meeting will be held on Saturday the 18th August, 2012 at 12.00 noon at Registered Office of the company at 424, Industrial Area - A, Ludhiana.

**b) Date of Book Closure**

14<sup>th</sup> day of August, 2012 to 17<sup>th</sup> day of August 2012.

(Both days inclusive - for the purpose of AGM/Annual closure of books).

**c) Listing**

The share of the company is listed on

Bombay Stock Exchange Limited, Mumbai	Scrip code	<b>531934</b>
National Stock Exchange of India Limited	Symbol	<b>SUPREMETEX</b>
	Series	<b>EQ</b>

The Company has paid the Annual Listing fees, for the financial years 2011-12 & 2012-13.

**d) Registrar and Transfer Agent**

Shares are transferred through the under noted agent only:

Beetal Financial & Computer Services (P) Limited,

Beetal House, 3rd Floor,

99, Madangir, BH-Local Shopping Complex

Near Dada Harsukhdas Mandir,

New Delhi - 110 062.

Phone 011- 29961281 - 82

Contact Person Mr.Punit Mittal

E-mail beetal\_99@sify.com

**e) Market Price Data for the year 2011-12****BSE**

Maximum Price Quoted Rs. 12.60 per share of Rs.5.

Minimum Price Quoted Rs. 5.90 per share of Rs.5.

**NSE**

Maximum Price Quoted Rs. 11.55 per Share of Rs.5.

Minimum Price Quoted Rs. 5.75 per Share of Rs.5.

**f) Shareholding Pattern as on 31st March, 2012**

Category	No. of Shares	% age of Shareholding
Promoters		
Private	3,30,46,020	51.17
PSIDC	45,00,000	6.97
Indian Public	1,13,48,728	17.58
NR/OCB	1,56,80,215	24.28
<b>Grand Total</b>	<b>6,45,74,963</b>	<b>100.00</b>

**g) Distribution Schedule as on 31st March, 2012.**

Nominal Value of each share is Rs.5

Shareholding of Nominal Value of Rs.	Number of Shareholders	% age to Total	No. of Shares	Amount in Rs.	% age to Total
Up to 5000	904.00	77.00	2,99,174.00	14,95,870.00	0.46
5001 to 10000	113.00	9.63	1,87,556.00	9,37,780.00	0.29
10001 to 20000	67.00	5.71	2,02,383.00	10,11,915.00	0.31
20001 to 30000	19.00	1.62	97,369.00	4,86,845.00	0.15
30001 to 40000	8.00	0.68	54,776.00	2,73,880.00	0.08
40001 to 50000	16.00	1.36	1,51,636.00	7,58,180.00	0.23
50001 to 100000	8.00	0.68	1,19,565.00	5,97,825.00	0.19
100001 and above	39.00	3.32	6,34,62,504.00	31,73,12,520.00	98.28
<b>Total</b>	<b>1,174.00</b>	<b>100.00</b>	<b>6,45,74,963.00</b>	<b>32,28,74,815.00</b>	<b>100.00</b>

**h) Dematerialization of shares and liquidity**

Percentage of Shares as on 31.03.2012 held in

Physical form	:	57.05
Electronic form with NSDL	:	33.12
Electronic form with CDSL	:	9.83

The Company's shares are traded on the Bombay Stock Exchange Limited and on The National Stock Exchange of India Limited.

- i) The quarterly results and information regarding next Board Meetings is submitted to Stock Exchanges and is published in the newspapers. It is also posted on the website of the company, viz: [www.supremetexmart.com](http://www.supremetexmart.com).
- j) The financial year of the company under review is from 1st April 2011 to 31st March 2012.

**k) Plant Location**

Spinning Unit 1 - Village Kanganwal, P.O. Jugiana, Ludhiana,  
 Spinning Unit 2 - Village Kanganwal, P.O. Jugiana, Ludhiana,  
 Dyeing Unit - B-72, Phase VIII, Focal Point, Ludhiana  
 Garment Unit - Village Paharuwal, Ludhiana.

**l) Address for the Correspondence**

Supreme Tex Mart Limited  
 424, Industrial Area-A, Ludhiana -141003.  
 Phones : 0161-6614400, 2222719 Fax: 0161-2609949  
 E-mail : [robinvijan@supremetexmart.com](mailto:robinvijan@supremetexmart.com)  
 Website : [www.supremetexmart.com](http://www.supremetexmart.com)



**DECLARATION**

- I, Sanjay Gupta, Managing Director of Supreme Tex Mart Limited, hereby declare that
- Company has adopted code of conduct for its Directors and the Senior Management personnel and the same is posted on the company's website.
  - All the members of the Board of Directors and the Senior Management personnel have affirmed compliance with the Code of Conduct, applicable to them as laid down by the Board of Directors in terms of Clause 49(1) (D) (ii) of the Listing Agreement entered into with the stock exchanges, for the year ended March 31, 2012.

For Supreme Tex Mart limited

Ludhiana  
May 30, 2012

(Sanjay Gupta)  
Managing Director

**CERTIFICATE**

We hereby further certify that:

- a. We have reviewed financial statements and the cash flow statement for the year ended 31.03.2012 and that to the best of their knowledge and belief :
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii. 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.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and We have effective internal audit & control system commensurate with the size & nature of our business;
- d. We are committed to indicate to the auditors and the Audit committee
  - i. significant changes in internal control over financial reporting during the year, if any;
  - ii. significant changes in accounting policies during the year, if any, and that the same shall be disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.
  - iv. We have disclosed all the requisite information to Audit Committee & Auditors;
- e. There was no matter regarding non-compliance by the company of any provision of listing agreement, also there were no penalties, strictures imposed on the company by the Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years;
- f. Secretarial Audit Report regarding reconciliation of shares is being sent regularly to Stock Exchanges.

For Supreme Tex Mart Limited

sd/-  
Managing Director

sd/-  
Accounts Head

Ludhiana : 30.05.2012

## Auditor's Certificate on Compliance with the conditions of Corporate Governance under clause 49 of the Listing Agreement

TO

THE MEMBERS OF

SUPREME TEX MART LIMITED

We have examined the compliance of conditions of Corporate Governance by Supreme Tex Mart Limited ("the Company"), for the year ended March 31, 2012 as stipulated in Clause 49 of the Listing Agreement of the Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us 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 the above mentioned Listing Agreement.

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

For Ashish Agarwal & Co.  
Chartered Accountants  
Firm Reg. No.010788N

Place: Ludhiana  
Dated: 30.05.2012

(ASHISH AGARWAL)  
Partner  
M. No. 089579

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## AUDITORS' REPORT

To The Shareholders of,  
Supreme Tex Mart Limited

1. We have audited the attached balance sheet of M/s Supreme Tex Mart Limited as at 31st March, 2012, the profit and loss account and the cash flow statement for the year ended on that date annexed thereto. 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 conducted our audit in accordance with Auditing Standards generally accepted in India. These 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 amounts and disclosures 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 the Companies (Auditors' Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraph 4 of the said order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:
- We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;
  - The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
  - In our opinion, the balance sheet, profit and 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;
  - The Company has received written representations from the directors as on 31st March, 2012, except from the nominees directors under section 274(1)(g) of the Companies Act, 1956, which have been taken on record by the Board of Directors. We have been informed that the nominee directors are not required to comply with the requirements of the aforesaid section 274(1)(g) of the Companies Act, 1956 pursuant to the relevant notification issued by the Central Government. We report that none of the director is disqualified as on March 31st, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956.
  - As indicated in Note No.37 there is significant uncertainty associated with the derivative options referred to in the said note, resolution of which is dependent upon future events which are not under the direct control of the company, on account of which the company could not determine the possible loss, if any, on valuation of open derivative options. The ultimate outcome of these future events and their affect on the financial statements cannot be ascertained at this stage.*  
*Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the significant accounting policies and other 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 Balance Sheet, of the state of affairs of the company as at 31st March, 2012;
    - in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
    - in the case of Cash Flow Statement, of the cash flows for the year ended on that date.

For Ashish Agarwal & Co.  
Chartered Accountants  
Firm Reg. No.010788N

Ludhiana  
May 30, 2012

(ASHISH AGARWAL)  
Partner  
M. No. 089579

**Annexure to the Auditor's Report**

(Referred to in Paragraph 3 of our report of even date)

- (i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets have been physically verified by the management during the year. No discrepancies were noticed on such physical verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and nature of its business.
- c) According to the information and explanations given to us, the company has not disposed off substantial part of its fixed assets during the year.
- (ii) a) According to the information and explanations given to us, the inventories have been physically verified by the management at the close of year. In our opinion the frequency of verification is reasonable.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the company and nature of its business.
- c) The Company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed on physical verification between physical stocks and book records.
- (iii) a) According to the information and explanation given to us, the company has not granted loans secured or unsecured to companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4 (iii) (b) (c) and (d) of the above said order are not applicable to the company.
- b) According to the information and explanation given to us, the company has not taken loans secured or unsecured from companies, firm or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of clause 4 (iii) (f) and (g) of the above said order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and nature of its business, for the purchase of inventory and fixed assets and sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
- (v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register maintained under that section.
- b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding Rupees five lacs or more in respect of each party during the year, have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.



- (vi) According to the information and explanations given to us the company has not accepted deposits covered under the provisions of section 58A and 58AA or any other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules 1975. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vii) In our opinion the company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the books of accounts relating to materials, labour and other items of cost maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
- (ix) a) According to the records of the company, undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to the company, if any, have been regularly deposited with appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2012, for a period of more than six months from the date they become payable.  
b) According to the information and explanations given to us, there are no disputed statutory dues that have not been deposited on account of matters pending before the appellate authorities.
- (x) The company does not have accumulated losses. The latter part of the question relating to net worth is thus not applicable to the company. Further, the company has not incurred cash losses during the financial year covered under 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 banks and financial institutions.
- (xii) According to the information and explanations given to us, the company has not granted any loans and advances on the basis of security by way of pledge of share, debentures and other securities. Therefore, the provisions of clause 4(xii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- (xiii) The company is not a chit fund or a nidhi mutual benefit fund/society. Accordingly, the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- (xiv) According to the information and explanations given to us, the company has not dealt or traded in share, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- (xv) According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks. Accordingly the provisions of 4(xv) of the Companies (Auditor's Reports) Order 2003 are not applicable to the company.
- (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 obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investment.

# SUPREME TEX MART LIMITED

- (xviii) According to the information and explanations given to us, the company has made preferential allotment to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. The preferential allotments of shares were in accordance with SEBI (Disclosures and Investor Protection) Guidelines, 2000. The price at which preferential allotment of shares has been made by company is not prejudicial to the interest of the company.
- (xix) According to the information and explanations given to us, the company has not issued debentures during the year. Accordingly the provisions of clause 4(xix) of the Companies (Auditor's Report) Order 2003 are not applicable to the company.
- (xx) According to the information and explanations given to us, the company has not raised money by way of public issue during the year. Accordingly, the provisions of clause 4(xx) of the above said order are not applicable to the company. However the money raised by way of allotment of preferential equity shares has been utilized for the purpose it was raised.
- (xxi) Based upon the audit procedures performed and the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year ended 31st March 2012.

For Ashish Agarwal & Co.  
Chartered Accountants  
Firm Reg. No.010788N

(ASHISH AGARWAL)  
Partner  
M. No. 089579

Ludhiana  
May 30, 2012

To  
The Board of Directors  
Supreme Tex Mart Limited

In terms of Rule 4 (a) of the Companies (Disqualification of Directors under section 274 (1) (g) of the Companies Act, 1956) Rules, 2003 we M/s Ashish Agarwal & Co., Chartered Accountants based on our examination of the books and records of the Company, carried out in accordance with the requirements of the Guidance Note on Section 227 (3) (e) and (f) of the Companies Act, 1956 issued by the Institute of Chartered Accountants of India, do hereby certify that none of the directors of the Company, M/s. Supreme Tex Mart Limited as on 31<sup>st</sup> March, 2012 is disqualified for appointment as director in the aforementioned Company in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

For Ashish Agarwal & Co.  
Chartered Accountants  
Firm Reg. No.010788N

Ludhiana  
May 30, 2012

(ASHISH AGARWAL)  
Partner  
M. No. 089579



**Balance Sheet As at March 31, 2012**

(Amount in ₹)

Particulars	Note	As at March 31,	
		2012	2011
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share Capital	2	322063315	259396665
Reserves and Surplus	3	1309246273	804535713
		<b>1631309588</b>	<b>1063932378</b>
Share Application Money Pending Allotment	4	-	208636193
<b>Non-Current Liabilities</b>			
Long Term Borrowings	5	1915564971	2104438383
Deferred Tax Liability (net)	6	233034100	154261753
Long Term Provisions	7	8804135	7091989
		<b>2157403206</b>	<b>2265792125</b>
<b>Current Liabilities</b>			
Short Term Borrowings	8	1376733474	1509461803
Trade Payables	9	926680821	826482929
Other Current Liabilities	10	305393851	532807000
Short Term Provisions	7	62416615	37011177
		<b>2671224761</b>	<b>2905762709</b>
<b>TOTAL</b>		<b>6459937555</b>	<b>6444123405</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
<b>Fixed Assets</b>			
Tangible Assets	11	2773406692	2807445940
Intangible Assets	12	6145761	2968440
Expenditure on Power Lines	13	459757	870169
Capital Work-in-Progress		42979345	45299748
Intangible Assets under Development		-	4871436
Long Term Loans and Advances	14	35332869	87400029
Other Non-Current Assets	15	44274812	62241934
		<b>2902599236</b>	<b>3011097696</b>
<b>Current Assets</b>			
Inventories	16	1903475551	1696688851
Trade Receivables	17	755020276	878840622
Cash and Bank Balances	18	63392786	93614657
Short Term Loans and Advances	14	607118193	553874982
Other Current Assets	15	228331511	210206597
		<b>3557338319</b>	<b>3433025709</b>
<b>TOTAL</b>		<b>6459937555</b>	<b>6444123405</b>

Significant Accounting Policies & Notes on Financial Statements 1 to 43

For and on behalf of Board

As per our Report of even date attached  
for ASHISH AGARWAL & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 010788N

Ajay Gupta  
Jt. Managing Director

Sanjay Gupta  
Managing Director

Robin Vijan  
Company Secretary

(Ashish Agarwal)  
PARTNER  
M. No. 089579

Ludhiana  
May 30, 2012

**Statement of Profit and Loss for the Year Ended March 31, 2012** (Amount in ₹)

Particulars	Note	For the Year Ended March 31,	
		2012	2011
<b>INCOME</b>			
Revenue from Operations (gross)	19	8484891162	5670711668
Less: Excise Duty		16980131	-
Revenue from Operations (net)	19	8447911031	5670711668
Other Income	20	17722071	10792439
<b>Total Revenue</b>		<b>8465633102</b>	<b>5681504107</b>
<b>EXPENSES</b>			
Cost of Raw Material Consumed	21	5457103333	3251293775
Purchases of Traded Goods	22	872229982	752937508
(Increase)/Decrease in Inventories of Finished Goods and Work in Progress	23	(113487028)	(282103964)
Employee Benefit Expense	24	157508552	151124720
Finance Cost	25	511173870	379111177
Depreciation and Amortization Expense	26	173265472	171356665
Other Expenses	27	1170189262	1081502274
<b>Total Expenses</b>		<b>8227983443</b>	<b>5505222155</b>
<b>Profit Before Tax</b>		<b>237649659</b>	<b>176281952</b>
<b>Tax Expenses</b>			
Current Tax		50795000	38500000
MAT Credit Entitlement		47548000	33000000
Wealth Tax		1400	5000
Deferred Tax		78772347	73620013
Taxes of Earlier Years		(2848398)	8258284
MAT Credit Entitlement of Earlier Years		-	6798000
<b>Profit for the Year From Continuing Operations</b>		<b>158477310</b>	<b>95696655</b>
<b>Profit for the Year</b>		<b>158477310</b>	<b>95696655</b>
<b>Earning Per Equity Share of ₹ 5/- each</b>			
Basic		3.04	2.34
Diluted		3.04	2.34

Significant Accounting Policies & Notes on Financial Statements 1 to 43

For and on behalf of Board

As per our Report of even date attached  
for ASHISH AGARWAL & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 010788N

Ajay Gupta  
Jt. Managing Director

Sanjay Gupta  
Managing Director

Robin Vijan  
Company Secretary

(Ashish Agarwal)  
PARTNER  
M. No. 089579

Ludhiana  
May 30, 2012



**Cash Flow Statement for the Year Ended March 31, 2012**

(Amount in ₹)

Particulars	For the Year Ended March 31,	
	2012	2011
<b>A CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit before tax and extraordinary items	237649659	176281952
Adjusted for :		
Depreciation and Amortization	173265472	171356665
Bad Debts written off	3242967	574787
Allowance for doubtful debts	-	1702037
Provisions no longer required written back	(2117218)	(27066)
Interest received	(7377848)	(5084278)
Interest and Financial charges	511173870	379111177
Profit(-) / Loss on sale of Fixed Assets	(9759161)	(4919681)
Operating Profit before Working Capital Changes	906077741	718995593
Adjusted for :		
Increase(-) / Decrease in Trade and Other Receivables	156097479	(715613319)
Increase(-)/Decrease in Inventories	(206786700)	(413173195)
Increase/Decrease(-) in Trade and Other Liabilities	(128943186)	438531681
Cash Generated from Operations	726445334	28740760
Taxes Paid	(23901142)	(24569725)
Net Cash from Operating Activities	702544192	4171035
<b>B CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(139219075)	(424962865)
Sale of Fixed Assets	14176942	8105352
Interest received	7377848	5084278
Net Cash used in Investing Activities	(117664285)	(411773235)
<b>C CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Long Term Borrowings	(188873412)	(102350188)
Proceeds from Short Term Borrowings	(132728129)	377930397
Interest Paid	(493763942)	(372565278)
Proceeds from Issue of Share Capital	200263707	242087250
Proceeds from Share Application money	-	208636193
Net Cash from Financing Activities	(615101776)	353718374
NET INCREASE IN CASH & CASH EQUIVALENTS	(30221869)	(53883826)
CASH & CASH EQUIVALENTS AS ON 01.04.2011	93614657	147498483
CASH & CASH EQUIVALENTS AS ON 31.03.2012	63392788	93614657

For and on behalf of Board

As per our Report of even date attached  
for ASHISH AGARWAL & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 010788N

Ajay Gupta  
Jt. Managing Director

Sanjay Gupta  
Managing Director

Robin Vijan  
Company Secretary

(Ashish Agarwal)  
PARTNER  
M. No. 089579

Ludhiana  
May 30, 2012

## SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

### Company Overview

Supreme Tex Mart Ltd (STML) is an integrated textile organization based at Ludhiana. STML manufactures various type of yarns and garments for customers in domestic and international markets.

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### A) Basis of Preparation of financial statements

The financial statements are prepared on accrual basis under the historical cost convention, in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

#### Presentation and disclosure of financial statements

During the year ended 31st March 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

#### B) Use of Estimates

The preparation of financial statements, in conformity with the generally accepted accounting principals, require estimates and assumptions to be made that effect the reported amount of assets and liabilities as of the date of financial statements and the reported amount of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known /materialized.

#### C) Revenue Recognition

##### a) Sales

Sales comprise sale of goods, services and export incentives. Revenue from sale of goods is recognized;

- i) When all significant risk and rewards of ownership is transferred to the buyer and the company retains no effective control of the goods transferred to a degree usually associated with ownership and
- ii) No significant uncertainty exists regarding the amount of consideration that will be derived from the sale of goods.
- iii) The revenue in respect of Export incentives is recognized on the post export basis.

##### b) Interest

Interest income is recognized on a time proportion basis taking in to account the amount outstanding.

##### c) Insurance and other claims

Revenue in respect of claims is recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.



**D) Employee Benefits****a) Short Term Employee Benefits :**

Short Term Employee Benefits are recognized as an expense on an undiscounted basis in the profit and loss account of the year in which the related service is rendered.

**b) Post Employment Benefits****i) Defined Contribution Plans****Provident Fund**

Contribution to Provident Fund is made in accordance with the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and is charged to the profit and loss account.

**ii) Defined Benefit Plans****Gratuity**

Provision for gratuity liability to employees is made on the basis of actuarial valuation as at the close of the year.

**Leave Encashment**

Provision for leave encashment is made on the basis of actuarial valuation as at the close of the year.

iii) The actuarial gain/loss is recognized in statement of profit and loss account.

**E) Tangible fixed Assets**

- i) Fixed Assets are stated at historical cost less accumulated depreciation.
- ii) Cost of fixed assets comprises its purchase price and any attributable expenditure (both direct and indirect) for bringing an asset to its working condition for its intended use.
- iii) Subsequent expenditure related to an item of fixed asset is added to book value only if increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses are charged to statement of profit and loss for the period during which such expenses are incurred.
- iv) Gains or losses arising from de-recognition of fixed assets are measured as difference between net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**F) Intangible Assets**

Intangible assets are stated at cost of acquisition net of recoverable taxes less accumulated amount of amortization.

**G) Depreciation**

- i) Depreciation on fixed assets is provided on straight line method in accordance with and in the manner specified in the schedule XIV to the Companies Act, 1956.
- ii) Depreciation on assets costing ₹ 5000/- or less is charged @ 100%.

**H) Amortization**

- i) The leasehold land is amortized over the period of lease.

ii) Intangible assets are amortized on straight line method over their estimated useful life.

**I) Inventories**

Inventories are valued at cost or net realizable value, whichever is lower. The cost, in respect of various items of inventory is assigned by using the following cost formula;

- i) Raw Materials on FIFO basis plus direct expenses.
- ii) Stores and spares at weighted average basis plus direct expenses.
- iii) Work in process at raw material cost plus conversion cost depending upon the stage of completion.
- iv) Finished Goods at raw material cost plus conversion cost, excise duty if applicable and other overheads incurred to bring the goods to their present condition and location.

**J) Cenvat**

Cenvat credit of excise duty paid on inputs, capital assets and input services is recognized in accordance with the Cenvat Credit Rules, 2004.

**K) Subsidy**

Government grants available to the company are recognized when there is a reasonable assurance of compliance with the conditions attached to such grants and where benefits in respect thereof have been earned and it is reasonably certain that the ultimate collection will be made. Government subsidy in the nature of promoter's contribution is credited to Capital Reserve. The Government subsidy received for specific asset is reduced from the cost of the said asset.

**L) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of such asset. Qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are recognized as an expense in the period in which they are incurred.

**M) Segment Information**

Segment Information is prepared in conformity with accounting policies adopted for preparing and presenting the financial statements of the enterprises as a whole.

**N) Operating Leases**

Assets acquired on leases wherein a significant portion of the risk and rewards of the ownership are retained by the lessor are classified as operating lease. Lease rental paid for such leases are recognized as expense on systematic basis over the term of lease.

**O) Foreign Currency Transactions**

- i) Foreign currency transactions are recorded on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction except export sales which are recorded at a rate notified by the customs for invoice purposes as the said rate approximate the actual rate at the date of transaction. The exchange fluctuation arising as a result of negotiation of export bill is accounted for as difference in exchange rates. The amount of such differences in exchange rate is included under the head turnover.
- ii) Monetary items denominated in a foreign currency are reported at the closing rate as at the date



of balance sheet. Non-monetary items which are carried at fair value denominated in a foreign currency are reported at the exchange rate that existed when such values were determined.

- iii) The premium or discount arising at the inception of a forward exchange contracts is amortized as expense or income over the life of contract. Exchange difference on such a contract is recognized in the statement of profit and loss in the reporting period in which the exchange rate changes. Profit or loss arising on cancellation or renewal of such contract is recognized as income or expense in the period in which such profit or loss arises.
- iv) The exchange difference to the extent of loss, arising on forward contract to hedge the transactions in the nature of firm commitment and highly probable forecast transactions is recognized in the profit and loss account. The profit if any arising thereon is ignored.

**P) Accounting for taxes on income**

The accounting treatment followed for taxes on income is to provide for Current Tax and Deferred Tax. Current Tax is the aggregate amount of Income Tax Determined to be payable in respect of taxable income for a period. Deferred Tax is the tax effect of timing differences between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

**Q) Earning per share**

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all dilutive potential equity shares into equity shares.

**R) Impairment of assets**

At each balance sheet an assessment is made whether any indication exists that an asset has been impaired. If any such indication exists, an impairment loss i.e. the amount by which the carrying amount of an asset exceeds its recoverable amount is provided in the books of account.

**S) Provisions and Contingent Liabilities**

- (i) Provision is recognized (for liabilities that can be measured by using a substantial degree of estimation) when:
  - a) the Company has a present obligation as a result of a past event;
  - b) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and
  - c) the amount of the obligation can be reliably estimated.
- (ii) Contingent liability is disclosed in case there is:
  - a) Possible obligation that arises from past event and existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future event not wholly within the control of the enterprise ; or
  - b) a present obligation arising from a past events but is not recognized
    - i) when it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
    - ii) a reliable estimate of amount of the obligation cannot be made.

# SUPREME TEX MART LIMITED

## Notes on financial statements for the year ended March 31, 2012

### 2. Share Capital

(Amount in ₹)

As at March 31,

2012

2011

#### Authorized :

73000000 (Previous Year 73000000) Equity Shares of ₹ 5 each

365000000

365000000

#### Issued, Subscribed and Paid up:

64574963 (Previous Year 52041633) Equity Shares of ₹ 5 each fully paid up

322874815

260208165

Less: Calls in arrear - by others

811500

811500

322063315

259396665

#### a. Reconciliation of the number of shares outstanding

(Amount in ₹)

As at March 31,

2012

2011

At the beginning of the period

No. 52041633

Amount 259396665

No. 39978943

Amount 199083215

Issued during the period

No. 12533330

Amount 62666650

No. 12062690

Amount 60313450

Outstanding at the end of period

No. 64574963

Amount 322063315

No. 52041633

Amount 259396665

#### b. Terms/rights attached to equity shares

The company has one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholder.

#### c. Details of shareholders holding more than 5% shares in the company

As at March 31,

2012

2011

No. % holding in the class

No. % holding in the class

#### Equity shares of ₹ 5 each fully paid

Sindia Investment Group Pte Ltd.

7000000

10.84%

7000000

13.45%

Sinochamp Corporation Ltd.

4807143

7.44%

4807143

9.24%

Chic-Tex Inc

3840965

5.95%

3865477

7.43%

Punjab State Industrial Corporation Ltd.

4500000

6.97%

4500000

8.65%

Gold Leaf International Pvt. Ltd.

4000000

6.19%

4000000

7.69%

Ram Lal Gupta

4333400

6.71%

4333400

8.33%

Sanjay Gupta

6912345

10.70%

6912345

13.28%

Ajay Gupta

7408745

11.47%

7408745

14.24%

Bhavna Gupta

3534665

5.47%

-

-

White Stone Yarns Pvt. Ltd.

3350000

5.19%

-

-

Venus Tex Spin Ltd.

3350000

5.19%

-

-

As per records of the company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.



**Notes on financial statements for the year ended March 31, 2012****3. Reserves and Surplus**

(Amount in ₹)

	As at March 31,	
	2012	2011
<b>Capital Reserve</b>		
Balance as per last financial statements	3000000	3000000
<b>Securities Premium Account</b>		
Balance as per last financial statements	488334291	306580491
Add : Premium on issue of fully paid equity shares	313333250	181753800
Add : Premium on revised allotment of equity shares	32900000	-
Closing balance	834567541	488334291
<b>General Reserve</b>		
Balance as per last financial statements	38829209	38829209
<b>Surplus/(deficit) in the Statement of Profit and Loss</b>		
Balance as per last financial statements	274372213	178675558
Profit for the year	158477310	95696655
Net Surplus in the Statement of Profit and Loss	432849523	274372213
<b>Total Reserves and Surplus</b>	<b>1309246273</b>	<b>804535713</b>

**4. Share application money pending allotment**

During the year, new Equity Shares were issued in lieu of the Share Application money received by the company on preferential basis as per provisions of SEBI ICDR Regulations, 2009. These Equity Shares rank pari passu with the existing shares of the company in all rights including dividend. Further the company had sufficient authorized capital to issue the shares.

**5. Long-term Borrowings**

(Amount in ₹)

	Non-current Portion		Current maturities	
	As at March 31,		As at March 31,	
	2012	2011	2012	2011
<b>Secured</b>				
<b>Term Loans</b>				
Indian rupee loan from banks	1914240707	2104438383	197302200	160966200
<b>Other loans and advances</b>				
Indian rupee loan from banks	-	-	-	531207
From financial institutions	640174	-	299124	-
<b>Unsecured</b>				
From directors	684090	-	-	-
From others (including inter corporate loans)	-	-	-	100000000
	1915564971	2104438383	197601324	261497407
Amount disclosed under the head "Other Current Liabilities" (note 10)			(197601324)	(261497407)
<b>Net amount</b>	<b>1915564971</b>	<b>2104438383</b>	<b>-</b>	<b>-</b>

## Notes on financial statements for the year ended March 31, 2012

- a. Indian rupee term loan amounting to ₹ 575.00 lacs from State Bank of India carries interest @ 10.25% p.a. net of TUF subsidy. The loan is repayable in 18 quarterly installments of ₹ 18.54 lacs each along with interest commencing from 01.10.2007.\*
- b. Indian rupee term loan amounting to ₹ 8400.00 lacs from State Bank of India carries interest @ 9.75% p.a. net of TUF subsidy. The loan is repayable in 30 monthly installments of ₹ 42.00 lacs each, next 30 monthly instalments of ₹ 98.00 lacs each, next 35 monthly installments of ₹ 116.66 lacs each and last one monthly installment of ₹ 116.90 lacs along with interest. These installments have been started from 01.12.2010.\*
- c. Indian rupee term loan amounting to ₹ 7500.00 lacs from Punjab National Bank carries interest @ 9.25% p.a. net of TUF subsidy. The loan is repayable in 30 monthly installments of ₹ 37.50 lacs each, next 30 monthly instalments of ₹ 87.50 lacs each, next 35 monthly installments of ₹ 104.16 lacs each and last one monthly installment of ₹ 104.40 lacs along with interest. These installments have been started from 01.12.2010.\*
- d. Indian rupee term loan amounting to ₹ 1350.00 lacs from Punjab National Bank carries interest @ 9.25% p.a. net of TUF subsidy. The loan is repayable in 96 monthly installments of ₹ 14.06 lacs each along with interest commencing from 01.01.2011.\*
- e. Indian rupee term loan amounting to ₹ 2316.22 lacs from Punjab National Bank carries interest @ 9.25% p.a. net of TUF subsidy. The loan is repayable in 77 monthly installments of ₹ 30.28 lacs each along with interest commencing from 01.04.2012.\*
- f. Indian rupee term loan amounting to ₹ 900.00 lacs from UCO Bank carries interest @ 8.25% p.a. net of TUF subsidy. The loan is repayable in 96 monthly installments of ₹ 9.37 lacs each along with interest commencing from 01.12.2010.\*
- g. Indian rupee term loan amounting to ₹ 1295.00 lacs from Allahabad Bank carries interest @ 14.09% p.a. net of TUF subsidy. The loan is repayable in 108 monthly installments of ₹ 12.00 lacs each along with interest commencing from 01.04.2010.\*
- h. Indian rupee term loan amounting to ₹ 1250.00 lacs from Allahabad Bank carries interest @ 10.59% p.a. net of TUF subsidy. The loan is repayable in 96 monthly installments of ₹ 13.02 lacs each along with interest commencing from 01.01.2011.\*
- \* All the above mentioned term loans are secured by first pari-passu charge over fixed assets and second pari-passu charge over current assets of the company. The loans are also secured by equitable mortgage of residential house of Directors Mr. Ajay Gupta and Mr. Sanjay Gupta located at 445 Sant Nagar Ludhiana. Further, the loans have been guaranteed by the personal guarantee of Executive Directors of the company.
- i. Other loan and advance represents term loan on vehicles. This loan from financial institution is taken during the financial year 2011-12 and carries interest 10.94% p.a. The loan is repayable in 35 monthly installments of ₹ 0.32 lacs including interest. The loan is secured by way of hypothecation of respective vehicle. Further the loan has been guaranteed by the personal guarantee of Managing Director of the company.



**Notes on financial statements for the year ended March 31, 2012**

**6. Deferred tax liability (net)**

	(Amount in ₹)	
	As at March 31,	
	2012	2011
Deferred tax liability		
Impact of difference between Income Tax depreciation and depreciation/amortization charged for financial reporting	282103907	238919130
Gross deferred tax liability	<u>282103907</u>	<u>238919130</u>
Impact of unabsorbed depreciation arising under Income Tax Act, 1961	46474207	82401763
Impact of expenditure charged to the statement of Profit and Loss in the current year but not allowed for Tax purposes on payment basis	2595600	2255614
Gross deferred tax asset	<u>49069807</u>	<u>84657377</u>
Net Deferred Tax Liability	<u>233034100</u>	<u>154261753</u>

**7. Provisions**

	(Amount in ₹)			
	Long-term		Short-term	
	As at March 31,		As at March 31,	
	2012	2011	2012	2011
Provision for Employee Benefits				
Provision for gratuity (note 34)	5887638	3263077		
Provision for leave benefits	2916497	3828912	2150890	2022201
	<u>8804135</u>	<u>7091989</u>	<u>2150890</u>	<u>2022201</u>
Other Provisions				
Provision for mark to market losses on derivative contracts	-	-	2493175	3396164
Provision for current tax	-	-	110400615	60321135
Less : prepaid taxes	-	-	(52629557)	(28733323)
Provision for fringe benefit taxes	-	-	-	353370
Less : prepaid taxes	-	-	-	(353370)
Provision for wealth tax	-	-	10500	19750
Less : prepaid taxes	-	-	(9008)	(14750)
	-	-	<u>60265725</u>	<u>34988976</u>
	<u>8804135</u>	<u>7091989</u>	<u>62416615</u>	<u>37011177</u>

**8. Short-term Borrowings**

	(Amount in ₹)	
	As at March 31	
	2012	2011
Secured		
Working Capital Loans		
From Banks		
Foreign Currency Loans		
Indian Rupee Loans	153503416	-
	1209986439	1509461603
	<u>1363489855</u>	<u>1509461603</u>
Unsecured		
Working Capital Loans		
From Banks		
Indian Rupee Loans		
From NBFCs	3119025	-
Indian Rupee Loans	10124594	-
	<u>13243619</u>	<u>-</u>
	<u>1376733474</u>	<u>1509461603</u>

**Notes on financial statements for the year ended March 31, 2012**

Working Capital Loans from banks are secured by first pari-passu charge over current assets and second pari-passu charge over fixed assets of the company. The loan is also secured by equitable mortgage of residential house of Directors Mr. Ajay Gupta and Mr. Sanjay Gupta located at 445 Sant Nagar Ludhiana. Further, the loans have been guaranteed by the personal guarantee of Executive Directors of the company.

**9. Trade Payables**

(Amount in ₹)

	As at March 31,	
	2012	2011
Trade payables (including acceptances)		
- Total outstanding dues to micro, small and medium enterprises (note 32)		-
- Others	926680821	826482929
	<b>926680821</b>	<b>826482929</b>

**10. Other Current Liabilities**

(Amount in ₹)

	As at March 31,	
	2012	2011
Current maturities of long-term borrowings (note 5)	197601324	261497407
Interest accrued and due on borrowings	27892476	25226701
Income received in advance from customers	15751298	11740663
Investor Education and Protection Fund will be credited by following amounts (as and when due)		
Unpaid dividend	23879	23878
Other Payables		
Service tax payable	67625	990
TDS/TCS payable	2108044	2303857
Employee related expenses payable	18240379	18800575
Electricity expenses payable	13511940	9219704
Security payable	78000	58000
Expenses outstanding	6588563	11387773
Others	23530323	192547452
	<b>305393851</b>	<b>532807000</b>



11. Tangible Assets

	Freehold Land	Lease hold Land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Computer equipment	Total
(Amount in ₹)									
<b>Cost or valuation</b>									
At 1st April, 2010	117408428	17355001	778180150	2241791707	2991485	13467324	6895681	4972788	3183062844
Additions	1030000	2057400	25371414	370588668	710400	2257928	563940	4252854	406832602
Disposals	-	-	-	(18826696)	-	(772376)	-	-	(19599072)
At 31st March, 2011	118438428	19412401	803551564	2583553679	3701885	14952874	7459921	9225642	3570236374
Additions	-	40190	6069699	132334387	248488	1491553	885800	464793	141534910
Disposals	-	-	-	(25622482)	-	(1180943)	(61360)	-	(27864785)
At 31st March, 2012	118438428	19452591	809621263	2699295594	3950353	15263484	8284361	9690435	3683966499
<b>Depreciation</b>									
At 1st April, 2010	-	614015	62420524	536203670	1802507	3223405	2493327	2046985	608604433
Charge for the year	-	177600	25724166	140993788	496837	1410725	327531	1328754	170459401
Disposals	-	-	-	(16233203)	-	(180197)	-	-	(16413400)
At 31st March, 2011	-	791615	88144690	660964255	2299344	4453933	2820858	3375739	762850434
Charge for the year	-	196228	26142322	141361019	238668	1397923	313802	1506415	171156377
Disposals	-	-	-	(22984428)	-	(437844)	(14732)	-	(23447004)
At 31st March, 2012	-	987843	114287012	779330846	2538012	5414012	3119928	4882184	910559807
<b>Net Block</b>									
At 31st March, 2011	118438428	18620786	715406874	1932569424	1402521	10496941	4639063	5849903	2807445940
At 31st March, 2012	118438428	18464746	695334251	1919934738	1412341	9049472	5164433	480281	2773406692

a. Building includes those constructed on leasehold land :

Gross Block ₹157773774 (Previous Year ₹ 157773774)

Depreciation charge for the Year ₹ 5258771 (Previous Year ₹ 5258771)

Accumulated depreciation ₹ 22550101 (Previous Year ₹ 17291330)

Net book value ₹135223673 (Previous Year ₹140482444)

b. The company has provided depreciation on computer equipment used for ERP @20% on straight line basis, as useful life of such equipment has been estimated to be not more than five years.

**Notes on financial statements for the year ended March 31, 2012**

**12. Intangible Assets**

(Amount in ₹)

	<u>Total</u>
<b>Computer software</b>	
<b>Gross Block</b>	
At 1st April, 2010	560112
Purchase	3039026
<b>At 31st March, 2011</b>	<u>3599138</u>
Purchase	4876004
<b>At 31st March, 2012</b>	<u>8475142</u>
<b>Amortization</b>	
At 1st April, 2010	143846
Charge for the year	486852
<b>At 31st March, 2011</b>	<u>630698</u>
Charge for the year	1698683
<b>At 31st March, 2012</b>	<u>2329381</u>
<b>Net Block</b>	
<b>At 31st March, 2011</b>	<u>2968440</u>
<b>At 31st March, 2012</b>	<u>6145761</u>

Intangible assets which comprises of software have been amortized @20% on straight line basis, as useful life of the such software has been estimated to be not more than five years.

These intangible assets are not initially generated.

**13. Expenditure on power lines**

(Amount in ₹)

	<u>Total</u>
<b>Gross Block</b>	
At 1st April, 2010	2052063
Additions	-
<b>At 31st March, 2011</b>	<u>2052063</u>
Additions	-
<b>At 31st March, 2012</b>	<u>2052063</u>
<b>Amortization</b>	
At 1st April 2010	771482
Charge for the year	410412
<b>At 31st March, 2011</b>	<u>1181894</u>
Charge for the year	410412
<b>At 31st March, 2012</b>	<u>1592306</u>
<b>Net Block</b>	
<b>At 31st March, 2011</b>	<u>870169</u>
<b>At 31st March, 2012</b>	<u>459757</u>

The company has paid the above mentioned amount to Punjab State Electricity Board for expenditure on power lines. As future economic benefits associated with the installation of such power lines will flow to the company, the same have been reflected in this note. The company has amortised these lines @20% on straight line basis as the useful life is estimated to be five years.



**Notes on financial statements for the year ended March 31, 2012**

**14. Loans and Advances**

	(Amount in ₹)			
	Non-Current		Current	
	As at March 31,		As at March 31,	
	2012	2011	2012	2011
Capital advances				
Unsecured, considered good	5777051	72558632	-	-
(A)	5777051	72558632	-	-
Security deposit				
Unsecured, considered good	29555818	14841397	24500	24500
(B)	29555818	14841397	24500	24500
Loans and advances to related parties (note 34)				
Unsecured, considered good	-	-	-	56035
(C)	-	-	-	56035
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	419046869	353469933
(D)	-	-	419046869	353469933
Other loans and advances				
Loans and advances to employees	-	-	1218483	1362942
Advances to suppliers	-	-	186828341	198961572
(E)	-	-	188046824	200324514
<b>Total (A+B+C+D+E)</b>	<b>35332869</b>	<b>87400029</b>	<b>607118193</b>	<b>553874982</b>

**Loans and advances to related parties include**

	(Amount in ₹)			
	Non-Current		Current	
	As at March 31,		As at March 31,	
	2012	2011	2012	2011
Dues from Gautam Terry Tech Ltd. (previously known as Gautam Enterprises) in which company's managing directors are members	-	-	-	56035

**15. Other Assets**

	(Amount in ₹)			
	Non-Current		Current	
	As at March 31,		As at March 31,	
	2012	2011	2012	2011
Prepaid expenses	-	-	9949821	17016657
Interest accrued on fixed deposits	-	-	3017885	7017783
Balances with statutory/government authorities	-	-	146201712	149661650
Mat credit entitlement*	44274812	62241934	67648000	-
Others	-	-	1514093	36510507
	<b>44274812</b>	<b>62241934</b>	<b>228331511</b>	<b>210206597</b>

\*Classification of Mat credit entitlement into non-current and current assets has been done on the basis of estimates made by management.

# SUPREME TEX MART LIMITED

## Notes on financial statements for the year ended March 31, 2012

16. Inventories (valued at lower of cost and net realisable value)	(Amount in ₹)	
	As at March 31,	
	2012	2011
Raw Materials (note 21)	1173692168	1073279435
Work-in-Progress (note 22)	77863129	88504188
Finished Goods (note 22)	620013102	495685015
Stores and Spares	32107152	39220213
	<b>1903475551</b>	<b>1696688851</b>

17. Trade receivables (considered good unless otherwise stated)	(Amount in ₹)	
	As at March 31,	
	2012	2011
Receivables outstanding for a period exceeding six months from the due date of payment		
Unsecured		
Considered good	30837948	22956721
Considered doubtful	816032	2933250
Less : Allowance for doubtful debts	816032	2933250
(A)	<b>30837948</b>	<b>22956721</b>
Other receivables		
Unsecured		
Considered good	724182328	855683901
(B)	<b>724182328</b>	<b>855683901</b>
Total (A+B)	<b>755020276</b>	<b>878640622</b>

18. Cash and bank balances	(Amount in ₹)			
	Non-Current		Current	
	As at March 31,		As at March 31,	
	2012	2011	2012	2011
Cash and cash equivalents				
Balance with banks :				
On current accounts	-	-	6421064	24681300
On unpaid dividend accounts	-	-	24204	34881
Cash on hand	-	-	5008795	2528726
	-	-	<b>11454063</b>	<b>27244907</b>
Other bank balances				
Margin money deposit	-	-	51938725	66369750
	-	-	<b>51938725</b>	<b>66369750</b>
Total	-	-	<b>63392788</b>	<b>93614657</b>

### Margin money deposits given as security

Margin money deposits with a carrying amount of ₹ 51938725 (Previous Year ₹ 66369750) are subject to first charge to secure the company's inland letter of credit limits with banks.



**Notes on financial statements for the year ended March 31, 2012**

**19. Revenue from Operations:-**

	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
Sale of Products		
Finished goods	7154978998	4682959751
Traded goods	891034048	757006113
Other Operating Revenue		
Job work charges	199449304	118870450
Waste sales	125332823	48505802
Export Incentives	108351799	49825861
Difference in exchange rate*	(14255810)	13543691
<b>Revenue from Operations (gross)</b>	<b>8464891162</b>	<b>5670711668</b>
Less : Excise Duty	16980131	-
<b>Revenue from Operations (net)</b>	<b>8447911031</b>	<b>5670711668</b>

\*Difference in exchange rate relating to turnover is included in 'Revenue from operations'. Other exchange differences have been disclosed separately under the note 27 relating to 'Other expenses'.

**Details of Products Sold**

	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
Finished goods sold		
Yarn	3205252205	3082886817
Fabrics	3268498430	961585257
Garments	681228363	638487677
	<b>7154978998</b>	<b>4682959751</b>
Traded goods sold		
Manmade fibres	380951324	649709881
Cotton	288381288	34452724
Yarn	221701436	49519977
Fabrics	-	23323531
	<b>891034048</b>	<b>757006113</b>
	<b>8046013046</b>	<b>5439965864</b>

**20. Other Income**

	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
Interest income on Insurance claim	5845692	5845692
Profit on sale of fixed assets(net)	9759161	4919681
Excess provision written back	2117218	27066
	<b>17722071</b>	<b>10792439</b>

**Notes on financial statements for the year ended March 31, 2012****21. Cost of Raw Material Consumed**

(Amount in ₹)

	For the Year Ended March 31,	
	2012	2011
Inventory at the beginning of the year	1073279435	858086318
Purchases	5595838493	3466486892
	6669117928	4324573210
Less : raw material destroyed in fire	38322427	-
Less : inventory at the end of year	1173692168	1073279435
Cost of raw material consumed	<b>5457103333</b>	<b>3251293775</b>

**Details of cost of Raw Material Consumed**

(Amount in ₹)

	For the Year Ended March 31,	
	2012	2011
Manmade fibres	472118758	840230479
Cotton	1809192418	1290672948
Yarn	803119688	316977604
Fabrics	2371155233	801592657
Others	1517236	1820087
	<b>5457103333</b>	<b>3251293775</b>

**Details of Purchases of Raw Material**

(Amount in ₹)

	For the Year Ended March 31,	
	2012	2011
Manmade fibres	329880369	615431223
Cotton	1480365897	1515559285
Yarn	627296497	431122331
Fabrics	3156834862	902587657
Others	1480868	1786396
	<b>5595838493</b>	<b>3466486892</b>

**Details of Inventory of Raw Material**

(Amount in ₹)

	For the Year Ended March 31,	
	2012	2011
Manmade fibres	47168126	196430838
Cotton	186969379	547114204
Yarn	93232831	269056021
Fabrics	846278210	60598582
Others	43622	79990
	<b>1173692168</b>	<b>1073279435</b>

**22. Details of Purchase of Traded Goods**

(Amount in ₹)

	For the Year Ended March 31,	
	2012	2011
Manmade fibres	383381910	638773331
Cotton	286332813	42716187
Yarn	202515259	47644827
Fabrics	-	22051760
Garments	-	1751403
	<b>872229982</b>	<b>752937508</b>



**Notes on financial statements for the year ended March 31, 2012**

23. (Increase)/Decrease in Inventories	(Amount in ₹)		
	For the Year Ended March 31,		
	2012	2011	(Increase) / Decrease
<b>Inventories at the end of the year</b>			
Work-in-progress	77663129	88504188	10841059
Finished goods	620013102	495685015	(124328087)
	<b>697676231</b>	<b>584189203</b>	<b>(113487028)</b>
<b>Inventories at the beginning of the year</b>			
Work-in-progress	88504188	49787825	(38716363)
Finished goods	495685015	252297414	(243387601)
	<b>584189203</b>	<b>302085239</b>	<b>(282103964)</b>
<b>(Increase) / Decrease in Inventories</b>	<b>(113487028)</b>	<b>(282103964)</b>	

Details of Inventory	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
<b>Work-in-Progress</b>		
Yarn	61083697	56445181
Fabrics	2179297	2459255
Processed fabrics	156093	3244179
Garments	7811707	20862994
Other	6432335	5492579
	<b>77663129</b>	<b>88504188</b>
<b>Finished Goods</b>		
Yarn	535095473	372863505
Fabrics	3110693	13188778
Processed fabrics	21011175	52370774
Garments	38623326	37533988
Other	22172435	19727970
	<b>620013102</b>	<b>495685015</b>

24. Employee Benefit Expense	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
Salaries, wages and bonus	139531709	134517789
Contribution to provident and other funds	17084170	14864039
Staff welfare expenses	892673	1742892
	<b>157508552</b>	<b>151124720</b>

25. Finance Cost	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
Interest		
-Term loans	218518362	164678016
-Working capital	255168159	184727583
Bank charges	37487349	29705578
	<b>511173870</b>	<b>379111177</b>

**Notes on financial statements for the year ended March 31, 2012**

**26. Depreciation and Amortization Expense**

(Amount in ₹)

	For the Year Ended March 31,	
	2012	2011
<b>Depreciation/Amortization on Tangible Assets</b>		
Leasehold land	196228	177600
Building	26142322	25724166
Plant and machinery	141361019	140993788
Furniture & fixtures	238668	496837
Vehicles	1397923	1410725
Office equipment	313802	327531
Computer equipment	1506415	1328754
	<b>171156377</b>	<b>170459401</b>
<b>Amortization of Intangible Assets</b>		
Computer software	1698683	486852
	<b>1698683</b>	<b>486852</b>
<b>Amortization of Expenditure on Power Lines</b>		
	<b>410412</b>	<b>410412</b>
<b>Total</b>	<b>173265472</b>	<b>171356665</b>

**27. Other expenses**

(Amount in ₹)

	For the Year Ended March 31,	
	2012	2011
<b>Manufacturing Expenses</b>		
Consumption of stores and spares	218903258	152913773
Consumption of packing material	76979481	71656286
Consumption of dyes and chemicals	214038690	263458990
Power and fuel	420764995	364361758
Freight and cartage inward	1286019	1614109
Testing charges	805100	669483
Value added tax	554566	-
Water disposal charges	45442	-
Repairs to Plant and machinery	3855152	4725288
	<b>937232703</b>	<b>859399687</b>
<b>Administrative &amp; Other Expenses</b>		
Lease Rent	2108630	1059545
Rates and taxes	888654	919055
Insurance	11070733	8028346
Repairs to building	1430837	2220325
Travelling and conveyance	994129	720197
Printing and stationery	2269275	2432229



Telephone and postage	1873744	1767047
Legal and professional	2926469	3280420
Fees & subscription	3348131	5796065
Director's meeting fees	294000	233000
Director's travelling	1051452	738401
Auditors remuneration	484436	339439
Directors remuneration	5340080	4912960
Vehicle maintenance	4522731	2310201
Bad debts written off	3242967	574787
Prior period expenses	-	960
Allowances for doubtful debts	-	1702037
Charity and donation	10000	8000
Difference in exchange rate	76206433	71674584
Miscellaneous balances written off	52645	1215
Miscellaneous administrative expenses	1048355	1077897
	<b>119163701</b>	<b>109796510</b>
<b>Selling Expenses</b>		
Freight and octroi outward	79439957	72747347
Advertisement	74304	132258
Commission	26874609	36423864
Rebate and Discount	4719958	1686105
Service Tax	695585	494845
Sale Promotion Expenses	1988445	821658
	<b>113792858</b>	<b>112306077</b>
	<b>1170189262</b>	<b>1081502274</b>

**Payment to auditor**

(Amount in ₹)

	For the year ended March 31,	
	2012	2011
<b>As auditor :</b>		
Audit fee	165450	165450
Tax audit fee	82725	82725
<b>In other capacity :</b>		
Taxation matters	30333	13788
Company law matters	23163	16545
Management services	40000	-
Other services (certification fees)	56520	25000
Reimbursement of expenses	86245	35931
	<b>484436</b>	<b>339439</b>

**26. Contingent Liabilities:**

(Amount in ₹)

	As at March 31,	
	2012	2011
(a) Bank guarantee outstanding	200000	700000
(b) Bills discounted with banks against Irrevocable letter of credit	119097076	209112000
(c) Income Tax demand	-	602789

**Notes on financial statements for the year ended March 31, 2012**

**29. Capital and Other Commitments:**

- (a) The company has executed bonds in favour of President of India under section 59(2) and 67 of the Customs Act, 1962 and Central Excise Act, 1944 for fulfilment of obligation under the said Acts.

(Amount in ₹)	
As at March 31,	
2012	2011
10000000	10000000

30. The current assets, loans and advances are having the value at which they are stated in the balance sheet, if realized in the ordinary course of business.

31. The company has leased facilities under cancellable and non cancellable operating leases arrangements with a lease term ranging from one to five years, which are subject to renewal at mutual consent thereafter, The cancellable arrangements can be terminated by either party after giving due notice. The lease rent expenses recognized during the year amounts to ₹ 2108630. The future minimum lease payments in respect of non-cancellable operating leases as at 31st March, 2012 are:

- a) not later than one year  
b) later than one year but not later than five years  
c) later than five years

(Amount in ₹)	
As at March 31,	
2012	2011
797769	-
-	4014000
2315000	2555000

32. a) The Company has identified Micro, Small and Medium Enterprises on the basis of information made available. There are no dues to Micro and Small Enterprises, that are reportable under the Micro, Small and Medium Enterprises Development Act 2006.  
b) The detail of amount outstanding to Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act), based on the available information with the company are as under:

Sr. Particular	(Amount in ₹)	
	As at March 31,	
	2012	2011
1. Principle amount due and remaining unpaid	-	-
2. Interest due on (1) above and the unpaid interest	-	-
3. Interest paid on all delayed payments under the MSMED Act	-	-
4. Payments made beyond the appointed day during the year.	-	-
5. Interest due and payable for the period of delay other than (3) above	-	-
6. Interest accrued and remaining unpaid	-	-
7. Amount of further interest remaining due and payable in succeeding years	-	-

**33. Earning Per Share (EPS):**

The calculation of Earning per share as disclosed in the statement of profit and loss has been computed in accordance with Accounting Standard - 20 on "Earning per share" notified by the Companies (Accounting Standard).

	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
- Weighted Average Number of equity shares (No.)	52110121	40941102
- Profit for the year attributable to equity shareholders	158477310	95696655
- Nominal value of equity share	5/-	5/-
- Earning Per Equity Share – Basic	3.04	2.34
- Earning Per Equity Share – Diluted	3.04	2.34



**Notes on financial statements for the year ended March 31, 2012****34. Employee Benefits**

The summarized position of post-employment benefits and long term employee benefits recognized in the statement of profit and loss and balance sheet in accordance with AS[15] is as under:-

**a) Changes in the present value of the defined benefit obligation** (Amount in ₹)

	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	Gratuity (Funded)	Leave Encashment (Un Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Present Value of obligation as at the beginning of the year	10335856	3828912	7408552	2371703
Interest Cost	1392246	1229735	613893	142190
Current Service Cost	6843381	312500	4742767	3153852
Benefits Paid	(523884)	(2499299)	(372568)	(1397763)
Actuarial Loss/gain on obligation	(5273525)	44649	(2056788)	(441070)
Present value of obligation as at the close of the year	12774074	2916497	10335856	3828912

**b) Change in Fair Value of Plan Assets** (Amount in ₹)

	31 <sup>st</sup> March, 2012	31 <sup>st</sup> March, 2011
	Gratuity (Funded)	Gratuity (Funded)
Fair Value of Plan Assets as at the beginning of the year	7426103	5212152
Expected return on plan assets	579479	554801
Employer's Contributions	546938	2397830
Benefits Paid	(523884)	(372568)
Actuarial Loss/gain on obligations	(1142200)	(366112)
Fair Value of Plan Assets as at the close of the year	6886436	7426103

Reconciliation of the change in Fair Value of Plan Assets in respect of unfunded leave encashment is not applicable

**c) Amount recognized in Balance Sheet** (Amount in ₹)

	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	Gratuity (Funded)	Leave Encashment (Un Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Estimated Present value of obligations as at the end of the year	12774074	2916497	10335856	3828912
Fair value of Plan Assets as at the end of the year	6886436	-	7426103	-
Net Liability as at the end of the year (Unfunded deficit)/Surplus	5887638	2916497	2909753	3828912

d) Expenses Recognized in statement of Profit and Loss

(Amount in ₹)

	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	Gratuity (Funded)	Leave Encashment (Un Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Current Service Cost	6843381	312500	4742767	3153852
Interest Cost	1392246	1229735	613893	142190
Expected return on Plan Assets	(579479)	-	(986058)	-
Net Actuarial (Gain)/Loss recognized in the year	(4131325)	44649	(1690676)	(441070)
Total expenses recognized in Statement of profit and loss	3524823	1586884	2679926	2854972

e) Principal actuarial assumption at the balance sheet date (expressed as weighted average)

	31 <sup>st</sup> March, 2012		31 <sup>st</sup> March, 2011	
	Gratuity (Funded)	Leave Encashment (Un Funded)	Gratuity (Funded)	Leave Encashment (Un Funded)
Discount Rate	8.00%	8.00%	8.50%	8.50%
Expected rate of return on Plan Assets	9.15%	N.A.	9.00%	N.A.
Expected Rate of Salary Increase	7.00%	7.00%	7.00%	7.00%
Method used	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

f) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

g) The financial assumption considered for the calculations are as under :

Discount Rate : The discount rate has been chosen by reference to market yield on government bonds as on date of valuation.

Expected Rate of Return: In case of gratuity, the actual return has been taken

Salary increase: On the basis of past data provided by the company

(Amount in ₹)

For the Year Ended March 31,	
2012	2011

h) Short term employee's benefits Short term leave encashment liability	2150890	2022201
i) Contribution to Provident Fund	8060469	8448001

35. Segment information as required by the Accounting Standard (AS) 17 on "Segment Reporting" notified by the Companies (Accounting Standards) Rules 2006 is disclosed below.

a) The company has identified two segments yarn segment and garment segment. The yarn segment comprises production of various types of yarn (from cotton, man made fibers and blend thereof) and yarn processing activities.

b) Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist of cash and bank balances, debtors, inventories and fixed assets. Segment liabilities include all operating liabilities and consist of creditors and other liabilities.

c) Segment revenue and expenses

Segment revenue comprises of sales to external customers and inter segment sales. Segment expenses comprise expenses that are directly attributable to the segment.



# SUPREME TEX MART LIMITED

(Amount in ₹)

Primary Segment Information	YARN		GARMENT		ELIMINATION		CONSOLIDATED TOTAL	
	Current Year	Previous year	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
1. Segment Revenue								
- external sales	5630669476	4242598642	2617041555	1428122026	-	-	8447911031	5670711668
- Internal segment sales	810970802	332734518	9804392	12082879	820775194	344817397	-	-
- other income	17544581	10792439	177490	-	-	-	17722071	10792439
Total	6450384859	4568116599	2827023437	1440204905	820775184	344817397	8468633102	5681504107
2. Segment Results	255451693	354895041	479227709	187019050	-	-	725679402	541914891
Unallocated Corporate expenses (net of unallocated income)							14343222	16227340
Profit before interest and tax							711336180	526887551
Interest expenses							473686521	348405599
Provision for taxation							79172349	80585297
3. Profit/(Loss) after tax							158477310	95696655
4. Other information								
a) Segment assets (inc. WIP)	4189998279	4671160714	2275939276	1772862691	-	-	6459937555	6444123405
Unallocated assets								
Total Assets	4189998279	4671160714	2275939276	1772862691	-	-	6459937555	6444123405
b) Segment Liabilities	1177714728	1309728624	125580694	93684471	-	-	1303285422	1403393095
Unallocated liabilities								
Total liabilities	1177714728	1309728624	125580694	93684471	-	-	1303285422	1403393095
Capital expenditure	117644545	398173193	26706369	13699435	-	-	146410914	409871628
Depreciation and Amortization	13346656	131921987	39918816	39434698	-	-	173265472	171356665
Non cash exp. Other than Depreciation and Amortization								
Secondary Segment Information								
Segment revenue-External Turnover within India							2011-12	2010-11
outside India							7017377690	4305790595
Total revenue							1430533341	1364921072
							8447911031	5670711668

Other disclosures under secondary segment are not applicable to the company.

**Notes on financial statements for the year ended March 31, 2012**

**36. Related Party Disclosure**

Related party disclosure is in accordance with the Accounting Standards (AS) 18 on "Related Party Disclosure" notified by the Companies (Accounting Standards) Rules, 2006:-

**A. Name of related parties and description of relationship:**

a) Key Management Personnel	Sh.Sanjay Gupta	Managing Director
	Sh. Ajay Gupta	Joint Managing Director
	Sh. Gautam Gupta	Executive Director
b) Enterprises controlled by Key Management Personnel :		
	-Venus Tex Spin Ltd	
	-Gautam Terry Tech Ltd.	
	-Goldleaf International Pvt. Ltd.*	
	-Cimero Industrial Enterprises Ltd.*	

\* No transaction has taken place during the year

**B. a) Transaction with Key Management Personnel**

Particulars	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
i) Loans		
-Opening Balance	-	302251240
-Loan taken	684090	89508240
-Loan repaid	-	391757480
-Closing balance	684090	-
ii) Remuneration Paid	5340080	4912960

Note : The remuneration to the key managerial personnel does not include the provision made for gratuity and leave benefits, as they are determined on an actuarial basis for the company as a whole.

**b) Transaction with Entity Controlled by Key Management Personnel**

Particulars	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
i) Purchase	600662056	939171984
ii) Sale	329641732	848444340
iii) Rent Paid	240000	240000
iv) Commission Paid	-	44569
v) Commission Received	-	3897636

C. No amount has been provided as doubtful debts or advances/written off or written back in the year in respect of debts due from or to above said related parties.

D. Related party relationship is as identified by the Management and relied upon by the Auditors'.

E. Transactions with enterprises controlled by KMP has been made against advance payments. Therefore, provisions of Section 295 of Companies Act, 1956 are not applicable to the Company.



**Notes on financial statements for the year ended March 31, 2012**

**37. Derivative Instruments and unhedged foreign currency exposure**

a) Derivatives outstanding as at the balance sheet date

Particulars	As at March 31,	
	2012	2011
Forward contract to sell US\$	3577428	-
Forward contract to sell EURO	-	4500000

Note : The purpose of these forward contracts is to hedge highly probable foreign currency sales.

	(Nos)	31st March, 2012	(Nos)	31st March, 2011
Put and call option contract*	1	400000 US\$	1	400000 US\$

\* The Company hedges its foreign currency fluctuation exposure by way of foreign currency derivative options. The Company has taken one USD/INR put and call option from a bank and having a maturity period upto Dec.2012. This derivative option is proprietary product of bank which do not have a ready market and such are marked to a model, which is usually bank specific instead of being marked to market. Based on marked to a model concept the loss on valuation amounts to current year ₹ 404.66 lacs (Previous year ₹ 505.12 lacs). However in the view of significant uncertainty associated with the above derivative options whose ultimate outcome depends on future events, the loss if any, on such open derivative options cannot be determined at this stage.

b) The foreign currency exposures remaining unhedged at the year end

Particulars	As at March 31,	
	2012	2011
Against Creditors of Import [In US Dollars]	185400	428288
Equivalent approximate in ₹	9436651	19093860

38. In accordance with the Accounting Standard (AS) – 28 on "Impairment of Assets", the company has assessed as on balance sheet date, whether there are any indications (listed in paragraphs 8 to 10 of the Standard) with regard to impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

**39. CIF value of imports**

	(Amount in ₹)	
	For the Year Ended March 31,	
	2012	2011
Raw materials	47381095	262717287
Components and spare parts	15010188	13887637
Capital goods	6765330	275677768
	<b>69156614</b>	<b>552282692</b>

**40. Expenditure in foreign currency**

(Amount in ₹)

For the Year Ended March 31,

	2012	2011
Director's travelling	143548	324875
Commission	3506984	13758668
	<b>3650532</b>	<b>14083543</b>

**41. Earnings in foreign currency**

(Amount in ₹)

For the Year Ended March 31,

	2012	2011
FOB value of exports	1338005838	1292126630
	<b>1338005838</b>	<b>1292126630</b>

**42. Value of raw materials, components and spare parts consumed (including traded goods)**

	31st March, 2012		31st March, 2011	
	( in ₹ )	% of total consumption	( in ₹ )	% of total consumption
<b>Raw materials</b>				
Imported	47381096	1	262717287	7
Indigeneous	6281962219	99	3741513996	93
	<b>6329333315</b>	<b>100</b>	<b>4004231283</b>	<b>100</b>
<b>Components and spare parts</b>				
Imported	15010188	3	13887637	3
Indigeneous	417931760	97	402485126	97
	<b>432941948</b>	<b>100</b>	<b>416372763</b>	<b>100</b>

43. Previous year's figures have been recast/regrouped whenever necessary to make these comparable with current year's figures.

For and on behalf of Board

As per our Report of even date attached  
for ASHISH AGARWAL & CO.  
CHARTERED ACCOUNTANTS  
FIRM REGN. NO. 010788N

Ajay Gupta  
Jt. Managing Director

Sanjay Gupta  
Managing Director

Robin Vijan  
Company Secretary

(Ashish Agarwal)  
PARTNER  
M. No. 089579

Ludhiana  
May 30, 2012