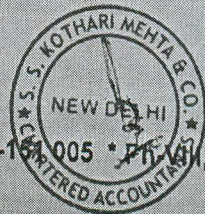
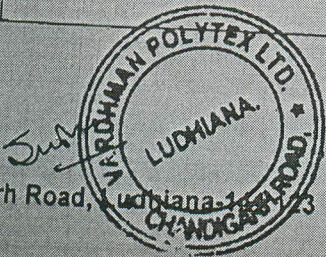


Vardhmān POLYTEX LIMITED

FORM B
(Clause 31(a) of the Listing Agreement)

Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company	Vardhman Polytex Limited 341, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141123 Punjab (India)
2.	Annual financial statements for the year ended	31 st March, 2013
3.	Type of Audit qualification	Qualification in the main Audit Report & Companies (Auditor's Report) Order, 2003 (CARO) and Emphasis of Matter
4.	Frequency of qualification	Point no.1 is under basis for qualified opinion in main audit report which continuing since March 31 st , 2012. Point no. 2(a),2(b),2(c) are under basis for qualified opinion in CARO, out of which point no.2(c) is continuing since March 31 st , 2012 and rests are appearing for the first time. Point no.3 is under basis for emphasis on matter which appearing for the first time.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	<p>1. Qualification in main auditor's report (Audit Report - Page No. 16 of Annual Report) Non creation of provision for investment made in subsidiary company namely M/s Oswal Industrial Enterprise Private Limited (OIEL) of Rs.4,501.00 lacs whose net worth is substantially eroded, the company having accumulated losses of Rs. 4,425.76 lacs against share capital of Rs. 5,005.00 lacs. This is at variance with Accounting Standard AS-13 'Accounting for Investments' notified under the Companies (Accounting Standards) Rules, 2006 resulting in profit for the year, investments and reserves and surplus being overstated by the same amount.</p> <p>Management comments: We state that the said subsidiary company OIEL has already started to generate positive earnings and expected to overcome from its present</p>



Works : Chandigarh Road, Ludhiana-141123 * Badal Road, Bathinda -151005 * P.O. Focal Point, Ludhiana-141 123



Vardhmān POLYTEX LIMITED

Corporate & Regd. Office : 341, K-1, Mundian Khurd, P.O. Sahabana,
Chandigarh Road, Ludhiana-141123 Punjab (INDIA)
Phone : +91-161-2685301-305, Fax : +91-161-5052439
E-mail : info@oswalgroup.com

financial position. The Management has already taken some effective measures to revive its operations which should help the company to perform better in the next financial year and protect its net worth.

2. Qualification in CARO

- a) *Improvement in the scope and coverage of Internal Audit:*
(Annexure to Audit CARO Point No. 7- Page No. 18 of Annual Report)

Management comments:

We state that internal audit department has already been restructured/ strengthened and is lead by a qualified chartered accountant along with sufficient qualified & experienced staff. The scope of the internal audit department has been extended beyond the accounts and includes operations, inventories, costing records, physical verifications of immovable and movable assets etc on regular basis.

- b) *Delay in payment of work contract tax on due dates:*
(Annexure to CARO Point No. 9(a)- Page No. 18 of Annual Report)

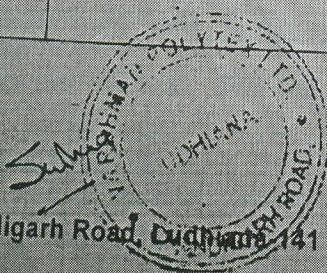
Management comments:

We state that it was an incidence caused due to clerical mistake and overlooking. Internal Audit has been assigned the responsibility to develop & strengthen the system for statutory compliances.

- c) *Default in repayment of Foreign Currency Convertible Bonds Borrowings and interest thereon amounting to Rs. 4613.80 lacs and Rs.849.40 lacs respectively due on 18.02.2013:*
(Annexure to CARO Point No. 11, Page No. 19 of Annual Report)

Management comments:

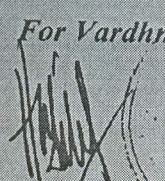
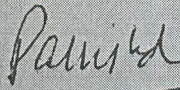



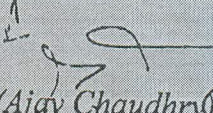

We state that due to financial stress in the company it could not make the payment on time. However, negotiations with the FCCB holders





Vardhmān POLYTEX LIMITED

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E-mail : Info@oswalgroup.com

		<p>are at advance stage and we expect that the same shall be resolved soon.</p> <p>3. Emphasis of matter. (audit report-page No. 16 of annual report) The company has made investment in the equity shares of its subsidiary company Oswal F.M. Hammerle Textiles Limited, whose net worth is substantially eroded. We understand from the management that the investment is long term strategic in nature and the erosion in net worth is due to slump in the textile sector; this being a temporary phenomenon, the net worth will revive in the near future. We have not qualified our opinion in respect of this matter.</p> <p><i>Management Comments:</i> <i>Self explanatory and require no comments</i></p>
6.	Additional comments from the board/audit committee chair	NIL
7.	<p>Signed by:-</p> <p><i>For Vardhman Polytex Limited.</i></p>  <p>(Adish Oswal) Executive Director</p> <p><i>For Vardhman Polytex Limited</i></p>  <p>(Parvinder Singh) Chief Financial Officer</p> 	<p><i>For S. S. Kothari Mehta & Co.</i> Chartered Accountants</p>  <p>(Arun Tulshan) Partner (M. No. 089907)</p>  <p><i>For Vardhman Polytex Limited</i></p>  <p>(Ajay Chaudhry) Audit Committee Chairman</p> 

Place: Ludhiana
Date: 30.05.2013

Sudh



33rd
ANNUAL REPORT
2012-13

VARDHMAN POLYTEX LIMITED

Message from Chairman & Managing Director



Dear Stakeholders,

It is pleasure to inform you that the Company performed fairly well and produced satisfactory results to some extent during the year under review. Both operationally and financially, it seems to be coming back on track after passing through difficult phase in the previous financial year 2011-12. In spite of tight working capital position throughout the year, the Company was able to manage its operations in terms of quantity and quality. Rather it improved its presence in export market, particularly the quality conscious markets in Far East countries.

The GDP growth of Indian Economy remained slow at (5-6)% during the year 2012-13 as compared to 8.6% & 9.3% during 2009-10 & 2010-11 respectively. It is expected that it may grow at the same rate in near future and will take couple of years to come back in the range of (8-9)%. The increasing trend of Current Account Deficit (from 2.8% to 4.8%), rising inflation rate & lending rate along with subsidy regime are some of the factors affecting the growth of Indian Economy adversely. Sharp increase in input cost is putting pressure on margins since the same do not get observed in finished goods simultaneously. Global scenario of the cotton has become quite uncertain and unpredictable. Unusual increase in cotton prices, despite comfortable carry over stock globally, will squeeze margins.

The corporate debt restructuring (CDR) sanctioned during the year helped in reducing the financial cost of the company to some extent, which directly reflect on the margins. However, the desired impact of CDR on liquidity comfort which was expected in the year under review, will be visible in the current financial year 2013-14.

The overall sentiment for textile industry seems to be optimistic & healthy. Your Company made a strategic shift to increase its share in the export market in this year. Riding on good demand from export market and strong USD, spinning sector hopes to perform better in the current year as well.

Sincerely



*Ashok Kumar Oswal
Chairman & Managing Director*

BOARD OF DIRECTORS

Mr. Ashok Kumar Oswal – *Chairman & Managing Director*
 Dr. Balbir Singh Bhatia
 Mr. Ajay Chaudhry
 Mr. Manohar Dattatraya Kanitkar
 Mr. Amit Jain
 Mr. Ashok Goyal – *Executive Director*
 Mr. Adish Oswal – *Executive Director*

CHIEF FINANCIAL OFFICER

Mr. Parvinder Singh

COMPANY SECRETARY

Mr. Sushil Sharma

AUDITORS

M/s S.S. Kothari Mehta & Co., New Delhi

BANKERS

Canara Bank
 State Bank of India
 State Bank of Patiala
 Punjab National Bank
 Corporation Bank
 Bank of India
 Axis Bank Ltd.
 Bank of Baroda
 Bank of Maharashtra
 Punjab & Sind Bank
 United Bank of India
 Allahabad Bank
 Jammu and Kashmir Bank
 Andhra Bank

WORKS

- Vardhman Polytex Limited, Badal Road, Bathinda - 151 005
- Vinayak Textile Mills (Spinning Unit), D-295/1, Phase VIII, Focal Point, Ludhiana - 141 123
- Vinayak Textile Mills (Dyeing Unit), D-295/1, Phase VIII, Focal Point, Ludhiana - 141 123
- Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh-174 101(HP)
- Anshupati Textiles, 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana - 141 123
- Amkryon International
 HB-22, Phase-VI, Focal Point, Ludhiana - 141 010

REGISTERED & CORPORATE OFFICE

341 K-1, Mundian Khurd, P.O. Sahabana,
 Chandigarh Road, Ludhiana - 141 123
 Phones : +91-161-2685301-05, 6629888, 6629990
 Fax : +91-161-6629988
 E-mail: vpl.sect@oswalgroup.com
 Website: www.oswalgroup.com

ADMINISTRATIVE & BRANCH OFFICE

305, Ansal Bhawan, 16, K.G. Marg,
 New Delhi - 110 001
 Phones : +91-11-23311582, 23312478
 Fax: +91-11-23312477

BRANCH OFFICE

B/31/5436, St. No. 0, Vishwkarma Nagar,
 Tajpur Road, Ludhiana - 141 008

REGISTRAR & SHARE TRANSFER AGENT

M/s Alankit Assignments Limited
 2E/21, Alankit House
 Jhandewalan Extension,
 New Delhi - 110 055
 Phones : +91-11-42541234, 23541234
 Fax: +91-11-23552001

CONTENTS	Page No.
Notice	2
Directors' Report	6
Corporate Governance Report	10
Auditors' Report	16
Balance Sheet	20
Statement of Profit and Loss	21
Cash Flow Statement	22
Notes to Accounts	23
Auditors' Report on Consolidated Financial Statements	43
Consolidated Balance Sheet	44
Consolidated Statement of Profit and Loss	45
Consolidated Cash Flow Statement	46
Consolidated Notes to Accounts	47
Statement Under Section 212 of the Companies Act, 1956	67

NOTICE

NOTICE is hereby given that the **33rd Annual General Meeting** of the members of the Company will be held on Monday, the 30th day of September, 2013 at 11:00 a.m. at the Registered Office of the Company situated at 341K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123 to transact the following business :-

ORDINARY BUSINESS:

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and Statement of Profit and Loss for the year ended on that date, together with the Report of Auditors and Directors thereon.
- To appoint a Director in place of Mr. Ajay Chaudhry, who retires by rotation in accordance with Article 147 of the Articles of Association of the Company and being eligible, offers himself for re-appointment.
- To appoint Auditors for the year 2013-14 and to fix their remuneration. M/s. S.S. Kothari Mehta & Co., Chartered Accountants, New Delhi, the retiring Statutory Auditors, being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS:

- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an 'Ordinary Resolution':

"RESOLVED THAT Mr. Amit Jain, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation under the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all formalities, acts, matter and things which may deem necessary for giving effect to said resolution."

- To consider and if thought fit, to pass, with or without modification(s), the following resolution as an 'Ordinary Resolution':

"RESOLVED THAT Mr. Ashok Goyal, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and holds office upto the date of this Annual General Meeting be and is hereby appointed as a Director of the Company liable to retire by rotation under the Articles of Association of the Company.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all formalities, acts, matter and things which may deem necessary for giving effect to said resolution."

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

"RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to the approval of Central Government, Banks/ Financial Institutions, if required, the consent of the Members of the Company be and is hereby given for the appointment of Mr. Ashok Goyal as an Executive Director of the Company, being whole time director, liable to retire by rotation, w.e.f. 01.09.2013 for a period of three years i.e. 01.09.2013 to 31.08.2016 on the remuneration as per details given below:

- Salary:** Basic Salary will be in the scale of ₹ 1,85,000 - ₹ 17,000 - ₹ 2,19,000 per month.
- Commission:** 0.50% of the Net Profit subject to maximum of 75% of the annual basic salary.
- Perquisites/ Allowances:** The following perquisites/ allowances shall be allowed in addition to salary. The valuation of the perquisites shall be done as per Income Tax Rules, whenever applicable.
 - Housing-** House Rent Allowance equal to 30% of the basic salary.
 - Medical Re-imbursment-** Medical Reimbursement upto an amount of ₹ 15,000/- per annum.
 - Uniform and Washing Allowance-** Uniform and Washing Allowance upto an amount of ₹ 3,000/- per month and ₹ 2,000/- per month respectively.
 - Bonus-** Bonus equal to one month's basic salary for the year.
 - Special Allowance-** Special Allowance upto an amount of ₹ 45,000/- per month.
 - Entertainment Allowance-** Entertainment Allowance upto an amount of ₹ 5,000/- per month.

- Leave Travel Concession-** The expenses incurred on leave travel by himself and his family shall be reimbursed once in a year in accordance with Company's rules subject to maximum of one month basic salary.
- Personal Accident Insurance-** Premium not to exceed ₹ 5,000/- per annum.
- Provident Fund-** Contribution to provident fund, superannuation fund or annuity fund as per Company's rule will not be included in the computation of the ceiling on perquisites to the extent these either singly or put together are not taxable under the Income Tax Act, 1961.
- Gratuity-** Gratuity payable shall not exceed half a month's salary for each completed year of service.
- Telephone-** Telephone Reimbursement upto an amount of ₹ 500/- per month and free use of Company's telephone facility for official purpose.
- Car-** Free use of Company's Car along with driver for official work as well as personal purposes.

Explanation: "Family" means the spouse, the dependent children and dependent parents of the appointee.

RESOLVED FURTHER THAT the said remuneration and perquisites shall be subject to Part II of the Schedule XIII of the Companies Act, 1956 and in case during the tenure, there is a loss or the profits are inadequate in the financial year, the aforesaid remuneration and perquisites shall be paid to Mr. Ashok Goyal in that financial year as minimum remuneration.

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to vary/alter at any time the remuneration, terms and conditions of the said appointment in such manner as may be approved by the Board of Directors and acceptable to Mr. Ashok Goyal."

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

"RESOLVED THAT pursuant to the provisions of Section 81 (1A) and all other applicable provisions of the Companies Act, 1956, if any (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the provisions of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, (hereinafter referred to as 'SEBI (ICDR) Regulations, 2009'), as in force and subject to other applicable rules, regulations and guidelines of Securities and Exchange Board of India (SEBI) and enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into between the Company and the Stock Exchanges, where the shares of the Company are listed and subject to requisite approvals, consents, permissions and/or sanctions if any, of SEBI, the Stock Exchanges and other appropriate authorities as may be required and subject to such conditions as may be prescribed by any of them while granting any such approvals, consents, permissions, and/or sanctions and which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the 'Board' which term shall be deemed to include any committee which the Board may have constituted or hereinafter constitute to exercise its powers including the powers conferred hereunder), the Board be and is hereby authorized to create, offer, issue and allot, from time to time, in one or more tranches, upto 19,75,000 (Nineteen lacs seventy five thousand only) Warrants on a preferential basis to M/s. Alma Assets Consultancy Pvt Ltd, Promoter and/or Promoter Group of the Company, entitling the holder of each Warrant, from time to time, having option to apply for and obtain allotment of one equity share face value of ₹10/- each against such Warrant (hereinafter referred to as the "Warrants"), in one or more tranches, in such manner and on such price, terms and conditions as may be determined by the Board in accordance with the SEBI (ICDR) Regulations, 2009 or other provisions of the law as may be prevailing at the time; provided that the minimum price of the Warrants so issued shall not be less than the price arrived at in accordance with provisions of Chapter VII of SEBI (ICDR) Regulations, 2009.

RESOLVED FURTHER THAT the said issue of Warrants shall be subject to the following terms and conditions:

- The proposed allottee of warrants shall, on the date of allotment, pay an amount equivalent to at least 25% of the price fixed per warrant in terms of the SEBI (ICDR) Regulations, 2009.

2. The holder of each warrant will be entitled and having option to apply for and obtain allotment of one equity share of face value of ₹ 10/- each of the Company against each warrant at any time after the date of allotment but on or before the expiry of 18 months from the date of allotment, in one or more tranches. At the time of exercise of entitlement, the warrant holder shall pay the balance of the consideration towards the subscription to each equity share. The amount so paid will be adjusted/ set-off against the issue price of the resultant equity shares.
3. If the entitlement against the warrants to apply for the equity shares is not exercised within the aforesaid period, the entitlement of the warrant holder to apply for equity shares of the Company along with the rights attached thereto shall expire and any amount paid on such warrants shall stand forfeited.
4. The Relevant Date, as per the SEBI (ICDR) Regulations, 2009, as amended up to date, for the determination of price of the equity shares to be issued and allotted upon exercise of right attached to the warrants referred to above is 30th August, 2013, being the date 30 days prior to the date of this Annual General Meeting.
5. The warrant holder shall hold equal rights in respect of future bonus and right issue, if any, declared by the Company in the same proportion and manner with any other shareholder of the Company.
6. The equity shares issued upon the conversion of warrants shall rank pari passu in all respects including with respect to dividend, with the then fully paid up equity shares of the Company, subject however to the provisions of the Memorandum and Articles of Association of the Company.
7. The warrant(s) by itself until converted into equity shares, does not give to the holder thereof any rights with respect to that of a shareholder of the Company except as specified above.
8. The warrants and equity shares shall be subject to lock-in for a period as prescribed under SEBI (ICDR) Regulations, 2009.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted upon exercise of option by warrant holder(s) or as may be necessary in accordance with the terms of the offer.

RESOLVED FURTHER THAT the Board be and is hereby authorized to issue, offer and allot the requisite number of warrants to any other person(s)/ entity(ies) belonging to Promoters and / or Promoter Group in the event any of the warrants remaining unsubscribed by the proposed allottee for any reason whatsoever and shall also be entitled to vary, modify or alter any of the terms and conditions, including the size of the issue, as may be deemed expedient by the Board and the proposed allottee.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board be and is hereby authorized on behalf of the Company to take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient to the issue or allotment of aforesaid warrants and listing of the equity shares on conversion with the Stock Exchange(s) as appropriate and to resolve and settle all questions and difficulties that may arise in relation to the proposed issue, offer and allotment of any of the said warrants, the utilization of the issue proceeds and to do all acts, deeds and things in connection therewith and incidental thereto as the Board in its absolute discretion may deem fit, without being required to seek any further consent or approval of the members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board be and is hereby authorised to delegate all or any of the powers conferred by this resolution on it, to any Committee of Directors, any other Director(s) or officer(s) of the Company to give effect to the aforesaid resolution."

By order of the Board

Sd/-

(Sushil Sharma)
Company Secretary

Place : Ludhiana
Date : 31st August, 2013

Registered Office: 341 K-1, Mundian Khurd,
P.O. Sahabana, Chandigarh Road,
Ludhiana -141 123, Punjab (INDIA)

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY, IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of items specified in special business and the information required pursuant to the Clause 49 of the Listing Agreement(s) regarding the directors seeking appointment/re-appointment in the Annual General Meeting are annexed hereto and both forms part of the Notice.
3. The Register of Members and the Share Transfer Books of the Company shall remain closed from 25.09.2013 to 30.09.2013 (Both days inclusive).
4. Members holding shares in physical mode are requested to notify the change in their address, if any, at the earliest to the Company/Registrar and Transfer Agent (RTA). However, members holding shares in electronic mode may notify the change in their address, if any, to their respective Depository Participant.
5. Members desiring any information as regards to accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep the information ready.
6. The copies of relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
7. Members are requested to bring their copy of Annual Report along with them to the Annual General Meeting.
8. Members holding shares in the same/identical name(s) under different folios are requested to apply for consolidation of such folios and send relevant share certificates to the Company/RTA of the Company.
9. The Annual Report shall be sent electronically at e-mail address provided by you to the Company, its RTA or with your depositories.
We request you to update your email address with your Depository Participant/Company/RTA to ensure that the Annual Report and other documents reach you on your preferred email. The members, if they desire, may write to the Company to obtain the physical copy of the Annual Report.
10. Members wishing to claim dividends which remain unclaimed are requested to correspond with Company Secretary of the Company. Members are requested to note that the dividends not encashed or claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account will, as per, Section 205A of the Companies Act, 1956 be transferred to the Investor Education & Protection Fund (IEPF). The information regarding unclaimed and unpaid amounts is available on the website of the Company www.oswalgroup.com

ANNEXURE TO THE NOTICE

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

ITEM NO. 4

Mr. Amit Jain, age 40 years, was appointed as an Additional Director on the Board w.e.f. 6th May, 2013 in terms of Article 134 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with required deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the appointment as a Director of the Company.

Mr. Amit Jain is Textile Graduate from University of Kentucky, Lexington, KY, USA. He is having more than 16 years of experience in textile business and management. He is currently looking after all development and future strategic decisions for Shingora Textiles Limited. The Board has considered that the Company would be immensely benefited by his mature advice and recommends the resolution for your approval.

None of the directors except Mr. Amit Jain, being the proposed appointee, is concerned or interested in the resolution.

ITEM NO. 5 & 6

Mr. Ashok Goyal, age 53 years, is appointed as an Additional Director on the Board w.e.f. 1st September, 2013 in terms of Article 134 of the Articles of Association of the Company. Pursuant to Section 260 of the Companies Act, 1956 he holds office upto the date of ensuing Annual General Meeting. The Company has received a notice in writing from a member along with required deposit under Section 257 of the Companies Act, 1956 proposing his candidature for the appointment as a Director of the Company.

The Board of Directors on the recommendation/approval of Remuneration Committee, in its meeting held on 31.08.2013 has approved the appointment of Mr. Ashok Goyal as Executive Director of the Company for the period of three years with effect from 01.09.2013 and payment of remuneration as stated in the resolution. The said appointment and payment of remuneration is pursuant to Section 198, 269, 309, 310 read with Schedule XIII and other applicable provisions of the Companies Act, 1956 and subject to the approval of Central Government, if required.

Accordingly, approval of the Members is solicited for the appointment of director/ executive director & fixation of remuneration payable to Mr. Ashok Goyal as Executive Director of the Company for the period of 3 years w.e.f. 01.09.2013.

As per Section II [1(B)] of PART II of schedule XIII of the Companies Act, 1956 the following information as given below to the shareholders:

I. GENERAL INFORMATION

1. Name of the of Industry	Manufacturing of Textile Yarn		
2. Date of Commencement of Business	02.12.1982		
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	Not applicable		
4. Financial Performance based on given indicators	Particulars	2011-12 (₹ in lac)	2012-13 (₹ in lac)
	Turnover (including export)	74,927.60	78,623.30
	Export Turnover	28,552.59	30,294.91
	Profit before Tax (PBT)	(10,462.19)	(505.17)
	Profit after Tax (PAT)	(8,141.22)	117.06
5. Export performance and net foreign exchange collaborations (if any)	Foreign Exchange earned ₹ 30,294.91 lac.		
6. Foreign Investment	Foreign Subsidiary:- F. M. Hammerle Verwaltungs GmbH, Austria.		

II. INFORMATION ABOUT THE APPOINTEE

1. Background Detail	Mr. Ashok Goyal, age 53 years, is FCS, L.L.B. & holding diploma in Business Management. He is having more than 30 years rich experience in the Textile Industry and associated with the Company since last 22 years. He was working as President (Yarn Business) of the Company.
2. Past Remuneration	About ₹ 36 lac paid during FY 2012-13
3. Recognition or awards	None
4. Job profile and his suitability business operations & marketing .	He has rich experience in handling entire yarn
5. Remuneration proposed	The detail of the proposed remuneration payable to Mr. Ashok Goyal is given in the resolution.
6. Comparative remuneration profile with respect to Industry, size of company, profile of the position and person etc.	The remuneration proposed is reasonable as compared with the industry standards for a director of similar profile.
7. Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	None

III. OTHER INFORMATION

1. Reasons of loss or inadequate profits	The financial year 2012-13 remained fairly well as compared with previous financial year. However, the Company has inadequate profits due to higher interest cost, global slowdown, increase in raw material cost, slow economic development of the country.
2. Steps taken or proposed to be taken for improvement	The external factors like economic slow-down, government policies, and volatility in prices are out of the control of the Company. But, the Company has taken various initiatives viz. product innovation, reduction of various costs, better market penetration, and improvement in realisation etc.

3. Expected increase in productivity and profits in measurable terms	It is expected that the performance of the company will get better during the next financial year as initiatives taken by the Company for increase its productivity and efficiency. The turnover and profitability will also improve, but are not measurable as the same are influenced by various factors such as market prices of yarn, raw material and cost of various inputs etc.
--	--

The resolution given in the notice may also be read as an abstract of the appointment of executive director in terms of section 302 of the Companies Act, 1956.

MEMORANDUM OF INTEREST:

None of the Directors except Mr. Ashok Goyal, being appointee is concerned or interested in this resolution.

ITEM NO. 7

To comply the requirements of CDR and in the process of the arrangement of funds for day to day business activities, funding ongoing and future capital expenditure and/or for long term working capital requirement of the Company, Promoters and/or Promoter Group have agreed to provide necessary funds by subscribing upto 19,75,000 (Nineteen lac seventy five thousand only) warrants convertible into equity shares of face value of ₹ 10/- each at the price which shall not be less than the minimum price calculated in accordance with Regulation 76 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 (hereinafter referred to as 'SEBI (ICDR) Regulations, 2009').

Information pursuant to Regulation 73 of SEBI (ICDR) Regulations, 2009

1. Object of the Preferential Issue

To comply the requirements of CDR and to meet the funding requirement for day to day business activities, funding ongoing and future capital expenditure and/or for long term working capital requirement of the Company.

2. Pricing of the Issue and Relevant Date

The warrants proposed to be allotted on preferential basis would be issued at a price not lower than the price calculated as per SEBI (ICDR) Regulations, 2009. The Relevant Date for this purpose is 30th August, 2013 being the date, 30 days prior to the date of passing of the resolution by the shareholders. (The relevant date falls on weekend i.e. Saturday, 31st August, 2013, the day preceding the weekend is reckoned as relevant date as per regulation).

3. Intention of the Promoters/Directors/Key Management Persons to subscribe to the Offer

The preferential issue is being made to the Promoter and/or Promoter Group of the Company. As such this resolution is being sought to approve subscription to the warrants by the Promoter and/or Promoter Group that are being offered through this resolution.

4. Under subscription, if any

Any of the warrants issued as above, that may remain unsubscribed for any reason whatsoever, may be offered and allotted by the Board in its absolute discretion to any person(s)/entity(ies)/investor(s) controlled by the Promoters and/or Promoter Group, on the same terms and conditions.

5. Shareholding Pattern of the Company (pre and post offer i.e. post issue of equity shares) is as below:

Sr. No.	Category of the shareholder	Pre Issue Shareholding		Post Issue Shareholding	
		No. of Shares	%age	No. of Shares	%age
1	Promoter Group Shareholding Promoters (Bodies Corporate / Individuals)	89,32,452	50.06	1,09,07,452	55.04
2	Public Shareholding Mutual Funds/UTI/Banks/ Financial Institutions	2,934	0.02	2,934	0.01
3	Bodies Corporate	44,90,311	25.17	44,90,311	22.66
4	Resident Individuals (Indian Public)	38,43,743	21.54	38,43,743	19.40
5	NRIs, OCBs, FII	5,73,517	3.21	5,73,517	2.89
	Total	1,78,42,957	100	1,98,17,957	100

6. Proposed time within which the allotment will be complete

The allotment of the warrants shall be completed within the prescribed period of 15 days from date of the passing of the resolution by the Shareholders provided that in case, the allotment of warrants is pending on

account of the pendency of any approval of such allotment by any regulatory authority or the Central Government, the allotment shall be completed within 15 days from the date of the receipt of such approval.

7. Identity of the proposed allottee and percentage of post preferential issue capital that may be held by it in the Company consequent to the Preferential Issue

Identity of the proposed allottee	Pre Issue Shareholding		Post Issue Shareholding	
	No. of Shares	%age	No. of Shares	%age
M/s Alma Assets Consultancy (P) Ltd.	23,87,325	13.38	43,62,325	22.01

8. Change in control and composition of the Board

This issue of equity shares will not result in any change in control and composition of the Board. Voting right shall change according to the change in shareholding pattern mentioned above.

9. Lock-in requirements

The warrants and equity shares to be allotted upon their conversion shall be subject to lock-in for a period as per SEBI (ICDR) Regulations, 2009.

10. Auditor's Certificate

A certificate from the Auditor certifying that the issue of the shares is being made in terms of the provisions of SEBI (ICDR) Regulations, 2009 shall be opened for inspection at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.

11. Undertaking

- i) The Company hereby undertakes that it shall re-compute the price of the Securities specified above in terms of the provisions of SEBI (ICDR) Regulations, 2009 where it is required to do so.
- ii) Further, the Company also undertakes that if the amount payable on account of re-computation of price is not paid within the time stipulated in the SEBI (ICDR) Regulations, 2009, the above specified securities shall continue to be locked in till the time such amount is paid by allottee.

Since, the issue of warrants convertible into equity shares through preferential offer requires the approval of the Members of the Company under Section 81(1A) of the Companies Act, 1956 and SEBI (ICDR) Regulations, 2009, the resolution in the Notice is proposed for your kind approval.

Mr. Ashok Kumar Oswal and Mr. Adish Oswal being the Promoter Directors may be deemed concerned or interested in the Resolution to the extent of the warrants/equity shares that may be subscribed by Promoters/ Promoters Group Companies. None of other Directors of the Company is, in any way, concerned or interested in the resolution.

By Order of the Board

Sd/-

(Sushil Sharma)
Company Secretary

Place: Ludhiana
Date : 31st August, 2013

Information pursuant to Clause 49 of the Listing Agreement(s) regarding the Directors seeking appointment/re-appointment in the AGM

Name of the Director	Mr. Ajay Chaudhry	Mr. Amit Jain	Mr. Ashok Goyal
Date of Birth	19.10.1953	28.10.1972	23.10.1959
Date of Appointment	08.06.1989	06.05.2013	01.09.2013
Expertise in specific functional area	Leading lawyer in taxation	Industrialist	Business operations and marketing of yarn.
No. of Shares in VPL	Nil	Nil	Nil
Qualification	B.Sc., L.LB	B.Sc. (Textile)	FCS, L.LB, Dip. in Business Mgt.
Directorships of other Companies as on 31 st March, 2013	1. Oswal F.M. Hämmerle Textiles Ltd 2. Sportking India Ltd 3. LSE Securities Ltd	1. Shingora Textiles Ltd 2. Shingora Fashion Fabrics Pvt Ltd 3. Young President's Organisation	Nil
Chairmanship / Membership of other Committees of Companies as on 31 st March, 2013	Chairman - Audit Committee Vardhman Polytex Ltd Sportking India Ltd LSE Securities Ltd Chairman - Investors' Grievance Committee Vardhman Polytex Ltd	Nil	Nil
Relationship with other Directors	Not related to any director	Not related to any director	Not related to any director

DIRECTORS' REPORT

Dear Fellow,

The Directors of your Company are presenting their 33rd Annual Report on the affairs of the Company together with Audited Accounts of the Company for the year ended 31st March, 2013.

1. FINANCIAL RESULTS

The Financial Results for the year are as under:-

PARTICULARS	(₹ in lac)	
	2012-13	2011-12
Turnover	78,623.30	74,927.60
Profit/(Loss) before Interest, Depreciation & Tax	9,183.14	(734.29)
Finance Cost	6,028.24	6,771.95
Profit/(Loss) before Depreciation & Tax	3,154.90	(7,506.24)
Depreciation	3,660.07	2,959.69
Profit/(Loss) before Tax	(505.17)	(10,465.93)
Tax Expenses	(622.23)	(2,324.71)
Profit/(Loss) after Tax	117.06	(8,141.22)
Earnings Per Share (EPS)		
- Basic and Diluted (in ₹)	0.72	(50.12)

2. BUSINESS PERFORMANCE

Your Directors are pleased to report the Company's business operations performance as follows:

■ SALES REVENUE

During the year under review, the turnover of the Company was ₹ 78,623.30 lac as against ₹ 74,927.60 lac in 2011-12, registering a marginal increase of 4.93%. The FOB value of exports during the year increased to ₹ 30,294.91 lac from ₹ 28,552.59 lac in 2011-12, registering a growth of 6.10%.

■ PROFITABILITY

During the year under review, the Company earned a profit before depreciation, interest and tax of ₹ 9,183.14 lac as against a loss of ₹ (734.29) lac during the previous year. The Company earned a net profit after tax of ₹ 117.06 lac during the current year against a loss of ₹ (8,141.22) lac in the previous year.

3. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

(a) INDUSTRY STRUCTURE, DEVELOPMENT & FUTURE OUTLOOK

India is one of the world's largest producers of textiles and garments. Textile industry has made a major contribution to the national economy in terms of direct and indirect employment generation and net foreign exchange earnings. Textile sector contributes about 14% to industrial production, 4% to the gross domestic product (GDP), and 17% to the country's export earnings. It provides direct employment to over 35 million people and second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian textile industry is set for strong growth, buoyed by both rising domestic consumption as well as export demand. Abundant availability of raw materials such as cotton, wool, silk and jute and skilled workforce has made India a sourcing hub. Cotton yarn production has increased by about 15% during March 2013 and by about 14% during the year 2012-13. Blended and 100 per cent non-cotton yarn production increased by 10% during March 2013 and production increased by 3% during the year 2012-13.

In the global exports of textiles, India ranked as the third largest exporter, trailing EU-27 and China. The total textile exports

during 2012-13 (P) were valued at ₹ 1,72,494.71 crore as against ₹ 1,59,570.55 crore during the financial year 2011-12, registering an increase of 8% in rupee terms. In US dollar terms, the same was valued at US\$ 31,705.53 million 2012-13 (P) as against US\$ 33,310.21 million during the financial year 2011-12 registering a decline of 4.82%.

The most significant change in the Indian textile industry has been the advent of Man-Made Fibers (MMF). India has successfully placed its innovative range of MMF textiles in almost all the countries across the globe. MMF production recorded an increase of 2% during the year 2012-13. The diversification and value-addition across the value-chain is more needed in Indian textile industry. Extra emphasize is required to be given to automation to improve productivity and control production losses due to shortage of workforce in the country. Focus on technical textiles sector and forward integration in the textile/spinning will be beneficial. Control on costs and optimum utilisation of financial resources shall help in bringing down the cost of funds. The potential size of the Indian textile and apparel industry is expected to reach US\$ 221 billion by 2021.

(b) INTERNAL CONTROL SYSTEMS & ADEQUACY

Your Company has an adequate internal control system. There is a system of continuous Internal Audit which aims at ensuring effectiveness and efficiency of systems and operations. The internal audit is conducted by an independent Internal Audit Department leading by a qualified Chartered Accountant alongwith sufficient qualified & experienced staff. The report is reviewed by the Audit Committee of the Board consisting of Independent Directors. The scope of the Internal Audit is not limited to accounts only but includes operations, inventories, costing records, physical verifications of immovable and movable assets etc on regular basis. Further, the Company has also taken steps to develop a mechanism to assess and minimize risks by having a Risk Management Committee.

(c) HUMAN RESOURCE MANAGEMENT

Your Company gives utmost importance to human resource. It considers "Human Resource as Human Capital" and believes in the development of Human Resource. The Company strongly believes in the Performance Management System and always tries to explore and tap high potential at the Group level to meet new challenges and competition. Our main tool is training and developing talent at various levels. The Company is having strength of approximate 4,000 employees.

(d) SAFETY, HEALTH AND ENVIRONMENT

The Company's top priority is safety, with regard to employment. It encourages safety measures at all operational levels, especially at floor level. Regular training programs are conducted to create awareness about the importance of safety at work. Medical camps are organized periodically for welfare of the members. Additionally, regular medical facilities are also provided to them.

(e) MANAGEMENT PERCEPTION OF RISKS & CONCERNS

The textile industry in general performed fairly well during the financial year 2012-13 on account of stability in cotton prices, attractive demand and yarn prices both in domestic and exports. Strong USD throughout the year helped in reaping better net sales realisation in exports which in turn drove the domestic demand and resulted in sustaining overall workable price line.

The mills purchased cotton more judiciously and carried reasonable inventory which helped in balancing the fluctuations in supply and prices of cotton. The positive scenario is likely to continue in the current year, though margins will be reasonable.

(f) OPPORTUNITIES AND THREATS

Opportunities:

1. Government thrust for textile export.
2. Scope for automisation.
3. Large overseas and domestic market.

Threats:

1. Shortage of skilled labour.
2. Ever increasing cost of power & finance.
3. Volatile Government policies particularly for raw material.

(g) FINANCIAL PERFORMANCE

• RESOURCE UTILISATION

i) Fixed Assets

The gross fixed assets as at 31st March, 2013 were ₹ 55,911.26 lac as against ₹ 55,364.57 lac in the previous year. The capital work-in-progress as on 31st March, 2013 remained at ₹ 1,415.10 lac.

ii) Current Assets

Inventory levels as at 31st March, 2013 were ₹ 5,099.47 lac as against ₹ 3,101.51 lac in the previous year. The trade receivables as at 31st March, 2013 were ₹ 5,670.41 lac as against ₹ 4,614.69 lac in the previous year.

• FINANCIAL CONDITION & LIQUIDITY

LIQUIDITY & CAPITAL RESOURCES

(₹ in lac)

Particulars	2012-13	2011-12
Cash & cash equivalents:		
Beginning of the year	483.50	2,239.86
End of the year	2,703.33	483.50
Net cash provided (used) by:		
Operating Activities	7,152.79	17,653.02
Investing Activities	(59.53)	(9,849.46)
Financial Activities	(4,873.43)	(9,559.92)

4. SHARE CAPITAL

During the year under review, paid-up share capital of the Company was increased from ₹ 16.24 crore to ₹ 17.84 crore by allotment of 16 lac equity shares of ₹ 10/- each at a premium of ₹ 55.67/- per share to M/s Alma Assets Consultancy (P) Ltd, promoter/ promoter group company.

The shareholders vide resolution dated 29.09.2012 approved the issue of 16 lac share warrants to four persons belonging to promoters/ promoter group. However, as per mutual understanding between the promoters and terms of resolution, the whole 16 lac share warrants were allotted to single promoter i.e. M/s Alma Assets Consultancy (P) Ltd.

5. COMPANY PETITION

A petition has been filed by M/s Maschinen Umwelttechnik Transportanlagen GmbH, Austria (a shareholder in Oswal F.M. Hämmerle Textiles Ltd.) against the Company U/S 397, 398, 402 & 403 of the Companies Act, 1956 in the Hon'ble Company Law Board (CLB), Principal Bench, New Delhi. The said petition is pending for mentioning in the Hon'ble CLB.

6. CORPORATE DEBTS RESTRUCTURING (CDR)

The Company has made reference to the CDR cell for its debt restructuring under CDR mechanism/scheme of Reserve Bank of

India. The scheme has been approved vide letter dated 28.12.2012. The implementation of the scheme is under process.

7. DIRECTORS

Mr. Ajay Chaudhry, Director of the Company, is retiring by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

The Board of Directors has re-appointed Mr. Ashok Kumar Oswal as Chairman and Managing Director and Mr. Adish Oswal as Executive Director of the Company w.e.f 01.04.2012 for the period of three years.

8. SUBSIDIARY COMPANIES

The Company has three subsidiaries namely Oswal F.M. Hämmerle Textiles Ltd, F.M. Hämmerle Verwaltungs GmbH, Austria and Oswal Industrial Enterprise Private Ltd. As per Section 212 of the Companies Act, 1956, the statements showing the interest of the holding company in these subsidiaries are annexed with this Annual Report.

9. EXEMPTION UNDER SECTION 212 FOR SUBSIDIARIES

Ministry of Corporate Affairs (MCA) vide its Circular No. 2/2011 dated 8th February, 2011 has, subject to compliance with certain conditions, granted general exemption to the companies from applicability of Section 212 of the Companies Act, 1956 for attachment of Balance Sheet, Statement of Profit & Loss, Director's Report and Auditor's Report of the subsidiary companies with the Balance Sheet of the Company. The Board of Directors of the Company has decided not to attach the aforesaid documents of the subsidiary companies with the Balance Sheet of the Company and complied the provisions of said Circular.

The Annual Accounts of these subsidiaries and the related detailed information will be made available to any Member of the Company/ its subsidiaries seeking such information at any point of time and are also available for inspection by any Member of the Company/its subsidiaries at the Registered Office of the Company/its subsidiaries.

Further, pursuant to the Listing Agreement with the Stock Exchanges and general exemption granted by the MCA, the Consolidated Financial Statements of the Company, including the financial details of all the subsidiary companies, which forms part of the Annual Report, has been prepared in accordance with the Accounting Standards issued by the Institute of Chartered Accountants of India.

10. LISTING OF SECURITIES

The Securities of the Company are listed on National Stock Exchange of India Ltd (NSE) and Bombay Stock Exchange Ltd (BSE). Further, Foreign Currency Convertible Bonds (FCCBs) of the Company are listed at Singapore Exchange Securities Trading Ltd.

11. REGISTRAR AND SHARE TRANSFER AGENT

M/s Alankit Assignments Ltd, 2E/21, Alankit House, Jhandewalan Extension, New Delhi -110 055 is the Registrar and Share Transfer Agent of the Company.

12. FIXED DEPOSIT

As at 31st March, 2013, fixed deposits from the public were outstanding to the tune of ₹ 59.06 lacs which were within the limits prescribed under Section 58A of Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975. There were no overdue deposits as on 31st March, 2013.

13. DIVIDEND

The Board of Directors of your Company has not recommended any dividend for the financial year 2012-13.

14. CORPORATE GOVERNANCE

The Company has in place a comprehensive system of Corporate Governance. A separate report on Corporate Governance forms part of the Annual Report of the Company. A certificate from the auditors of the Company regarding compliance of the conditions of Corporate

Governance as stipulated under Clause 49 of the Listing Agreement is annexed to the Report on Corporate Governance.

15. AUDITORS

M/s S.S. Kothari Mehta & Co, Chartered Accountants, New Delhi, Auditors of the Company, retires at the conclusion of forthcoming Annual General Meeting and being eligible, offers themselves for reappointment.

16. AUDITORS' REPORT

The Statutory Auditors of the Company have submitted Auditors' Report on the Accounts of the Company for the financial year ended 31st March, 2013. In their report, they have made the certain observations. The management reply/comments on the same are as under:

- a) Non creation of provision for write-off of investment in subsidiary company namely M/s Oswal Industrial Enterprise (P) Limited (OIEL), has not been addressed by the Company:
We state that the said subsidiary company OIEL has already started to generate positive earnings and expected to overcome from its present financial position. The Management has already taken some effective measures to revive its operations which should help the company to perform better in the next financial year and protect its net worth.
- b) Improvement in the scope and coverage of Internal Audit:
We state that Internal Audit Department has already been restructured/ strengthened and is lead by a qualified Chartered Accountant alongwith sufficient qualified & experienced staff. The scope of the Internal Audit Department has been extended beyond the accounts and includes operations, inventories, costing records, physical verifications of immovable and movable assets etc on regular basis.
- c) Regarding report on some delay in payment of work contract tax:
We state that it was an incidence caused due to clerical mistake and overlooking. Internal Audit has been assigned the responsibility to develop & strengthen the system for statutory compliances.
- d) Observation in respect to default in repayment and interest payment of FCCB due on 19.02.2013:
We state that due to financial stress in the company it could not make the payment on time. However, negotiations with the FCCB holders are at advance stage and we expect that the same shall be resolved soon.

Other points of Auditors' Report on the Accounts of the Company for the year under review are self-explanatory and require no comments.

17. COST AUDITORS

The Board of Directors has re-appointed M/s Ramanath Iyer & Co., Cost Accountants, 808, Pearls Business Park, Netaji Subhash Place,

Delhi – 110 034, as Cost Auditors of the Company under Section 233B of the Companies Act, 1956 subject to the approval of Central Government for the year 2013-2014.

The Cost Audit report for the financial year ended 31st March, 2012 has been filed on time dated 11.01.2013. The due date was 28.02.2013 which was extended by MCA vide circular No. 2/2013 dated 31.01.2013.

18. STATEMENT OF PARTICULARS OF EMPLOYEES

Statement showing particulars of the employees as required by the provisions of Section 217(2A) of the Companies Act, 1956 is not given as no employee was in receipt of remuneration equal to or exceeding ₹ 60 lac per annum or ₹ 5 lac per month, if employed for the part of the year.

19. DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) In preparation of the annual accounts, applicable accounting standards have been followed;
- ii) Appropriate accounting policies have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the profit of the Company for the year ended on 31st March, 2013;
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv) The annual accounts have been prepared on a going concern basis.

20. ACKNOWLEDGEMENT

Your directors are pleased to place on record their sincere gratitude to the Government, Financial Institutions, Bankers and Business Constituents for their continued and valuable co-operation and support to the Company. They also take this opportunity to record their appreciation of the valuable contribution made by the employees in the successful operations of the Company during the year.

For and on behalf of the Board

Sd/-

(Ashok Kumar Oswal)

Chairman & Managing Director

Place : Ludhiana

Dated: 30th May, 2013

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, 2013

I. Conservation of energy

The Company initiated several steps to conserve energy, wherever possible. The Energy Conservation Cell continuously meets, conducts studies, verifies and monitors the consumption & utilisation of energy including identification of energy conservation areas in different manufacturing units of the Company.

Energy conservation measures taken & impact

Sr. No.	Energy Saving measures taken during 2012-13	Power saving (Unit in lac)
1.	Optimizing the air volume and controlling fan speed in the Humidity Plants, optimizing plant operations, replacement of motors etc.	16.88

Additional investments & proposals

Sr. No.	Energy saving measures to be taken	Estimated cost (₹ in lac)	Proposed power saving (Unit in lac)
1.	Optimizing the suction, plugging the air leakages of compressed air, modification and replacement of old motors etc.	35.10	38.98

FORM-A

Particulars	Unit	2012-2013	2011-2012
A. POWER & FUEL CONSUMPTION			
1 Electricity			
a) Purchased			
Units (KWH in lac)		1,219.55	1,155.19
Total amount (₹ in lac)		7,514.31	5,977.39
Rate per unit (₹/KWH)		6.16	5.17
b) Own generation			
i) Through Diesel Generator			
Units (KWH in lac)		68.13	48.23
Units per litre of Diesel (KWH)		3.92	3.82
Cost per unit (₹/KWH)		9.86	10.58
ii) Through Steam Turbine/Generator			
HPS based Generator			
Units (KWH in lac)		4.09	7.51
Units per litre of Diesel (KWH)		3.29	3.63
Cost per unit (₹/KWH)		15.39	14.32
2 Others/Internal Generation (Oil used in Boiler)			
Quantity (litres)		790	71200
Total Cost (₹ in lac)		0.34	24.42
Average Rate (₹ per litre)		43.04	34.30
B. CONSUMPTION PER UNIT OF PRODUCTION			
Yarn:			
Electricity (KWH/Kg)		3.20	3.38
Garments:			
Electricity (KWH/Pcs)		0.41	0.42
Diesel (Litres/Pcs)		0.01	0.01

II. Particulars as per FORM –B**A Research and Development (R&D)****Specific areas in which R&D is carried out**

The Company has provided state of the art equipments in Research & Development (R&D)/ Quality Control (QC) departments of each unit for developing new products, processes & controls for overall value addition. The Company's R&D/QC teams regularly focused on product development, process improvement and quality control at every stage of production.

Benefits derived as result of R&D

The Company has been maintaining consistent & world class yarn quality and obtained "Usterized Certificate" for the consecutive seventh year. It has been able to improve productivity and reduce cost of production.

Expenditure on R&D

Particulars	2012-13	2011-12
Capital	2.10	626.93
Recurring	45.09	36.64
TOTAL	47.19	663.57
Total R&D expenditure as a percentage of Turnover	0.06%	0.89%

B Technology absorption, adaptation and innovation

Latest imported and indigenous technologies were installed at newly setup unit at Nalagarh (HP) to achieve higher standards of productivity, efficiency and quality including installation of Uster's Lab online system to identify & monitor specific areas of spinning for quality control.

III. Foreign exchange earnings and outgo

The Company continued its focus on increasing exports in diversified markets. The Company undertook various initiatives to increase exports by offering different products and participating in fairs & exhibitions to explore new markets & expand its customer base.

Total foreign exchange earned and used

Particulars	2012-13	2011-12
a) Earnings (FOB value of exports)	30,294.91	28,552.59
b) Outgo (CIF value of imports and expenditure in foreign currency)	499.30	3,208.20

CORPORATE GOVERNANCE REPORT

Corporate Governance assumes a great deal of importance in the business life of the Company. The Company's goal is to find creative and productive ways of delighting its stakeholders, i.e. investors, customers & associates, while fulfilling the role of a responsible corporate representative committed to best practices. This section besides being in compliance of the mandatory Listing Agreement gives an insight into the process of functioning of the Company.

1. COMPANY'S PHILOSOPHY

- ✓ Total customer delight
- ✓ Competing with the best
- ✓ Total quality people
- ✓ Product quality a way of life
- ✓ Continued improvement through innovation & creativity
- ✓ State of Art Technology with ultra modern R&D facilities
- ✓ Respect of every VPL parivar member
- ✓ Achieving excellence through culture integration
- ✓ Change a way of life
- ✓ Act as responsible corporate citizen and discharge our social responsibilities

2. BOARD OF DIRECTORS

a) Composition

The Board consists of 6 (Six) Directors out of which 2 (Two) are Executive Directors and 4 (Four) are Non-Executive Independent Directors. Company is having majority of independent directors on the Board.

b) Board Meetings

During the year under review, 6 (Six) Board Meetings were held on 30.05.2012, 14.08.2012, 10.11.2012, 07.12.2012, 31.12.2012 and 04.02.2013.

Detail of composition of the Board, number of Board Meeting attended, attendance at last AGM, Directorship held, chairmanship & membership of the committees and shareholding in Company are as given below:

Name of Director	Category of Director	Share holding in the Company	No. of Board Meetings attended	Attendance at last AGM	Total No. of Directorship held [®]	Total No. of Committee*	
						Membership	Chairmanship
Mr. Ashok Kumar Oswal DIN 00009403	Chairman & Managing Director	1,27,748	5	No	2	2	-
Mr. Adish Oswal DIN 00009710	Executive Director	1,29,511	4	No	2	1	-
Mr. Ajay Chaudhry DIN 00055733	Non-Executive Independent Director	NIL	6	Yes	4	-	4
Dr. B. S. Bhatia DIN 00551715	Non-Executive Independent Director	100	6	No	2	1	1
Mr. M. D. Kaniikar DIN 00551803	Non-Executive Independent Director	NIL	2	No	2	2	-
Mr. Amit Jain [#] DIN 00020860	Non-Executive Independent Director	NIL	N.A.	N.A.	2	-	-

[®] The Directorship held by directors do not include alternate directorship and directorship in foreign company, company registered under Section 25 of the Companies Act, 1956 and private limited company.

* Board Committees for this purpose includes Audit Committee and Shareholders'/Investors' Grievance Committee only.

[#] Appointed as additional director w.e.f. 06.05.2013.

Notes:

1. None of directors is a chairman of more than 5 (Five) committees and member of more than 10 (Ten) committees.
2. There is no inter-se relationship between the directors except Mr. Adish Oswal, Executive Director being son of Mr. Ashok Kumar Oswal, Chairman and Managing Director.

c) Change in directorship

During the financial year 2012-13, there was no change in directorship of the Company. Mr. Ashok Kumar Oswal was re-appointed as Chairman and Managing Director and Mr. Adish Oswal was re-appointed as Executive Director of the Company w.e.f. 01.04.2012 for the period of three years.

Mr. Amit Jain is appointed as an additional director w.e.f. 06.05.2013.

d) Meetings Procedure

The Company holds Board Meetings regularly. The directors are informed about the venue and date of meeting in advance in writing at their usual address and also through e-mail. Detailed agenda papers alongwith explanatory statements are circulated to the directors in advance. The Board has complete access to all information with the Company. All information stipulated in Clause 49

is regularly provided to the Board as a part of agenda papers alongwith the action taken report on the matters previously approved/discussed. Directors actively participate in the Board Meetings and contribute significantly by expressing their views, opinions and suggestions. Video Conferencing facilities are used to facilitate directors, who are traveling or present at other locations to participate in the meeting. Decisions are taken after proper and thorough discussion.

e) Remuneration of Directors

- i) **Executive Directors:** The Company pays remuneration to Chairman & Managing Director & Executive Director as approved by the Board of Directors and Members of the Company. During the financial year 2012-13, the remuneration was paid, as approved by Central Government.
- ii) **Non-Executive Directors:** Non-Executive Directors have not been paid any remuneration except sitting fees for attending Board & Committee Meetings. The sitting fees for the Board Meetings is ₹ 5,000/- per meeting and for the Committee Meetings is ₹ 3,000/- per meeting.

Details of Remuneration paid to the Directors during the year

(₹ in lac)

Name	Designation	Salary	Allowances & Other Perquisites	Contribution to Provident & other funds	Sitting Fee	Total Remuneration
Mr. Ashok Kumar Oswal	Chairman & Managing Director	11.28	6.24	1.35	--	18.87
Mr. Adish Oswal	Executive Director	11.28	6.22	1.35	--	18.85
Mr. Ajay Chaudhry	Non- Executive Director	--	--	--	0.48	0.48
Dr. B. S. Bhatia	Non- Executive Director	--	--	--	0.45	0.45
Mr. M. D. Kanitkar	Non- Executive Director	--	--	--	0.19	0.19

3. COMMITTEES OF THE BOARD

a) Audit Committee

The Company has an Audit Committee in terms of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement comprising of 3 Independent Directors i.e. Mr. Ajay Chaudhry, Mr. M. D. Kanitkar and Dr. B. S. Bhatia. Mr. Ajay Chaudhry is the Chairman of the Committee and Company Secretary acts as Secretary of the Committee. Statutory Auditors, Internal Auditors & Head of Corporate Finance & Accounts Department are the permanent invitees to the Committee. The terms of reference of the Audit Committee is based on the role of the Audit Committee as mentioned in Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

The Committee met 4 (Four) times during the year on 30.05.2012, 14.08.2012, 10.11.2012 and 04.02.2013. The attendance of the members of the Committee is given below:

Name of the Member	Category	No. of Meetings attended
Mr. Ajay Chaudhry	Non-Executive Independent Director	4
Mr. M. D. Kanitkar	Non-Executive Independent Director	2
Dr. B. S. Bhatia	Non-Executive Independent Director	4

b) Investors' Grievance Committee

The Company has an Investors' Grievance Committee to look into the redressal of investors' complaints on various issues. The members of the Committee are Mr. Ajay Chaudhry, Mr. Ashok Kumar Oswal and Mr. M. D. Kanitkar. Mr. Ajay Chaudhry is the Chairman of the Committee. The Committee met 1 (One) time during the year on 10.11.2012 and all members were present at the meeting.

During the financial year 2012-13, the Company received 7 complaints which were related to dividend, interest, redemption and transfer etc. The Company has duly addressed all the complaints.

Mr. Sushil Sharma, Company Secretary, is Compliance Officer of the Company. He can be contacted for any investor related matters relating to the Company at 0161-2685301-05 and fax at 0161-6629988. As per Clause 47 of the Listing Agreement, Company has designated an E-mail Id exclusively for the purposes of registering complaints/queries of investors which is given below:

Designated E-mail Id : vpl.sect@oswalgroup.com

c) Remuneration Committee

Although, the non mandatory requirement, the Company has a Remuneration Committee consisting of Independent Directors i.e. Mr. Ajay Chaudhry, Dr. B.S. Bhatia and Mr. M. D. Kanitkar. Mr. Ajay Chaudhry is Chairman of the Committee. The Committee is empowered to decide, review and approve the remuneration packages including pension rights and compensation payments of Executive Directors. No need was arisen to hold meeting of Remuneration Committee during the year.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management Discussion and Analysis Report has been included in this Annual Report.

5. CODE OF CONDUCT FOR BOARD OF DIRECTORS AND SENIOR MANAGEMENT

The Company's Board has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The Code of

Conduct has been placed on the website of the Company i.e. www.oswalgroup.com. All Board Members & Senior Management Personnel have given their affirmations of compliance with the Code. A declaration to this effect signed by Chairman & Managing Director is enclosed and forms part of the Annual Report.

6. RISK MANAGEMENT

The Company has adopted a well defined procedure for risk management. The Company is also having a Risk Management Policy which provides procedures of risk identification and minimization of risk. The Company is also having a Risk Management Committee consisting of senior management functionaries within the organization. The Committee assesses the risks in various functional areas of the organization and defines the steps to minimize those risks.

7. SHAREHOLDERS

a) Detail of Directors seeking appointment/re-appointment

The brief profile of the directors being appointed/re-appointed is given elsewhere in this Annual Report, which forms part of the Corporate Governance Report.

b) Previous Annual General Meetings

The detail of last three Annual General Meetings is given as follow:-

Meeting	Day, Date & Time of the Meeting	Venue	No. of Special Resolutions
32 nd AGM	Saturday, 29 th September, 2012 at 11.00 a.m.	Regd. Office: 341 K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123.	4
31 st AGM	Monday, 29 th August, 2011 at 11.00 a.m.	-do-	2
30 th AGM	Friday, 20 th August, 2010 at 11.00 a.m.	-do-	2

During the year 2012-13, the Company has passed following special resolution through postal ballot on 29.09.2012. Mr. Ashwani Khanna, Practising Company Secretary was appointed as scrutinizer:

Sr. No.	Particulars	Voting Pattern	
		For	Against
1)	For transferring, selling and/or disposing of the assets including land, building and machinery etc. of the undertaking/unit of the Company namely Anshupati Textiles, Ludhiana	99.99%	0.01%

c) Means of Communication

The Company communicates with the shareholders at large through its Annual Reports, placing the information on Company's website, publication of financial results, press releases in newspapers and by filing various reports and returns with the Statutory Bodies like Stock Exchanges, the Registrar of Companies and website of Ministry of Corporate Affairs. The financial results are published in prominent daily newspapers viz. Financial World/ Economic Times and Desh Sewak (Punjabi).

The financial results, annual report and shareholding pattern of the Company are also available on the Company's website i.e. www.oswalgroup.com

8. DISCLOSURES

There was no material/significant transaction with the directors or the management, their subsidiaries or relatives etc. that have any potential conflict with interest of the Company at large read with details of transactions as disclosed in Notes on Accounts annexed in the Balance Sheet as per Accounting Standard (AS) -18 as notified pursuant to the Companies (Accounting Standards) Rules, 2006. Also, there has not been any non-compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or SEBI or any other Statutory Authority during the last three years. The Company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. The Company has also implemented certain non mandatory requirements of Clause 49.

9. GENERAL SHAREHOLDERS INFORMATION

i) 33rd Annual General Meeting

Date : Monday, 30th September, 2013
 Time : 11:00 A.M.
 Venue : Regd. Office: 341K-1, Mundian Khurd,
 P.O. Sahabana, Chandigarh Road, Ludhiana-141 123

ii) Financial Calendar 2013-2014 (Tentative)

First Quarter Results : August, 2013
 Second Quarter Results : November, 2013
 Third Quarter Results : February, 2014
 Annual Results : May, 2014

iii) Dates of Book Closure : 25.09.2013 to 30.09.2013 (both days inclusive)

iv) Listing of Securities

Sr. No.	Description	Stock Exchange
1.	Equity Shares	Bombay Stock Exchange Ltd. (BSE) 25 th Floor, P.J. Towers, Dalal Street, Mumbai - 400 001
		The National Stock Exchange of India Ltd. (NSE) "Exchange Plaza", Bandra-Kurla Complex, Bandra (E), Mumbai-400 051.
2.	Foreign Currency Convertible Bonds (FCCBs)	Singapore Exchange Securities Trading Ltd. 2, Shenton Way, # 19-00, SGX Centre 1 Singapore- 068804

The Company has duly paid the listing fees to BSE and NSE for the year 2013-2014.

v) Stock Code

- Bombay Stock Exchange Ltd. : 514175
- The National Stock Exchange of India Ltd. : VARDMNPOLY

vi) Stock Market Data

The month-wise highest and lowest stock prices vis-à-vis BSE Sensex and NSE Nifty during the financial year 2012-13 are given below:-

Financial Year 2012-13 (Month)	VPL Share Price at BSE		BSE Sensex		VPL Share Price at NSE		NSE Nifty	
	High	Low	High	Low	High	Low	High	Low
April	75.10	60.15	17664	17010	75.00	63.40	5379	5154
May	70.00	52.00	17432	15810	68.00	52.00	5280	4789
June	71.80	41.05	17448	15749	75.00	42.00	5286	4770
July	84.90	58.00	17631	16598	84.95	58.10	5349	5032
August	65.95	59.10	17972	17027	65.95	58.50	5449	5165
September	82.95	58.05	18870	17251	82.95	57.35	5735	5216
October	101.75	72.10	19137	18393	102.95	70.80	5815	4888
November	78.20	62.30	19373	18256	78.05	61.15	5885	5548
December	85.50	68.65	19612	19149	85.50	68.80	5965	5823
January	82.50	67.80	20204	19509	83.50	66.05	6112	5935
February	79.80	57.50	19967	18794	79.50	58.60	6053	5672
March	78.45	60.00	19755	18568	77.60	60.40	5971	5605

Source: www.bseindia.com & www.nseindia.com

vii) Registrar & Share Transfer Agent (RTA)

M/s Alankit Assignments Limited
(Unit: Vardhman Polytex Ltd.)
2E/21, Alankit House,
Jhandewalan Extension,
New Delhi-110 055
Telephone No. : 011-42541234, 23541234, Fax No. 011-23552001
E-mail: rta@alankit.com
Web Site: www.alankit.com

viii) Share Transfer System

The Company has a share transfer committee comprising of Mr. Ashok Kumar Oswal, Mr. Adish Oswal & Mr. Ajay Chaudhry as its members. The committee meets on an average once in a fortnight. A list of valid transfers and objectionable cases received from RTA is placed before the Committee for its approval/confirmation. The share certificates are returned /dispatched to the shareholders by RTA after necessary endorsements normally within 15 days from the date of receipt by them. The delays, if any, are mostly due to notice given to seller for confirmation in case of difference in signatures and/or non receipt of copy of PAN.

The shares of the Company are traded on Stock Exchanges compulsorily in demat form. The Company has participated as an issuer both with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). The shareholders may operate through any of the depositories, based on tariffs, quality and range of services being offered by them. The International Securities Identification Number (ISIN) is **INE 835 A01011**.

ix) Dematerialisation of Shares

As on 31st March, 2013, 87.72% of the paid up equity share capital comprising 1,56,51,843 shares were dematerialised against 86.47% comprising 1,40,44,969 shares as on 31st March, 2012.

x) Distribution of Shareholding as on 31st March, 2013

Range (No. of Shares)	Shareholders		Shares	
	Numbers	%age to Total Holders	Numbers	%age to Total No. of shares
Upto - 500	6,973	93.18	9,03,036	5.06
501 - 1000	231	3.09	1,83,614	1.03
1001 - 5000	182	2.43	4,09,545	2.30
5001 - 10000	25	0.33	1,92,677	1.08
10001 - 50000	35	0.48	8,22,002	4.61
50001 & Above	37	0.49	1,53,32,083	85.92
Total	7,483	100.00	1,78,42,957	100.00

xi) Shareholding Pattern of the Company

Sr. No.	Category of the shareholders	As on 31 st March, 2013		As on 31 st March, 2012	
		No. of Shares	%age of total No. of shares	No. of Shares	%age to total No. of shares
1.	Promoters	89,32,302	50.06	73,32,302	45.14
2.	Mutual Funds & UTI	1,800	0.01	1,800	0.01
3.	Banks, Financial Institutions, Insurance Companies	1,134	0.01	1,134	0.01
4.	Bodies Corporate	44,67,734	25.04	49,52,206	30.49
5.	Indian Public	38,64,170	21.66	39,21,995	24.15
6.	NRIs, OCBs, FIIs	5,75,817	3.22	33,520	0.20
	Total	1,78,42,957	100.00	1,62,42,957	100.00

xii) Outstanding GDRs/ADRs/Warrants

There are no outstanding GDRs/ ADRs/ Convertible Warrants. However, the Company is having outstanding 2% unsecured Foreign Currency Convertible Bonds (FCCBs) for the principal amount of USD 8.5 million.

xiii) Plant Locations

- Vardhman Polytex Limited, Badal Road, Bathinda-151 003
- Vardhman Polytex Limited, Village Nangal Nihla/Upperla, Swarghat Road, Nalagarh-174 101(HP)
- Vinayak Textile Mills (Dyeing Unit), Phase VIII, Focal Point, Ludhiana-141 123
- Vinayak Textile Mills (Spinning Unit), Phase VIII, Focal Point, Ludhiana-141 123
- Amkryon International, HB-22, Phase VI, Focal Point, Ludhiana-141 010
- Anshupati Textiles, 341K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123.

xiv) Address for Correspondence

Registered Office : 341K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana-141 123.
 Tel : 0161-2685301-305, 6629888, 6629990
 Fax : 0161-6629988
 E-mail : vpl.sect@oswalgroup.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participants (DP).

xv) General Note for Shareholders

Pursuant to the provisions of Section 205A read with Section 205C of the Companies Act, 1956, dividend which remain unpaid/unclaimed for a period of 7 years is required to transfer to the Investor Education and Protection Fund (IEPF) of the Central Government and no claim will lie thereafter against the Company or IEPF in respect to transferred unpaid/unclaimed dividend.

Accordingly, unpaid/unclaimed dividend upto financial year 2004-2005 had been transferred to IEPF. The members who have not claimed their dividend for the financial year 2005-2006 and onwards are requested to make their claim to the Company.

The list of unpaid/unclaimed dividend pending for transfer to IEPF is also available on the Company's website at www.oswalgroup.com

xvi) Green Initiative in Corporate Governance

Recognizing the 'Green Initiative' taken by the Ministry of Corporate Affairs ("MCA"), the Company opted and sent the Notices, Annual Reports etc related to previous year in electronic form to the members at their registered e-mail address provided to the depository participant/ Company/RTA.

10. AUDITORS' CERTIFICATE ON COMPLIANCE

Certificate from the Statutory Auditors confirming compliance of Clause 49 (VII) is given in this Annual Report.

DECLARATION REGARDING COMPLIANCE WITH CODE OF CONDUCT

The Company has adopted the Code of Conduct for all Board members and senior management of the Company.

It is hereby affirmed that all the Directors and Senior Managerial personnel have complied with the Code of Conduct and have given a confirmation in this regard.

Place : Ludhiana
Dated : 30th May, 2013

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director

CERTIFICATE OF CHAIRMAN & MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

We have reviewed financial statement and cash flow statement for the period April 1, 2012 to March 31, 2013 and to the best of our 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.
- (iii) No transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

Further, we accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to reporting and we have disclosed to the Auditors and the Audit Committee:

- a) deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps they have taken or propose to take to rectify these deficiencies;
- b) significant changes in internal control over financial reporting during the year;
- c) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
- d) instances of significant fraud of which they 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.

Place: Ludhiana
Dated: 30th May, 2013

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Ashok Kumar Oswal
Chairman & Managing Director

AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE

To The Members of,
Vardhman Polytex Limited

We have reviewed the implementation of Corporate Governance procedures by VARDHMAN POLYTEX LIMITED ("the Company") during the year ended March 31, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges, with the relevant records and documents maintained by the Company, furnished to us for our review and the report on Corporate Governance as approved by the Board of Directors.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on 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 above mentioned clause in Listing Agreement.

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

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Registration No.: 000756N

Place : Ludhiana
Date : 30th May, 2013

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

INDEPENDENT AUDITORS' REPORT

To The Members of Vardhman Polytex Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Vardhman Polytex Limited** ("the Company") which comprise the Balance Sheet as at March 31, 2013, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

No provision has been made for investment made (net) in one of the subsidiary companies Oswal Industrial Enterprise Private Limited of ₹ 4,501 lac whose net worth is substantially

eroded, the company having accumulated losses of ₹ 4,425.76 lac against share capital of ₹ 5,005 lac. This is at variance with Accounting Standard AS-13 'Accounting for Investments' notified under the Companies (Accounting Standards) Rules, 2006 resulting in profit for the year, investments and reserves and surplus being overstated by the same amount.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the matter described in the Basis for Qualified Opinion paragraph, the financial statement give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- i) In the case of Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- ii) In the case of Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- iii) In the case of Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note no. 13 of the financial statements wherein the company has made investment in the equity shares of its subsidiary company Oswal F.M. Hammerle Textiles Limited, whose net worth is substantially eroded. We understand from the management that the investment is long term strategic in nature and the erosion in net worth is due to slump in the textile sector; this being a temporary phenomenon, the net worth will revive in the near future. We have not qualified our opinion in respect of this matter.

Report on other Legal and Regulatory Requirements

- 1) As required by the Companies (Auditors' Report) Order, 2003 (the Order), issued by the Central Government of India in terms of Section 227(4A) of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- 2) As required by section 227(3) of the Act, we report that:
 - (a) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss

and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

- (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in compliance with the Accounting Standards referred to in Section 211(3C) of the Act; and
- (e) On the basis of written representations received from Directors as on March 31, 2013 and taken on record by the Board of Directors, we further report that none of the Directors is disqualified as on March 31, 2013 from being appointed as a director in terms of Section 274(1)(g) of the Act.

FOR S.S. KOTHARI MEHTA & CO.

Chartered Accountants
Firm Regn. No.: 000756N

Sd/-

Place : Ludhiana
Date : 30th May, 2013

(Arun K. Tulsian)
Partner
M. No. 089907

Annexure to the Independent Auditors' Report

(Referred to in Paragraph 1 under the heading of "Report on other Legal and Regulatory Requirements" of our report of even date)

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Verification of the fixed assets is being conducted by the management based on a programme designed to cover all assets over a period of three years which, in our opinion, is reasonable having regard to the size of the company and nature of its business. The discrepancies noticed on physical verification of fixed assets as compared to books records were not material and have been properly dealt with in the books of account.
- (c) There was no disposal of a substantial part of fixed assets during the year; however during the year, company has sold major assets at one of the units namely Anshupati Textiles, Ludhiana. It has no impact on the going concern assumption.
2. (a) The inventory has been physically verified during the year by the management at all its locations, except stocks lying with third parties and in transit, which have been verified with reference to correspondence of third parties or subsequent receipt of goods. In our opinion, the frequency of such verification is reasonable.
- (b) The procedures for the physical verification of inventory followed by the management are, in our opinion, reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) In our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.
3. (a) As informed to us, the Company has not granted any loan, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 301 of the Act. Accordingly, clauses 4 (iii) (b) to (d) of the Order are not applicable.
- (b) The Company has taken loans (including public deposits) from seven parties including two directors, four relatives of the directors and a company covered in the register maintained under section 301 of the Act. The maximum amount involved during the year in respect of such parties and the year end balance of such loans are ₹ 87.00 lac and ₹ 87.00 lac respectively.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms & conditions on which loans have been taken are not, prima facie, prejudicial to the interest of the company.
- (d) In our opinion and according to the information and explanations given to us, the Company is regular in repayment of principal together with interest as per terms of arrangement. There is no overdue amount as at the end of the year.
4. In our opinion, and according to the information and explanations given to us during the course of audit, there are adequate internal control systems commensurate with size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books & records of the company, carried out in accordance with the generally accepted auditing practices in India, we have neither come across nor have we been informed of any instance of major weaknesses in the aforesaid internal control systems.
5. (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be 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 Act and aggregating during the year to rupees five lacs or more in respect of each party have been made at prices which are reasonable having regard to market prices for such transactions, prevailing

at the relevant time, where such market prices are available.

6. In respect of fixed deposits accepted from the public, the provisions of section 58A and 58AA or any other relevant provisions of the Act including the Companies (Acceptance of Deposits) Rules, 1975 have been complied with. We have been informed that no order has been passed by Company Law Board or National Company Law Tribunal or RBI or any Court or any other Tribunal in this regard.
7. In our opinion, the Company has an in-house internal audit system commensurate with the size & nature of its business. *However, it needs further improvement in terms of scope and coverage.*
8. We have broadly reviewed the Cost accounting records, maintained by the Company pursuant to the Rules prescribed by the Central Government for the maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Act and are of the opinion

that, prima facie, the prescribed accounts and records have been made and maintained. We are, however, not required to make a detailed examination of such books and records.

9. (a) The Company is generally regular in depositing with appropriate authorities 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 it. *However some delay is noticed in payment of Work Contract Tax.*
- (b) According to the information & explanations given to us and as per the books and records examined by us, there are no dues of customs duty and cess which have not been deposited on account of any dispute, except the following dues of income tax, wealth tax, excise duty, service tax and sales tax along with the forum where the dispute is pending:

(₹ in lac)

Name of the Statute	Nature of Dues	Period to which it pertains	Amount in dispute	Forum where dispute is Pending	Amount Deposited	Matter of dispute
Central Excise Act	Excise Duty	1997-98 & 2004-05	42.34	Hon'ble Punjab & Haryana High Court, Chandigarh	42.34	Difference on account of loose and packed yarn.
	Excise Duty	2004-05	14.75	Joint Secretary, New Delhi	13.85	
	Excise Duty	2009-10	89.07	Chief Commissioner of Central Excise, Ludhiana	–	
	Excise Duty	2009-10	1.82	The Commissioner of Central Excise, Ludhiana	–	
	Excise Duty	2006-09	4.63	The Commissioner of Central Excise, Chandigarh	–	Interest on Cenvat credit taken wrongly duly reversed thereafter.
	Excise Duty	2004-05	28.92	CESTAT, New Delhi	–	Cenvat credit on inputs has been reversed.
Income Tax Act	Income Tax	A.Y. 1998-99 to 2002-03, 2004-05, 2005-06	37.48	CIT (Appeals), Ludhiana	34.46	Disallowance of expenditure under section 80 M & 80 HHC.
	Income Tax	A.Y. 2003-04, 2004-05, 2006-07, 2008-09	196.73	ITAT, Chandigarh	37.09	Disallowance of deduction under section 80 HHC & 80 M.
	Income Tax	A.Y. 2003-04, 2004-05, 2006-07	183.35	Hon'ble Punjab & Haryana High Court, Chandigarh	-	Disallowance on account of taking interest u/s 36 (1) (iii) as revenue expenditure as capital expenditure, levy of interest u/s 234 D, Disallowance u/s 14-A.
Punjab General Sales Tax Act	Punjab VAT	2005-06 and 2006-07	1.48	DETC, Patiala	0.38	
	Punjab VAT	2003-04	0.51	Assistant Commissioner Sales Tax, Ludhiana	–	Difference on account of job charges under service tax or excise act.
Wealth Tax Act	Wealth Tax	A.Y. 1998-99	2.11	ITAT, Chandigarh	–	Dispute on Valuation of land
Finance Act, 1994	Service Tax	09/07/04 to 31/03/07	13.52	CESTAT, New Delhi	0.50	

10. The Company has accumulated losses as at the end of the current financial year which are less than fifty percent of the net worth. The company has not incurred cash losses in the current financial year but has incurred cash losses in the immediately preceding financial year.
11. In our opinion, on the basis of audit procedures and according to the information and explanations given to us, the company has not defaulted in repayment of dues to financial institution/banks except, in view of the debt restructuring approved under Corporate Debt Restructuring mechanism as stated in note no. 37 and read together with note no. 5 of the financial statements in *which company has defaulted in payment of Foreign Currency Convertible Bonds borrowing and interest thereon amounting to ₹ 4613.80 lac and ₹ 849.40 lac respectively from the date of February 18, 2013 upto the date of issue of this report.*
12. 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 shares, debentures and other securities.
13. The Company does not fall within the category of Chit fund / Nidhi / Mutual Benefit fund / Society and hence the related reporting requirements of the Order are not applicable.
14. According to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments and hence the related reporting requirements of the Order are not applicable.
15. The Company has given corporate guarantees for loans taken by others from banks, the terms & conditions of such guarantees are, prima facie, not prejudicial to the interest of the Company.
16. In our opinion, and according to the information and explanations given to us, the term loans raised during the year by the Company have been applied for the purpose for which the said loans were obtained, where such end use has been stipulated by the lender.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, the funds raised by the Company on short term basis have not been applied for long term investment.
18. The Company has made preferential allotment of shares to a company covered in the register maintained under section 301 of the Act, the price at which the shares have been issued is not, prima facie, prejudicial to the interest of the company.
19. The Company has not issued any debentures nor has any outstanding debentures during the year.
20. The Company has not raised any money through public issues during the year.
21. During the course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the management.

FOR S.S. KOTHARI MEHTA & CO.
Chartered Accountants
Firm Regn. No.: 000756N

Place : Ludhiana
Date : 30th May, 2013

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	(₹ in lac)	
		As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	1,787.75	1,627.75
(b) Reserves and Surplus	4	8,439.94	7,752.36
2. Non-Current Liabilities			
(a) Long-Term Borrowings	5	31,084.75	20,032.41
(b) Deferred Tax Liabilities (Net)	6	-	-
(c) Other Long Term Liabilities	7	-	28.31
(d) Long Term Provisions	8	207.85	150.73
3. Current Liabilities			
(a) Short-Term Borrowings	9	9,149.09	18,617.24
(b) Trade Payables	10	4,795.40	2,859.62
(c) Other Current Liabilities	11	12,096.60	13,371.88
(d) Short-Term Provisions	8	960.43	607.16
Total Equity & Liabilities		68,521.81	65,047.46
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	12	29,419.54	31,679.25
Intangible Assets	12	53.97	106.37
Capital Work-in-Progress		1,415.10	2,156.97
(b) Non-Current Investments	13	13,650.48	13,650.48
(c) Deferred Tax Assets (net)	6	1,676.13	1,290.85
(d) Long Term Loans and Advances	14	1,033.85	857.46
2. Current Assets			
(a) Current Investments	13	91.99	91.99
(b) Inventories	15	5,099.47	3,101.51
(c) Trade Receivables	16	5,670.41	4,614.69
(d) Cash and Bank Balances	17	2,703.33	483.50
(e) Short-Term Loans and Advances	14	7,707.54	7,014.39
Total Assets		68,521.81	65,047.46
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

Signed in terms of our report of even date

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

For VARDHMAN POLYTEX LIMITED

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Kumar Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 30th May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in lac)

Particulars	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
REVENUE			
I Revenue from operations	18	78,623.30	74,927.60
Less: Excise Duty		(1.62)	(0.30)
II Other Income	19	934.68	2,141.71
III Total Revenue (I+II)		79,556.36	77,069.01
IV EXPENSES:			
Cost of Materials Consumed	20	51,643.77	55,145.63
Purchase of Stock-in-Trade		48.35	1,321.83
Changes in inventories of Finished Goods, Work-In-Progress and Stock-In-Trade	21	(1,013.49)	3,072.15
Employee Benefits Expense	22	4,589.78	3,826.25
Finance Costs	23	6,028.24	6,771.95
Depreciation and Amortization Expense	24	3,660.07	2,959.69
Other Expenses	25	15,104.81	14,437.44
Total Expenses (IV)		80,061.53	87,534.94
V Profit/(Loss) before tax (III-IV)		(505.17)	(10,465.93)
VI Tax expense:			
(1) Current Tax		–	–
(2) Deferred Tax	6	(385.28)	(2,329.30)
(3) Previous year adjustment		(236.95)	4.59
VII Profit/(Loss) after tax (V-VI)		117.06	(8,141.22)
VIII Earning per Equity Share (Par value of ₹ 10/- each)			
(1) Basic (in ₹)	26	0.72	(50.12)
(2) Diluted (in ₹)	26	0.72	(50.12)
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

Signed in terms of our report of even date

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

For VARDHMAN POLYTEX LIMITED

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Kumar Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 30th May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

Particulars	(₹ in lac)	
	Year ended 31.03.2013	Year ended 31.03.2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(505.17)	(10,465.93)
Add: Depreciation	3,660.07	2,959.69
Interest Paid	6,028.24	6,771.95
Net Loss on fixed assets sold / discarded	3.04	251.67
Foreign Currency Monetary Item Translation difference	-	-
Tax Paid	-	31.41
Sundry Balance written off	36.95	8.19
Less: Dividend Received	7.77	7.09
Net Profit on fixed assets sold / discarded	373.66	737.26
Net Profit on Investments sold	0.04	768.00
Interest Received	168.17	194.29
Sundry Balance written back	69.74	185.58
Operating Profit before Working Capital Changes	8,603.75	(2,335.24)
Working capital		
Trade Receivables	(1,055.72)	2,728.39
Inventories	(1,997.95)	11,338.04
Loans & Advances / other Current Assets	(599.78)	(302.00)
Liabilities and Provisions	2,202.49	6,223.83
Net Cash from Operating Activities	7,152.79	17,653.02
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition in Fixed Assets (net)	(745.16)	(11,383.17)
Sale of Fixed Assets	509.65	1,814.73
Interest/Dividend Received	175.94	201.38
Purchase of Investments	-	(528.00)
Sale of Investments	0.04	45.60
Net Cash from Investing Activities	(59.53)	(9,849.46)
C CASH FROM FINANCING ACTIVITIES		
Long Term Borrowings - Term Loans (Net of Repayments)	10,106.60	(491.31)
Short Term Borrowings (Working Capital)	(9,468.15)	(2,941.42)
Issue of Share Capital	1,050.72	-
Interest Paid	(6,562.60)	(6,127.19)
Net Cash from Financing Activities	(4,873.43)	(9,559.92)
INCREASE IN CASH OR CASH EQUIVALENTS	2,219.83	(1,756.36)
Opening Cash or Cash Equivalents	483.50	2,239.86
Closing Cash or Cash Equivalents*	2,703.33	483.50

* Includes other bank balances restricted cash of ₹ 956.52 lac (Previous year ₹ 162.88 lac) grouped under non-current assets.

Signed in terms of our report of even date

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

For VARDHMAN POLYTEX LIMITED

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Kumar Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 30th May, 2013

Vardhman Polytex Limited - Notes forming part of the Financial Statements

1. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The financial statements have been prepared to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended and as applicable from time to time) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on accrual basis and under the historical cost convention on going concern basis.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 USE OF ESTIMATES

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

2.2 REVENUE RECOGNITION

SALE OF GOODS

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- (i) Revenue is recognized in respect of export sales on the basis of bill of lading.
- (ii) Inter-Unit sales comprising of sale of yarn from Spinning Unit to Dyeing Unit is reduced from gross turnover in deriving net turnover.
- (iii) Income and Export Incentives / benefits are accounted for on accrual basis and as per principles given under AS-9- 'Revenue Recognition'.

DIVIDENDS

Revenue in respect of dividends is recognized when the shareholders' right to receive payment is established by the balance sheet date.

2.3 INVENTORIES

- (i) Finished goods and work in progress are valued at lower of historical cost or net realizable value. Cost of inventories comprises of cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. By products are valued at net realizable value.
- (ii) Stores, Spares and Raw Materials are valued at lower of historical cost or net realizable value. However materials & other items held for use in the production of inventories are not written below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.
- (iii) Cost is determined on the basis of weighted average method.
- (iv) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

2.4 INVESTMENTS

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value. Long-term investments are carried at cost individually. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments in case of long term investments.

2.5 FIXED ASSETS

Tangible Assets

Fixed assets are stated at historical cost less accumulated depreciation and impairment loss, if any. Historical cost comprises the purchase price (net of CENVAT / duty credits wherever applicable) and all direct costs attributable to bringing the asset to its working condition for intended use.

Intangible Assets

Capital Expenditure on purchase and development of identifiable non-monetary assets without physical substance is recognized as Intangible Assets in accordance with principles given under AS-26- 'Intangible Assets'. These are grouped and separately shown under the schedule of Fixed Assets. These are amortized over their respective expected useful lives.

2.6 DEPRECIATION & AMORTIZATION

Depreciation is provided on fixed assets over the useful lives of the assets estimated by the management, which are equivalent to

the rates prescribed in Schedule XIV to the Companies Act, 1956 as per the straight line method.

Intangible assets are amortized over a period not exceeding ten years on a straight-line basis.

2.7 IMPAIRMENT OF ASSETS

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Previously recognised impairment losses are reversed to the extent the recoverable amount exceeds the carrying amount.

2.8 FOREIGN EXCHANGE TRANSACTIONS/TRANSLATION

(i) Initial Recognition

Foreign currency transactions are recorded 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.

(ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) Exchange Differences

Exchange differences arising on a monetary item that, in substance, form part of the Company's net investment in a non-integral foreign operation is accumulated in a foreign currency translation reserve in the financial statements until the disposal of the net investment, at which time they are recognized as income or as expenses.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

(iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognized in the Statement of Profit and Loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognized as income or as expense for the year.

2.9 RESEARCH AND DEVELOPMENT

Revenue Expenditure on research and development including salaries, consumables and power & fuel is charged to Statement of Profit and Loss under respective heads of expenditure. Capital expenditure is shown as addition to fixed assets.

2.10 EMPLOYEE BENEFITS

Expenses and liabilities in respect of employee benefits are recorded in accordance with AS-15- 'Employee Benefits'.

(i) Provident Fund & ESI

The Company makes contribution to Statutory Provident Fund and Employee State Insurance in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and Employee State Insurance Act, 1948 which is a defined contribution plan and contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

(ii) Gratuity

Gratuity is a post employment benefit and is in the nature of a defined benefit plan. The liability recognised in the balance sheet in respect of gratuity is the present value of the defined benefit/obligation at the balance sheet date less the fair value of plan assets, together with adjustment for unrecognized actuarial gains or losses and past service costs. The defined benefit/obligation is calculated at or near the balance sheet date by an independent actuary using the projected unit credit method. Actuarial gains and losses arising from past experience and changes in actuarial assumptions are charged or credited to the Statement of Profit and Loss in the year to which such gains or losses relate.

(iii) Leave Encashment

Liability in respect of leave encashment becoming due or expected after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method.

(iv) Superannuation Benefit

The Company makes contribution to superannuation fund which is a post employment benefit in the nature of a defined contribution plan & contribution paid or payable is recognized as an expense in the period in which services are rendered by the employee.

(v) **Other Short Term Benefits**

Expense in respect of other short term benefits is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

2.11 LEASES

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of the ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

2.12 TAXES ON INCOME

Tax expense comprises of current and deferred. Provision for Current Tax is made in accordance with the provisions of Income Tax Act, 1961.

In accordance with Accounting Standard AS-22- 'Accounting for Taxes on Income' as notified by Companies (Accounting Standards) Rules, 2006, Deferred Tax Liability/ Asset arising from timing differences between book and income tax profits is accounted for at the current rate of tax to the extent these differences are expected to crystallize in later years. However, Deferred Tax Assets are recognized only if there is a reasonable/ virtual certainty of realization thereof. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date.

2.13 GOVERNMENT GRANTS & SUBSIDIES

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.

Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.

2.14 BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.15 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognized when there is a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. A contingent liability is recognized for:

- (i) a present obligation that arises from past events but is not recognized as a provision because either the possibility that an outflow of resources embodying economic benefits will be required to settle the obligation is remote or a reliable estimate of the amount of the obligation cannot be made; and
- (ii) a possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are neither accounted for nor disclosed in the financial statements.

2.16 EARNING PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue to existing shareholders, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

2.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

3. SHARE CAPITAL

Particulars	(₹ in lac)	
	As at 31.03.2013	As at 31.03.2012
Authorised		
7,00,00,000 (Previous Year 7,00,00,000 Equity Shares of ₹ 10/- each)	<u>7,000.00</u>	<u>7,000.00</u>
TOTAL	<u>7,000.00</u>	<u>7,000.00</u>
Issued, Subscribed and Fully Paid-up		
1,78,42,957 (Previous Year 1,62,42,957 Equity Shares of ₹ 10/- each)	<u>1,784.30</u>	<u>1,624.30</u>
Forfeited Shares	<u>3.45</u>	<u>3.45</u>
TOTAL	<u>1,787.75</u>	<u>1,627.75</u>

In the previous year, the Authorised Share Capital of the Company was increased from ₹ 30,00,00,000/- (Rupees Thirty Crore only) divided into 2,14,90,000 (Two Crores Fourteen lac Ninety Thousand) Equity Shares of ₹ 10/- each, 1,000 Redeemable Cumulative Preference Shares of ₹ 100/- each and 8,50,000 Redeemable Non Cumulative Preference Shares of ₹ 100/- each to ₹ 50,00,00,000/- (Rupees Fifty Crore only) divided into 5,00,00,000 (Five Crores) Equity Shares of ₹ 10/- each vide the resolution passed in the Annual General Meeting held on 29.08.2011.

Further, the Authorised Share Capital of the Company was increased from ₹ 50,00,00,000/- (Rupees Fifty Crores only) divided into 5,00,00,000 (Five Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 70,00,00,000/- (Rupees Seventy Crores only) divided into 7,00,00,000 (Seven Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each vide resolution passed at the Extraordinary General Meeting held on 07.12.2011.

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. of Shares	₹ in lac	No. of Shares	₹ in lac
Equity Shares				
At the beginning of the year	<u>1,62,42,957</u>	<u>1,624.30</u>	1,62,42,957	1,624.30
Add: Shares issued during the year*	<u>16,00,000</u>	<u>160.00</u>	-	-
Outstanding at the end of the year	<u>1,78,42,957</u>	<u>1,784.30</u>	<u>1,62,42,957</u>	<u>1,624.30</u>

* Equity shares arising out of conversion of the convertible warrants issued on preferential basis.

(b) Terms/rights attached to Equity Shares

Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share.

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

During the year ended 31st March, 2013, the amount of dividend recognized as distribution to equity shareholder was Nil (Previous Year Nil).

(c) Details of shareholders holding more than 5% Equity Shares in the Company

Particulars	As at 31.03.2013		As at 31.03.2012	
	No. of Shares held	% holding	No. of Shares held	% holding
Equity Shares				
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	<u>44,02,917</u>	<u>24.68</u>	44,02,917	27.11
Alma Assets Consultancy (P) Ltd.	<u>23,87,325</u>	<u>13.38</u>	-	-
Swarnim Tie Up (P) Ltd.	<u>14,00,000</u>	<u>7.85</u>	14,00,000	8.62

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 ownerships of shares.

(d) Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date - Nil

4. RESERVES AND SURPLUS

(₹ in lac)

Particulars	As at	As at
	31.03.2013	31.03.2012
Capital Subsidy		
Balance as per the last financial statements	95.50	95.50
Add : Addition during the Year	—	—
Closing balance	95.50	95.50
Capital Redemption Reserve		
Balance as per the last financial statements	0.01	0.01
Add : Addition during the Year	—	—
Closing balance	0.01	0.01
Reserve for Bad & Doubtful Debts		
Balance as per the last financial statements	—	150.00
Less : Transfer to General Reserve	—	150.00
Closing balance	—	—
General Reserve		
Balance as per the last financial statements	10,366.21	10,216.21
Add : Transfer from Reserve for bad & doubtful debts	—	150.00
Closing balance	10,366.21	10,366.21
Amalgamation Reserve		
Balance as per the last financial statements	45.00	45.00
Add : Addition during the Year	—	—
Closing balance	45.00	45.00
Foreign Currency Translation Reserve		
Balance as per the last financial statements	9.74	(7.06)
Add : Addition during the Year	4.41	16.80
Closing balance	14.15	9.74
Securities Premium Reserve		
Balance as per the last financial statements	5,113.56	5,212.48
Add: Equity Share capital issued	890.71	—
Less: Utilized against Premium/Coupon on FCCB	324.60	98.92
Closing balance	5,679.67	5,113.56
Surplus / (deficit) balance in statement of profit and loss		
Balance as per the last financial statements	(7,877.66)	263.56
Add: Profit / (Loss) for the year	117.06	(8,141.22)
Closing balance	(7,760.60)	(7,877.66)
TOTAL	8,439.94	7,752.36

5. LONG TERM BORROWINGS

(₹ in lac)

Particulars	Non-Current portion		Current maturities	
	As at	As at	As at	As at
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Secured				
Term loans				
Rupee Loans from Banks	16,980.09	14,379.81	442.78	3,060.24
Rupee Loan from Others	665.10	713.41	48.32	42.70
Working Capital Term Loan (I)	3,564.92	4,728.26	2,978.63	2,251.24
Working Capital Term Loan (II)	6,252.42	—	161.10	—
Funded Interest Term Loan	3,595.45	—	634.49	—
Vehicle Loan	19.82	150.42	124.68	120.43
Unsecured				
Loans				
Foreign Currency Convertible Bonds	—	—	4,613.80	4,323.95
From Others	—	—	500.00	702.00
Fixed Deposit from Public*	6.95	60.51	52.11	1.10
TOTAL	31,084.75	20,032.41	9,555.91	10,501.66
Less : Amount disclosed under other Current Liability (Note no. 11)	—	—	9,555.91	10,501.66
TOTAL	31,084.75	20,032.41	—	—

*FDR from Public includes deposits from directors ₹ 6.50 lac (Previous Year ₹ 6.50 lac).

Terms of repayment / details of security are as follows:
Rupee Term Loan form Banks

(₹ in lac)

Particulars	Rate of Interest % P.A.	No of Instalments	O/s as on 31.03.2013	O/s as on 31.03.2012	2013-14	Annual Repayment Schedule
Rupee Term Loan	11.00	35 Qtly	17,422.87	17,440.05	442.78	1239.80 in 14-15 & 15-16, 1416.91 in 16-17, 2125.36 in 17-18, 2479.59 in 18-19, 2833.82 in 19-20, 3188.04 in 20-21, 2456.77 in 21-22
Working Capital Term Loan – I	11.00	2 Instalments	6,543.55	6,979.50	2,978.63	3564.92 in 14-15
Working Capital Term Loan – II	11.00	35 Qtly	6,413.52	–	161.10	451.08 in 14-15 & 15-16, 515.52 in 16-17, 773.28 in 17-18, 902.16 in 18-19, 1031.04 in 19-20, 1159.92 in 20-21, 968.34 in 21-22
Funded Interest Term Loan	11.00	20 Qtly	4,229.94	–	634.49	1015.19 in 14-15, 1099.78 in 15-16, 1184.38 in 16-17, 296.10 in 17-18
TOTAL			34,609.88	24,419.55	4,217.00	

Term Loan from others

(₹ in lac)

Lending institution	Rate of Interest %P.A.	No of Instalments	O/s as on 31.03.2013	O/s as on 31.03.2012	2013-14	Annual Repayment Schedule
Religare Finvest Ltd	15.25	101 Monthly	446.46	474.00	31.16	EMI of ₹ 7.39 lac per month till Sep, 2021
Religare Finvest Ltd.	15.25	101 Monthly	266.96	282.11	17.16	EMI of ₹ 4.59 lac per month till Sep, 2021
TOTAL			713.42	756.11	48.32	

Vehicle Loan

(₹ in lac)

Lending institution	Rate of Interest % P.A.	No of Instalments	O/s as on 31.03.2013	O/s as on 31.03.2012	Annual Repayment Schedule	
					2013-14	2014-15
HDFC Bank	11.50	24 Monthly	69.92	136.38	69.92	–
ICICI Bank	10.25	25 Monthly	41.30	76.27	35.99	5.31
Axis Bank	10.75	36 Monthly	33.28	50.30	18.77	14.51
Kotak Bank	11.00	6 Monthly	–	7.90	–	–
TOTAL			144.50	270.85	124.68	19.82

- Term Loans from Financial Institutions and Banks as stated as above are/shall be secured by way of joint equitable mortgage of all the immovable properties (present and future) of the Company ranking on pari-passu basis and hypothecation of all movable assets of the Company (except book debts) subject to prior charge of the Company's bankers on specified movable assets in respect of working capital borrowings.
- Term Loan from others is guaranteed by promoter company M/s. Panchsheel Textile Mfg & Trading Co. Pvt Ltd. along with charge on specific assets.
- All the Term Loans & Working Capital Term Loan from the banks are guaranteed by Promoter directors & Mrs. Manju Oswal.
- Vehicle loan is secured by way of hypothecation of the vehicle against such loan.

The period and amount of default as on the Balance Sheet date are as under:

(₹ in lac)

Particulars	Period of default	Principal	Interest accrued and due	Total
As at 31.03.2013				
Unsecured (FCCB)	From 18.02.2013	4,613.80	849.40	5,463.20
As at 31.03.2012				
Secured (Term Loans)	From 01.01.2012 to 31.03.2012	459.75	593.35	1,053.10

Refer Note No. 37

6. DEFERRED TAX (NET)

(₹ in lac)

Particulars	As at 31.03.2013	Charge/ (credit) during the year	As at 31.03.2012
Deferred Tax Liabilities			
Arising on account of Timing Difference Accumulated Depreciation	2,721.48	72.85	2,648.63
Deferred Tax Assets			
Arising on account of Timing Difference Unabsorbed Depreciation / Losses and Sec 43B Items	(4,397.61)	(458.13)	(3,939.48)
Net Deferred Tax Liability/ (Assets)	(1,676.13)	(385.28)	(1,290.85)

7. OTHER LONG TERM LIABILITIES

(₹ in lac)

Particulars	As at 31.03.2013	As at 31.03.2012
Others		
Expense Liability	–	28.31
TOTAL	–	28.31

8. PROVISIONS

(₹ in lac)

Particulars	Long-term		Short-term	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Premium on Redemption of FCCB	–	–	849.40	575.59
Employee Benefits	207.85	150.73	111.03	31.57
TOTAL	207.85	150.73	960.43	607.16

9. SHORT TERM BORROWINGS

(₹ in lac)

Particulars	As at 31.03.2013	As at 31.03.2012
Secured		
Loans repayable on demand		
Working Capital Loans from Banks	6,174.47	16,078.76
Unsecured		
Letter of Credit/ Sale Bill Discounting with the Banks/Financial Institutions	2,773.69	2,167.23
Bill Discounting from Others	200.93	371.25
TOTAL	9,149.09	18,617.24

- a) Working Capital Loans from Banks are secured by hypothecation of all stocks, present and future of stores, spare parts, packing materials, raw materials, finished goods, goods in transit/process, book debts, outstanding money receivable, claims, bills etc. and second charge by way of joint equitable mortgage of immovable properties of Company.
- b) Personal Guarantee has been given by Promoter Directors & Mrs. Manju Oswal.

10. TRADE PAYABLES

(₹ in lac)

Particulars	As at	As at
	31.03.2013	31.03.2012
Payable to Micro & Small Enterprises	–	–
Payable to other than Micro & Small Enterprises	4,764.00	2,835.50
Trade Deposits & Advances	31.40	24.12
TOTAL	4,795.40	2,859.62

The information as required to be disclosed under The Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has not been received so far, so the disclosure requirement for balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

11. OTHER CURRENT LIABILITIES

(₹ in lac)

Particulars	As at	As at
	31.03.2013	31.03.2012
Current Maturities of Long-Term Borrowings* (Note no. 5)	9,555.91	10,501.66
Interest accrued and due on borrowings	58.99	593.35
Interest accrued but not due	18.11	51.41
Creditor for Service & Contracts	128.40	99.14
Payable to related party	70.00	–
Security Deposits	150.81	80.76
Unclaimed Dividend#	12.65	17.80
Other Payables		
Employees Related	566.13	491.91
Statutory Dues	175.00	152.51
Trade Expenses	657.37	555.33
Others	703.23	828.01
TOTAL	12,096.60	13,371.88

* Payable on account of default is ₹ 4,613.80 lac (Previous Year ₹ 459.75 lac).

Investors Education and Protection Fund under Section 205C of Companies Act, 1956 will be credited by unclaimed dividend amount expiring on seven years from the dividend declaration, the amount is not due at the year end.

12. FIXED ASSETS

(₹ in lac)

Sr. No.	Particulars	Gross Carrying Value			Depreciation/ Amortization			Net Carrying Value		
		As at 01.04.12	Addition during the year	Deduction during the year	As at 31.03.13	As at 01.04.12	Addition during the year	Deduction during the year	As at 31.03.13	As at 31.03.12
I	Tangible Assets									
1.	Land (Leased)	173.07	–	–	173.07	–	–	–	173.07	173.07
2.	Land (Freehold)	1,695.05	58.21	3.38	1,749.88	–	–	–	1,749.88	1,695.05
3.	Building	12,032.19	240.47	–	12,272.66	1,969.20	346.79	–	2,315.99	9,956.67
4.	Plant and Equipment	40,159.05	1,162.82	933.57	40,388.30	20,993.34	3,185.98	798.08	23,381.24	17,007.06
5.	Furniture & Fixtures	208.94	10.20	–	219.14	123.57	11.77	–	135.34	83.80
6.	Vehicles	615.80	5.70	3.37	618.13	198.58	54.39	3.19	249.78	368.35
7.	Office Equipment	124.97	8.46	–	133.43	45.13	7.59	–	52.72	80.71
	SUB TOTAL (A)	55,009.07	1,485.86	940.32	55,554.61	23,329.82	3,606.52	801.27	26,135.07	29,419.54
II	Intangible Assets									
8.	Trade Mark (bought out)	3.27	–	–	3.27	2.72	0.19	–	2.91	0.36
9.	Software (bought out)	352.23	1.15	–	353.38	246.41	53.36	–	299.77	53.61
	SUB TOTAL (B)	355.50	1.15	–	356.65	249.13	53.55	–	302.68	53.97
	TOTAL [A + B] (Current Year)	55,364.57	1,487.01	940.32	55,911.26	23,578.95	3,660.07	801.27	26,437.75	29,473.51
	(Previous Year)	44,684.54	12,047.42	1,367.39	55,364.57	20,791.79	2,959.69	172.53	23,578.95	31,785.62

- a) The Freehold Land cost is net of subsidy ₹ 16.20 lac (previous year ₹ 16.20 lac) received from the State Government. Freehold land of ₹ 592.59 lac (Previous year ₹ 592.59 lac) pending conveyancing in favour of the Company. Leasehold land is on 95 year lease.
- b) Land includes ₹ 134.74 lac (Previous year ₹ 91.93 lac) purchased at Nalagarh, pending transfer of title in favour of the Company.
- c) Building includes ₹ 359.78 lac (Previous year ₹ 359.78 lac) being cost of industrial shed at focal point, Ludhiana pending conveyancing in favour of the Company.

13. INVESTMENTS

Particulars	(₹ in lac)	
	As at 31.03.2013	As at 31.03.2012
Non-Current Investments		
Other Investment (valued at cost, except for permanent diminution in value)		
Investments in Equity Instruments		
Unquoted-Investment in subsidiary		
<i>Oswal Industrial Enterprise (P) Ltd.</i>		
5,00,49,999 (Previous year 5,00,49,999) Equity Shares of ₹ 10/- each fully paid	4,996.00	4,996.00
Less : Provision for diminution in the value of Investment (#)	(495.00)	(495.00)
TOTAL	4,501.00	4,501.00
<i>Oswal F.M. Hammerle Textiles Ltd.</i>		
9,12,64,073 (Previous year 9,12,64,073) Equity Shares of ₹ 10/- each fully paid	9,126.41	9,126.41
<i>F.M. Hammerle Verwaltung GmbH, Austria</i>	22.54	22.54
<i>(Minimum Registration Capital)</i>		
<i>F.M. Hammerle Nfg GmbH, Austria (Minimum Registration Capital)</i>	22.54	22.54
Provision for diminution in the value of Investment (#)	(22.54)	(22.54)
Unquoted-Investment in others		
<i>VKM Colour Spin Limited</i>		
250 (Previous Year 250) Equity shares of ₹ 10/- each fully paid	0.03	0.03
<i>Deluxe Fabrics Limited</i>		
5,000 (Previous Year 5,000) Equity Shares of ₹ 10/- each fully paid	0.50	0.50
TOTAL	13,650.48	13,650.48
Current Investments		
Other investments (valued at lower of cost and net realizable value)		
Unquoted- Investment in others		
9,199 (Previous Year 9,199) of IL & FS Milestone Fund of ₹ 1,000/- each	91.99	91.99
TOTAL	91.99	91.99
GROSS TOTAL	13,742.47	13,742.47
Aggregate amount of unquoted investments	13,742.47	13,742.47
Aggregate provision for diminution in value of investments (#)	517.54	517.54

14. LOANS & ADVANCES

(₹ in lac)

Particulars	Long-term		Short-term	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Unsecured, considered good unless stated otherwise				
Security deposits	341.65	314.37	–	–
Advances for Goods / Services	–	–	–	–
Unsecured, considered good	–	–	1,343.89	397.41
Capital Advance	692.20	543.09	–	–
Balances with Statutory Authorities	–	–	1,062.07	1,381.74
Prepaid Expenses	–	–	267.06	365.48
Interest Receivable (including TUFS Subsidy)	–	–	297.11	376.32
Direct Taxes refundable (net of provisions ₹ 1,477.24 lac, previous year ₹ 2,998.28 lac)	–	–	374.37	561.78
Advance to Subsidiaries	–	–	2,648.28	2,582.71
Export Incentive Receivable	–	–	379.03	297.36
Other Receivable	–	–	1,335.73	1,051.59
TOTAL	1,033.85	857.46	7,707.54	7,014.39

- Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the Company's favour in respect of all the items listed above and no value adjustment is considered necessary.
- Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, Company has filed appeals which are pending at various levels and the Company is hopeful of getting the desired reliefs at various forums. Necessary value adjustments shall be made on final settlement by the department.
- Provision for Income Tax for earlier years has been made based on the Tax Liability calculated at prevalent rates.
- Balance with Statutory authorities includes ₹ 198.32 lac (Previous Year ₹ 198.44 lac) being amount of ESI, Excise Duty, Sales Tax, PSEB Deposited under protest. No provision has been made in accounts in respect thereof. The same will be made in the year of settlement.

15. INVENTORIES

(As taken, valued and certified by management) (valued at lower of cost and net realizable value)

(₹ in lac)

Particulars	As at 31.03.2013	As at 31.03.2012
Raw Materials	1,912.12	916.50
Finished Goods (Refer Note no.21)	2,119.66	1,059.92
Work-in-Progress (Refer Note no.21)	898.40	944.65
Stores and Spares	169.29	180.44
TOTAL	5,099.47	3,101.51

16. TRADE RECEIVABLES

(₹ in lac)

Particulars	As at 31.03.2013	As at 31.03.2012
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	730.99	754.98
Doubtful	185.79	185.79
Less : Provision for Doubtful Debts	(185.79)	(185.79)
TOTAL (A)	730.99	754.98
Other Receivables		
Unsecured, considered good	4,939.42	3,859.71
Doubtful	–	–
TOTAL (B)	4,939.42	3,859.71
TOTAL (A + B)	5,670.41	4,614.69

17. CASH AND BANK BALANCES

(₹ in lac)

Particulars	Non-current		Current	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Cash and cash equivalents				
Cash in hand	–	–	50.37	25.52
Bank Balance in current accounts	–	–	1,339.92	258.44
Bank Balance in fixed deposit accounts with maturity of upto three months	–	–	–	–
Cheques in hand	–	–	343.48	18.46
SUB-TOTAL	–	–	1,733.77	302.42
Other Bank Balances				
Earmarked Balance for unpaid dividend	13.04	18.20	–	–
Fixed Deposits with maturity more than one year*	956.52	162.88	–	–
SUB-TOTAL	969.56	181.08	–	–
TOTAL	969.56	181.08	1,733.77	302.42

*Pledged with Bank against Escrow Receipts in Canara Bank & Bank Guarantee to Custom Department and others.

18. REVENUE FROM OPERATIONS

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Sale of products		
Grey Yarn	59,486.20	55,485.28
Dyed Yarn	11,245.46	10,368.53
Garments	523.47	542.69
Trading Goods (Textile goods)	58.91	1,525.13
Waste Sale	6,321.47	5,545.62
Sale of Services (Job Work)	7.43	9.13
Other Operating Income (Export Incentives)	980.36	1,451.22
TOTAL	78,623.30	74,927.60

19. OTHER INCOME

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest Income from bank deposits and others (Non Current)	168.17	194.29
Profit from Sale of Investment / Buyback of FCCB	0.04	768.00
Profit from Sale of Fixed Assets	373.66	737.26
Dividend Income from current investment	7.77	7.09
Provisions no longer required written back (Net)	69.74	185.58
Other Misc. Income	315.30	249.49
TOTAL	934.68	2,141.71

20. COST OF MATERIAL CONSUMED

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Raw Material Consumption		
Cotton	44,119.35	44,059.46
Cotton Yarn	1,940.08	2,972.75
Synthetic Fibre	4,365.97	7,029.56
Dyes & Chemical	1,218.37	1,083.86
Cost of Material Consumed	51,643.77	55,145.63

The above consumption figures are disclosed on the basis of derived figures and are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.

Value of Indigenous & Imported Raw Material Consumption

Particulars	Current year		Previous year	
	₹ in lac	%	₹ in lac	%
Indigenous	51,643.77	100.00	54,921.63	99.59
Imported	–	–	224.00	0.41
TOTAL	51,643.77	100.00	55,145.63	100.00

21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Inventories (At close)		
Finished Goods (including waste)	2,119.66	1,059.92
Work-in-Progress	898.40	944.65
SUB-TOTAL	3,018.06	2,004.57
Inventories (At opening)		
Finished Goods (including waste)	1,059.92	4,010.01
Work-in-Progress	944.65	1,066.71
SUB-TOTAL	2,004.57	5,076.72
(Increase)/Decrease	(1,013.49)	3,072.15

22. EMPLOYEE BENEFITS EXPENSE

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Salaries and wages	4,059.57	3,413.31
Contribution to Provident and other funds	358.37	267.05
Staff welfare	171.84	145.89
TOTAL	4,589.78	3,826.25

23. FINANCE COSTS

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest expense		
Term Loans	1,802.19	1,356.68
Working Capital Borrowings	2,858.24	3,619.51
Other Loans	1,242.38	1,549.81
Other Borrowing Costs	25.92	130.19
Exchange difference on Foreign Currency Loan	99.51	115.76
TOTAL	6,028.24	6,771.95

24. DEPRECIATION AND AMORTIZATION

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Depreciation of tangible assets	3,606.52	2,907.14
Amortization of intangible assets	53.55	52.55
TOTAL	3,660.07	2,959.69

25. OTHER EXPENSES

(₹ in lac)

Particulars	Year ended	
	31.03.2013	31.03.2012
Consumption of Stores and Spare Parts	318.51	226.56
Packing Charges	1,109.88	1,039.67
Job/Process Charges	128.55	89.64
Power & Fuel	8,809.56	6,788.92
Repairs and Maintenance		
Plant & Machinery	619.50	599.72
Building	31.83	42.07
General	94.02	94.35
Rent	89.28	62.24
Rates and Taxes	45.41	66.67
Insurance Charges	90.15	64.34
Traveling Expenses	244.40	295.58
Legal & Professional Expenses	251.79	192.33
Loss on account of Un-implemented Project	–	134.27
Difference in Exchange Rates (Net)	493.41	1,309.55
Provision for Doubtful Debts	–	185.79
Sundry Balances written off	36.95	8.18
Loss on Sale of Fixed Assets	3.04	117.40
Loss on Sale of Raw Material	–	147.68
Selling Commission	581.33	926.73
Delivery Expenses	1,332.27	1,175.80
Rebate & Discounts	255.07	166.30
Advertisement Cost	12.60	1.24
Bank Charges	259.39	319.19
Miscellaneous Expenses	297.87	383.22
TOTAL	15,104.81	14,437.44

PAYMENTS TO THE STATUTORY AUDITORS (INCLUDED UNDER THE HEAD MISCELLANEOUS EXPENSES)

(₹ in lac)

Particulars	Year ended	
	31.03.2013	31.03.2012
As Auditor		
Statutory Audit	3.86	3.86
Tax Audit	1.38	1.38
Other Services	1.65	1.65
Reimbursement of expenses	1.42	1.69

VALUE OF INDIGENOUS & IMPORTED STORES & SPARES CONSUMPTION

Particulars	Current Year		Previous Year	
	₹ in lac	%	₹ in lac	%
Indigenous - Stores & Spares	246.97	77.54	170.92	75.44
Imported - Stores & Spares	71.54	22.46	55.64	24.56
TOTAL	318.51	100.00	226.56	100.00

26. EARNINGS PER SHARE

Particulars	As at 31.03.2013	As at 31.03.2012
The basic and diluted Earning Per Share is as under:		
Net Profit after tax (₹ in lac)	117.06	(8,141.22)
Weighted average no. of Equity Shares outstanding (*)	1,62,51,724	1,62,42,957
Nominal value of per equity shares (in ₹)	10.00	10.00
Basic Earnings Per Share (₹)	0.72	(50.12)
Diluted Earnings Per Share (₹)	0.72	(50.12)

* There are no dilutive potential equity shares.

Note - The Conversion Price of 2% Foreign Currency Convertible Bonds is higher than the market value of Equity Share as at the closing of the year and accordingly considered anti-dilutive. Therefore, the same has not been considered for computing the diluted earnings per share.

27. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

(₹ in lac)

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Claims against the Company not acknowledged as debts	477.61	306.28
(b) Bills discounted with bankers	6,206.61	5,858.35
(c) Income Tax demands under appeal	196.30	144.00
(d) Demand of PSEB for voltage surcharge and DSA	256.24	256.24
(e) Subordination letter for not to withdraw the loan from Foreign Subsidiary until Negative equity situation reverses	237.33	232.93
(f) Corporate Guarantee given on behalf of Subsidiary Company "Oswal F.M. Hammerle Textiles Ltd" pursuant to scheme of CDR	8,233.00	8,233.00

28. OBLIGATIONS AND COMMITMENTS OUTSTANDING

(₹ in lac)

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	1,243.54	2,081.92
(b) Liability on EPCG License pending export fulfillment	-	5,101.94

29. DERIVATIVE INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE
(a) Particulars of foreign currency forward contracts and derivatives outstanding at the Balance Sheet date

Particulars	Currency	As at 31.03.2013		As at 31.03.2012	
		Amount in FC(Mio)	Amount (₹ in lac)	Amount in FC(Mio)	Amount (₹ in lac)
Debtors (Net of Advances)	USD	8.66	4,942.95	22.19	11,202.00
TOTAL	USD	8.66	-	22.19	-
Option	JPY	146.97	500.00	146.97	500.00
TOTAL	JPY	146.97	-	146.97	-

(b) Particulars of foreign currency exposure un-hedged at the balance sheet date

Particulars	Currency	As at 31.03.2013		As at 31.03.2012	
		Amount in FC(Mio)	Amount (₹ in lac)	Amount in FC(Mio)	Amount (₹ in lac)
Debtors (Net of Advances)	USD	0.42	235.26	0.79	356.01
Loan (including interest)	USD	10.06	5,463.20	9.63	4,899.54
TOTAL	USD	10.48	5,698.46	10.42	5,255.55

30. Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

31. EMPLOYEE BENEFIT OBLIGATIONS

Defined Contribution Plan

Contribution to Defined Contribution Plan Recognized as expenses for the year are as under (₹ in lac)

Particulars	Year ended	
	2012-2013	2011-2012
i) Employer's Contribution to Provident Fund	220.59	153.43
ii) Employer's Contribution to Superannuation Fund	18.53	1.64
iii) Employer's Contribution to Pension Scheme	119.25	111.98

Defined Benefit Plan

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation (₹ in lac)

Particulars	Gratuity Funded Year ended	
	2012-2013	2011-2012
Defined Benefit Obligation at the beginning of the year	323.27	294.62
Current Service Cost	65.41	48.01
Interest Cost	24.43	23.67
Actuarial Gain / (Loss)	40.19	5.16
Benefit Paid	(54.36)	(48.20)
Defined Obligation at year end	398.94	323.27

ii) Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets (₹ in lac)

Particulars	Year ended	
	2012-2013	2011-2012
Fair Value of Plan Assets at the beginning of the Year	320.44	181.17
Expected Return on Plan assets	25.63	21.64
Actuarial Gain / (Loss)	3.70	(1.01)
Employer Contribution	–	11.86
Benefit Paid	–	–
Fair Value of Plan Assets at year end	349.77	320.44

iii) Reconciliation of Fair Value of Assets & Obligations (₹ in lac)

Particulars	Year ended	
	2012-2013	2011-2012
Fair Value of Plan Assets at the end	349.77	320.44
Present value of obligation	398.94	323.27
Net Asset/(Liability) recognized in the Balance Sheet	(49.17)	(2.83)

iv) Amount recognized in the Statement of Profit & Loss (₹ in lac)

Particulars	Year ended	
	2012-2013	2011-2012
Current Service Cost	65.41	48.01
Interest Cost	24.43	23.67
Expected Return on Plan Assets	(25.63)	(21.64)
Actuarial (Gain)/Loss recognized in IVP	36.49	6.18
Amount recognized in the Statement of Profit & Loss	100.70	56.21

v) The Principal assumptions used in determining Gratuity for the Company's plans are shown below

Particulars	Year ended	
	2012-2013	2011-2012
Discount Rate	8.25%	8.75%
Expected Rate of Return on Assets	8.00%	9.00%
Mortality Rate	IAL 06-08 Ultimate	LIC 94-96 Ultimate
Salary Rise	5.50%	6.00%

vi) Amount for the Current year and Previous 3 years in respect of Gratuity are as follows (₹ in lac)

Particulars	Year ended			
	2012-2013	2011-2012	2010-2011	2009-2010
Defined benefit Obligation	323.27	294.62	163.70	144.82
Plan Assets	349.77	320.44	181.16	1.59
Surplus / (Deficit)	(49.17)	(2.83)	(113.45)	(4.21)
Experience adjustment on plan assets	3.70	(1.01)	0.90	0.74
Experience adjustment on plan liabilities	(40.19)	(5.16)	(96.14)	10.05

Disclosures as required under para 120 (n) in respect of one annual periods in addition to above as required by AS - 15 is not presented as the management considers it impracticable in the absence of requisite information.

LEAVE ENCASHMENT
i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation (₹ in lac)

Particulars	Leave unfunded
	Year ended
	2012-2013
Defined Benefit Obligation at the beginning of the year	150.73
Current Service Cost	93.77
Interest Cost	10.47
Acturial (Gain) / Loss	0.54
Benefit Paid	(47.65)
Defined Obligation at year end	207.86

ii) Reconciliation of Fair Value of Assets & Obligations (₹ in lac)

Particulars	Year ended
	2012-2013
Fair Value of Plan Assets at the end	-
Present value of obligation	207.85
Amount Recognized in Balance Sheet	207.85

iii) Amount recognized in the Statement of Profit & Loss (₹ in lac)

Particulars	Year ended
	2012-2013
Current Service Cost	93.77
Interest Cost	10.47
Expected Return on Plan Assets	-
Acturial (Gain)/Loss recognized in IVP	0.53
Amount recognized in the Statement of Profit & Loss	104.77

iv) The Principal assumptions used in determining Leave Encashment for the Company's plans are shown below

Particulars	Year ended
	2012-2013
Discount Rate	8.25%
Expected Rate of Return on Assets	NA
Mortality Rate	IAL 06-08 Ultimate
Salary Rise	5.50%

The provision upto the end of previous financial year was made on estimate basis. However, this year the same has been done on the basis of actuarial valuation. Disclosures as required under para 120 (n) in respect of four annual periods in addition to above as required by AS - 15 is not presented as the management considers it impracticable in the absence of requisite information.

32. RELATED PARTY DISCLOSURES

(i) List of Related Parties and relationships

Particulars	2012-13	2011-12
a) Subsidiary Company	Oswal F.M. Hammerle Textiles Ltd. (OFMH) Oswal Industrial Enterprise Private Ltd. F.M. Hammerle Verwaltung GmbH, Austria	Oswal F.M. Hammerle Textiles Ltd. (OFMH) Oswal Industrial Enterprise Private Ltd. F.M. Hammerle Verwaltung GmbH, Austria
b) Key Management Personnel (KMP)	Mr. Ashok Kumar Oswal Mr. Adish Oswal	Mr. Ashok Kumar Oswal Mr. Adish Oswal
c) Relative of KMP	Mr. Abhinav Oswal Mrs. Rakhi Oswal Mrs. Manju Oswal Ms. Aketa Oswal	Mr. Abhinav Oswal Mrs. Rakhi Oswal Mrs. Manju Oswal Ms. Aketa Oswal
d) Enterprise over which KMP is able to exercise significant influence	Panchsheel Textile Mfg. & Trading Co. (P) Ltd. Enakshi Investments (P) Ltd. Liberty Mercantile Co. (P) Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Ltd. Ruby Mercantile Co. (P) Ltd. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Co. (P) Ltd. Pioneer Mercantile India (P) Ltd. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nightnagle Dealcom (P) Ltd. Alma Assets Consultancy (P) Ltd.	Panchsheel Textile Mfg & Trading Co. (P) Ltd. Enakshi Investments (P) Ltd. Liberty Mercantile Co. (P) Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Ltd. Ruby Mercantile Co. (P) Ltd. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Co. (P) Ltd. Pioneer Mercantile India (P) Ltd. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nightnagle Dealcom (P) Ltd. Alma Assets Consultancy (P) Ltd.

(ii) Transactions with related parties during the year

(₹ in lac)

Particulars	Subsidiaries		KMP		Relatives of KMP		Enterprises over which KMP is able to exercise Significant Influence		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Loan/FDR Raised				100.00		75.00	70.00	100.00	70.00	275.00
Loan Repaid				100.00	2.00	77.00		105.00	2.00	282.00
Sale of Goods / DEPB	15.36	17.26							15.36	17.26
Purchase of Fabric/Bed Sheet	0.49	2.89							0.49	2.89
Sale of Real Estate						1,047.18				1,047.18
Investment in Equity Shares		528.00								528.00
Equity Share Capital Issued on Premium							1,050.72		1,050.72	
Advance	26.66	306.91							26.66	306.91
Expense Reimbursement	58.95	173.30							58.95	173.30
Rent Paid			28.47	25.82					28.47	25.82
Job Charges Received	38.53								38.53	
Rent Received	1.02								1.02	
Interest Income	-*	299.66								299.66
Interest Paid				2.26	0.02	1.62		0.31	0.02	4.19
Remuneration					12.44	11.71			12.44	11.71
Managerial Remuneration			37.72	95.33					37.72	95.33
Cheque received against advance not deposited	343.48								343.48	
OUTSTANDING BALANCES AT YEAR END										
Corporate Guarantee Outstanding	8,233.00	8,233.00							8,233.00	8,233.00
Loan Payable/ Fixed Deposit			6.50	6.50	10.50	12.50	70.00		87.00	19.00
Investment	13,649.94	13,649.94							13,649.94	13,649.94
Advance	2,648.28	2,582.71	5.00	5.00					2,653.28	2,587.71

Note:- *Owing to its liquidity position, the subsidiary company Oswal FM Hammerle Textiles Limited has requested the holding company for waiver of interest on the amount due to holding company and the request has been accepted by the holding company.

Transactions during the year :-

- a) Nil Loan raised (Previous Year ₹ 100.00 lac from Mr. Ashok Kumar Oswal), Nil (Previous Year ₹ 75.00 lac with Mrs. Manju Oswal), ₹ 70.00 lac from Alma Assets Consultancy (P) Ltd (Previous Year ₹ 100.00 lac with Alma Assets Consultancy (P) Ltd.).
- b) Loan repaid includes Nil (Previous Year ₹ 100.00 lac of Mr. Ashok Kumar Oswal), ₹ 2 lac of Ms. Aketa Oswal (Previous Year ₹ 77.00 lac of Mrs. Manju Oswal, Nil (Previous Year ₹ 105.00 lac with Alma Assets Consultancy (P) Ltd).
- c) Sale of goods includes transaction with Oswal F.M. Hammerle Textiles Limited ₹ 15.21 lac & ₹ 0.15 lac with Oswal Industrial Enterprise (P) Ltd (Previous Year ₹ 17.26 lac with Oswal F.M. Hammerle Textiles Ltd).
- d) Purchase of fabric/bed sheets includes transaction with Oswal F.M. Hammerle Textiles Limited ₹ 0.49 lac (Previous Year ₹ 2.89 lac).
- e) Sale of Real Estate Nil (Previous Year with Mrs. Manju Oswal ₹ 1,047.18 lac).
- f) Investment in Equity shares includes transactions with Oswal F.M. Hammerle Textiles Ltd. Nil (Previous Year ₹ 528.00 lac).
- g) Equity Shares issued to Alma Assets Consultancy (P) Ltd. ₹ 1,050.72 lac including the securities premium amounting of ₹ 890.72 lac (Previous Year NIL).
- h) Advance given includes transactions with Oswal F.M. Hammerle Textiles Ltd. ₹ 37.08 lac (Previous Year ₹ 338.45 lac), with Oswal Industrial Enterprise (P) Ltd ₹ (14.83) lac, (Previous Year ₹ (48.34) lac) and with F.M. Hammerle Verwaltung GmbH ₹ 4.41 lac (Previous Year ₹ 16.80 lac).
- i) Expenses reimbursement to Oswal Industrial Enterprise (P) Ltd. ₹ 20.03 lac & ₹ 38.92 lac to Oswal F.M. Hammerle Textiles Ltd (Previous Year ₹ 173.30 lac with Oswal F.M. Hammerle Textiles Ltd).
- j) Rent paid to Mr. Ashok Kumar Oswal ₹ 28.47 lac (Previous Year ₹ 25.82 lac).
- k) Job Charges received from Oswal Industrial Enterprise (P) Ltd. ₹ 38.53 lac (Previous Year Nil).
- l) Rent received from Oswal Industrial Enterprise (P) Ltd. ₹ 0.88 lac (Previous Year Nil) & ₹ 0.14 lac (Previous Year Nil) from Oswal F.M. Hammerle Textiles Ltd.
- m) Interest Income includes transaction with Oswal F.M. Hammerle Textiles Limited Nil (Previous Year ₹ 299.36 lac).
- n) Interest paid includes transaction with Mr. Ashok Kumar Oswal Nil (Previous Year ₹ 2.26 lac), Mrs. Manju Oswal Nil (Previous Year ₹ 1.37 lac) and Ms. Aketa Oswal ₹ 0.02 lac (Previous Year ₹ 0.25 lac).
- o) Remuneration includes transaction with Mr. Abhinav Oswal ₹ 12.44 lac (Previous Year ₹ 11.71 lac)
- p) Managerial Remuneration includes transaction with Mr. Ashok Kumar Oswal ₹ 18.87 lac (Previous Year ₹ 48.15 lac) and Mr. Adish Oswal ₹ 18.85 lac (Previous Year ₹ 47.18 lac).
- q) Cheques received against advance not deposited includes cheques received from Oswal F.M. Hammerle Textiles Ltd. ₹ 343.48 lac (Previous Year Nil).

Closing balance at the year end :-

- a) Corporate Guarantee outstanding is given to lenders of Oswal F.M. Hammerle Textiles Ltd. ₹ 8,233.00 lac (Previous Year ₹ 8,233.00 lac)
 - b) Loan payable/ fixed deposits includes ₹ 6.50 lac payable to Mr. Adish Oswal (Previous Year ₹ 6.50 lac to Mr. Adish Oswal), ₹ 10.50 lac includes ₹ 5.50 lac payable to Mr. Abhinav Oswal (Previous year ₹ 5.50 lac), ₹ 4.00 lac payable to Ms. Aketa Oswal (Previous year ₹ 6.00 lac), ₹ 1.00 lac payable to Mrs. Rakhi Oswal (Previous year ₹ 1.00 lac) and ₹ 70.00 lac payable to M/s. Alma Assets Consultancy (P) Ltd. (Previous year Nil).
 - c) Investment of ₹ 13,649.94 lac includes, Oswal F.M. Hammerle Textiles Ltd. ₹ 9,126.41 lac (Previous year ₹ 9,126.41 lac), in Oswal Industrial Enterprise (P) Ltd. ₹ 4,501.00 lac (Previous year ₹ 4,501.00 lac), in F.M. Hammerle Verwaltung GmbH, Austria ₹ 22.54 lac (Previous Year ₹ 22.54 lac).
 - d) Advance of ₹ 2,648.28 lac includes, Oswal F.M. Hammerle Textiles Ltd. ₹ 2,312.39 lac (Previous year ₹ 2,236.39 lac), in Oswal Industrial Enterprise (P) Ltd. ₹ 98.56 lac (Previous year ₹ 113.39 lac), in F.M. Hammerle Verwaltung GmbH, Austria ₹ 237.34 lac (Previous Year ₹ 232.93 lac) and ₹ 5.00 lac includes advance to Mr. Ashok Kumar Oswal (Previous year ₹ 5.00 lac).
33. The Company has only one segment of Textile and accordingly the disclosure requirement as prescribed in the Accounting Standard AS -17 on "Segment Reporting" as notified by Companies (Accounting Standard) Rules, 2006 is not applicable.

34. a) Value of imports calculated on CIF basis in respect of: (Accrual Basis)

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Raw Materials	–	224.00
Components & Spare Parts	226.35	191.61
Capital Goods	–	2,309.17
TOTAL	226.35	2,724.78

b) Expenditure in foreign currency on account of: (Accrual basis)

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Commission, Consultancy, Traveling, Interest and Others	272.95	483.42

35. EARNINGS IN FOREIGN CURRENCY

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Export of goods calculated on FOB basis	30,294.91	28,552.59

36. In view of the current year losses on account of fluctuation in cotton fibre and cotton yarn prices during the year, the Company has faced the stretched liquidity during the period. In order to correct the scenario, the Company has requested its lenders for the overall restructuring of its debts through CDR mechanism with cutoff date as on 31.12.2011. Accordingly, the CDR has been approved by CDR Cell as on 15th Dec, 2012.

37. CORPORATE DEBT RESTRUCTURING

- i) The debt restructuring scheme (the 'Scheme') under CDR Mechanism has been approved and Letter of Approval issued on 28th Dec, 2012. The Scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated. Master Restructuring Agreement ("MRA") has been executed on March 15, 2013 with the lenders. The impact in terms of the approved Scheme has been given effect in financial statements with effect from the cut-off date being January 1, 2012.
- ii) Interest has been accounted for based upon terms of package/confirmations received from the banks.
- iii) The Funded Interest Term Loan (FITL) has been created on certain credit facilities.
- iv) The Credit Facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of Promoter director & Mrs. Manju Oswal and Corporate guarantee of M/s. Oswal FM Hammerle Textiles Ltd., subsidiary company.
- v) Other conditions as stipulated under the scheme are being complied with.

38. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29- 'Provisions, Contingent Liabilities & Contingent Assets' as it is not probable that an outflow of resources embodying economic benefits will be required.

39. During the earlier years, the Company has issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of United State Dollars 12 (Twelve) Millions in the course of International Offerings. The expenses incurred & premium payable on the redemption of such bonds has been adjusted with Share Premium reserves in accordance with the provisions of Section 78 of the Companies Act, 1956.

40. The Company is paying rentals for office premises taken on rent which are not in the nature of lease agreements. Therefore, disclosure requirements of Accounting Standard AS-19 are not applicable.

41. In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of assets.

42. Details of loans and advances in nature of loans to subsidiaries, parties in which Directors are interested and investments by the loanee in the shares of the Company (as required by clause 32 of listing agreement).

Loans & Advances to Subsidiaries

(₹ in lac)

Particulars	Outstanding amount as at 31.03.2013	Maximum amount outstanding during the financial year 2012-13	Outstanding amount as at 31.03.2012	Maximum amount outstanding during the financial year 2011-12
Oswal F.M. Hammerle Textiles Ltd	2,312.39	2,655.87	2,236.39	2,236.39
Oswal Industrial Enterprise (P) Ltd	98.56	98.56	113.39	113.39
F.M. Hammerle Verwaltung GmbH	237.34	237.34	232.93	232.93

43. Previous year figures have been regrouped /reclassified wherever necessary to confirm to current year classification.

As per our report of even date

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

For VARDHMAN POLYTEX LIMITED

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Kumar Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 30th May, 2013

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS OF VARDHMAN POLYTEX LIMITED AND ITS SUBSIDIARIES

To
**The Board of Directors,
 Vardhman Polytex Limited**

We have audited the accompanying consolidated financial statements of **Vardhman Polytex Limited** ('the Company'), and its subsidiaries (the 'Group') which comprise the consolidated balance sheet as at March 31, 2013, the consolidated statement of profit and loss and the consolidated cash flow statement for the year ended on that date, annexed thereto and significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Other Matters

We did not audit the separate financial statements of a subsidiary, F.M. Hammerle Verwaltungs GmbH, Austria

whose financial statements reflect total assets of ₹ 158.18 lac (Previous year ₹ 198.72 lac) as at 31st March, 2013 and total revenues of ₹ 76.02 lac (Previous year ₹ 51.46 lac) for the year then ended. The said financial statements of F.M. Hammerle Verwaltungs GmbH, which were furnished to us were certified by the management and were unaudited.

We also did not audit the financial statements of a subsidiary, Oswal Industrial Enterprise Private Limited, reflecting total assets of ₹ 800.77 lac (Previous year ₹ 290.10 lac) as at 31st March, 2013 and total revenues of ₹ 3094.28 lac (Previous year ₹ 1278.77 lac) for the year then ended which have been audited by other auditors whose report have been furnished to us by the management and our opinion is based solely on the report of the other auditor.

Opinion

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standard (AS-21)-'Consolidated Financial Statements' notified pursuant to the Companies (Accounting Standards) Rules, 2006 (as amended) and on the basis of the separate audited and management certified financial statements of the subsidiaries included in the Consolidated Financial Statements.

Based on our audit and on consideration of the report of other auditors on separate financial statements and on the other information of the subsidiary companies and to the best of our information and according to the explanations given to us, we are of the opinion that the attached Consolidated Financial Statements give a true and fair view in conformity with the Accounting Principles generally accepted in India:

- i) In case of Consolidated Balance Sheet, of the consolidated state of affairs of the Group as at March 31, 2013;
- ii) In case of Consolidated Statement of Profit and Loss, of the Loss of the Group for the year ended March 31, 2013; and
- iii) In case of Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended March 31, 2013.

For S.S. KOTHARI MEHTA & CO.
 Chartered Accountants
 Firm Regn. No. - 000756N

Sd/-
(Arun K. Tulsian)
 Partner
 Membership No. 089907

Place : Ludhiana
 Dated : 30th May, 2013

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

Particulars	Note No.	(₹ in lac)	
		As at 31.03.2013	As at 31.03.2012
I. EQUITY AND LIABILITIES			
1. Shareholders' Funds			
(a) Share Capital	3	1,787.75	1,627.75
(b) Reserves and Surplus	4	1,988.35	1,947.80
(c) Preference Capital held by others		720.75	—
(d) Share Application money pending Allotment (Preference Capital held by others)		279.25	—
2. Minority Interest	27	—	181.48
3. Non-Current Liabilities			
(a) Long-Term Borrowings	5	42,879.88	33,763.30
(b) Other Long-Term Liabilities	7	—	28.31
(c) Long-Term Provisions	8	321.98	236.60
4. Current Liabilities			
(a) Short-Term Borrowings	9	10,643.63	20,126.31
(b) Trade Payables	10	8,201.95	4,068.11
(c) Other Current Liabilities	11	14,501.96	15,521.31
(d) Short-Term Provisions	8	1,007.78	620.37
Total Equity & Liabilities		82,333.28	78,121.34
II. ASSETS			
1. Non-Current Assets			
(a) Fixed Assets			
Tangible Assets	12	44,579.50	47,983.79
Intangible Assets	12	1,442.46	1,763.62
Capital Work in Progress		1,415.76	2,157.60
		47,437.72	51,905.01
(b) Non-Current Investments	13	0.53	0.53
(c) Deferred Tax Assets (Net)	6	1,676.13	1,290.85
(d) Long Term Loans and Advances	14	1,114.79	957.65
(e) Other Non-Current Assets	17	316.68	271.21
2. Goodwill on Consolidation		5,666.69	5,666.69
3. Current Assets			
(a) Current Investments	13	264.99	91.99
(b) Inventories	15	7,448.14	5,106.44
(c) Trade Receivables	16	9,667.82	6,332.88
(d) Cash and Bank Balances	17	2,674.22	877.07
(e) Short-Term Loans and Advances	14	6,065.57	5,621.02
Total Assets		82,333.28	78,121.34
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

Signed in terms of our report of even date

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

For VARDHMAN POLYTEX LIMITED

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Kumar Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 30th May, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in lac)

Particulars	Note No.	Year ended 31.03.2013	Year ended 31.03.2012
REVENUE			
I Revenue from Operations	18	94,277.09	85,494.44
Less: Excise Duty		(1.62)	(0.30)
II Other Income	19	1,342.00	2,333.56
III Total Revenue (I+II)		95,617.47	87,827.70
IV EXPENSES			
Cost of materials consumed	20	56,545.04	59,690.93
Purchase of Stock-in-Trade	20 A	5,545.70	2,424.48
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	21	(1,244.31)	3,444.06
Employee Benefits Expense	22	5,994.98	5,174.69
Finance Costs	23	7,302.68	8,179.03
Depreciation and Amortization Expense	24	5,221.66	4,485.93
Other Expenses	25	17,551.48	17,116.01
Total Expenses (IV)		96,917.23	1,00,515.13
V Profit/(Loss) before Tax (III-IV)		(1,299.76)	(12,687.43)
VI Tax Expense			
(1) Current Tax			
(2) Deferred Tax	6	(385.28)	(2,329.30)
(3) Previous year Adjustment		(236.95)	4.59
VII Profit/(Loss) after Tax (V-VI)		(677.53)	(10,362.72)
VIII Less : Minority Interest in Income of Subsidiaries		(181.48)	(406.52)
IX Income attributable to Consolidated Group (VII-VIII)		(496.05)	(9,956.20)
X Less : Transfer to Goodwill against Pre-acquisition Losses		-	(314.49)
Amount transfer to Balance Sheet (IX-X)		(496.05)	(9,641.71)
XI Earning per Equity Share (Par value of ₹ 10/- each)			
(1) Basic (in ₹)	26	(3.05)	(59.36)
(2) Diluted (in ₹)	26	(3.05)	(59.36)
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

Signed in terms of our report of even date

For **S.S. KOTHARI MEHTA & CO.**
Chartered Accountants

For **VARDHMAN POLYTEX LIMITED**

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Kumar Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 30th May, 2013

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Profit before Tax	(1,299.76)	(12,682.54)
Add: Depreciation	5,221.66	4,485.93
Interest Paid	7,302.68	8,179.03
Net Loss on fixed assets sold / discarded	3.04	251.67
Foreign Currency Monetary Item translation difference	592.92	1,425.31
Tax Paid	-	31.41
Sundry Balance written off	88.78	8.18
Less: Dividend Received	7.77	7.09
Net Profit on fixed assets sold / discarded	376.27	737.26
Net Profit on Investment sold	0.04	768.00
Interest Received	201.52	294.33
Sundry Balance written back	175.30	185.58
Operating Profit before working capital changes	11,148.42	(293.27)
Working Capital		
Trade Receivables	(3,334.94)	2,528.28
Inventories	(2,341.70)	12,457.93
Loans & Advances / other Current Assets	(906.84)	459.63
Liabilities and Provisions	4,444.75	6,230.22
Net Cash from Operating Activities	9,009.69	21,382.79
B CASH FLOW FROM INVESTING ACTIVITIES		
Addition in Fixed Assets (net)	(894.80)	(11,772.77)
Sale of Fixed Assets	513.67	1,680.02
Dividend Received	7.77	7.09
Interest Received	199.40	294.33
Sale of Investments	0.04	813.60
Net Cash from Investing Activities	(173.92)	(8,977.73)
C CASH FROM FINANCING ACTIVITIES		
Long Term Borrowings - Term Loans (Net of Repayments)	8,181.20	(2,818.34)
Short Term Borrowings (Working Capital)	(9,482.68)	(3,008.23)
Issue of Equity Share Capital	1,050.71	-
Issue of Preference Share Capital	720.75	-
Preference Share Application Money	279.25	-
Interest Paid	(7,787.85)	(7,349.27)
Net Cash from Financing Activities	(7,038.62)	(13,175.84)
INCREASE IN CASH OR CASH EQUIVALENTS	1,797.15	(770.78)
Opening cash or cash equivalents	877.07	1,647.85
Closing cash or cash equivalents	2,674.22	877.07

Signed in terms of our report of even date

For S.S. KOTHARI MEHTA & CO.

Chartered Accountants

For VARDHMAN POLYTEX LIMITED

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Kumar Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 30th May, 2013

Consolidated Financial Statements - Notes forming part of the Financial Statements

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Vardhman Polytex Limited has prepared Consolidated Financial Statement by consolidating its accounts with those of its following subsidiaries as on 31.03.2013, in accordance with Accounting Standard AS-21 (Consolidated Financial Statements) notified by Companies (Accounting Standards) Rules, 2006.

Name of Subsidiaries	Country of Incorporation	% Shareholding/Voting Power as on 31st March, 2013
Oswal F.M. Hämmerle Textiles Ltd	India	82.76%
Oswal Industrial Enterprise (P) Ltd (Formerly : Oswal Retail (P) Ltd)	India	100.00%
F. M. Hämmerle Verwaltungs GmbH	Austria	100.00%

- i) The Financial Statements of parent company and its subsidiaries have been consolidated on line by line basis by adding together book value of like items of assets, liabilities, income and expenses after eliminating intra group balances and intra-group transactions.
- ii) Foreign Subsidiary – Operations of Foreign Subsidiary has been considered by Management as non integral; thus items of the assets and liabilities both monetary and non-monetary, have been translated at the exchange rates prevailing at the end of the year and items of income and expenses have been translated at the average rate prevailing during the period. Resulting exchange difference arising on translation of said items have been transferred to Foreign Currency Translation Reserve Account.
- iii) Since Foreign Subsidiary is in same line of business which function in different regulatory environment, certain policies such as in respect of reinstatement of forex liabilities are different from the policies followed by the Holding Company. The notes on accounts and policies followed by subsidiary and holding company are disclosed in their respective Financial Statements.
- iv) Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in the line with parent company's financial statements.

3. SHARE CAPITAL

Particulars	(₹ in lac)	
	As at 31.03.2013	As at 31.03.2012
Authorised		
7,00,00,000 (Previous Year 7,00,00,000 Equity Shares of ₹ 10/- each)	7,000.00	7,000.00
TOTAL	7,000.00	7,000.00
Issued, Subscribed and Fully Paid-up		
1,78,42,957 (Previous Year 1,62,42,957 Equity Shares of ₹ 10/- each)	1,784.30	1,624.30
Forfeited Shares	3.45	3.45
TOTAL	1,787.75	1,627.75

In previous year, the Authorised Share Capital of the Company was increased from ₹ 30,00,00,000/- (Rupees Thirty crore only) divided into 2,14,90,000 Equity Shares of ₹ 10/- each, 1,000 Redeemable Cumulative Preference Shares of ₹ 100/- each and 8,50,000 Redeemable Non Cumulative Preference Shares of ₹ 100/- each to ₹ 50,00,00,000/- (Rupees Fifty crore only) divided into 5,00,00,000 Equity Shares of ₹ 10/- each vide shareholders resolution at the Annual General Meeting held on 29.08.2011.

Further, the Authorised Share Capital of the Company was increased from ₹ 50,00,00,000/- (Rupees Fifty Crores only) divided into 5,00,00,000 (Five Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each to ₹ 70,00,00,000/- (Rupees Seventy Crores only) divided into 7,00,00,000 (Seven Crores) Equity Shares of ₹ 10/- (Rupees Ten only) each vide shareholders resolution at the Extraordinary General Meeting held on 07.12.2011.

(a) Reconciliation of the Equity Shares outstanding at the beginning and at the end of the reporting period

Particulars	2012-13		2011-12	
	No of Shares	₹ in lac	No of Shares	₹ in lac
At the beginning of the year	1,62,42,957	1,624.30	1,62,42,957	1,624.30
Add: Shares issued during the year*	16,00,000	160.00	-	-
Outstanding at the end of the year	1,78,42,957	1,784.30	1,62,42,957	1,624.30

* Equity shares arising out of conversion of the convertible warrants issued on preferential basis.

(b) Terms/rights attached to Equity Shares

Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity shares is entitled to one vote per share.

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

During the year ended 31st March, 2013, amount of dividend recognized as distribution to equity shares was Nil (Previous Year Nil) .

(c) Details of shareholders holding more than 5% Equity Shares in the Company

Particulars	As at 31.03.2013		As at 31.03.2012	
	No of Shares held	% holding	No of Shares held	% holding
Equity Shares				
Panchsheel Textile Mfg. & Trdg. Co. (P) Ltd.	44,02,917	24.68	44,02,917	27.11
Swarnim Tie Up (P) Ltd.	14,00,000	7.85	14,00,000	8.62
Alma Assets Consultancy (P) Ltd	23,87,325	13.38	-	-

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 ownerships of shares.

(d) Aggregate number of shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date - Nil

4. RESERVES AND SURPLUS

(₹ in lac)

Particulars	As at 31.03.2013	As at 31.03.2012
Capital Subsidy		
Balance as per the last financial statements	290.72	317.70
Less : Transfer to Statement of Profit & Loss	26.98	26.98
Closing balance	263.74	290.72
Capital Redemption Reserve		
Balance as per the last financial statements	0.01	0.01
Add : Addition during the Year	-	-
Closing balance	0.01	0.01
Reserve for Bad & Doubtful Debts		
Balance as per the last financial statements	-	150.00
Less : Transfer to General Reserve	-	150.00
Closing balance	-	-
General Reserve		
Balance as per the last financial statements	10,366.21	10,216.21
Add : Transfer from Reserve for bad & doubtful debts	-	150.00
Closing balance	10,366.21	10,366.21
Amalgamation Reserve		
Balance as per the last financial statements	45.00	45.00
Add : Addition during the Year	-	-
Closing balance	45.00	45.00
Foreign Currency Translation Reserve		
Balance as per the last financial statements	0.30	(2.45)
Add : Addition during the Year	(2.55)	2.75
Closing balance	(2.25)	0.30
Securities Premium Reserve		
Balance as per the last financial statements	5,113.56	5,212.48
Add: Transferred during the year	890.72	-
Less: Utilized against Premium/Coupon on FCCB	324.59	98.92
Closing balance	5,679.69	5,113.56
Surplus / (deficit) balance in Statement of Profit and Loss		
Balance as per the last financial statements	(13,868.00)	(4,231.29)
Add: Amount transferred from Statement of Profit and Loss	(496.05)	(9,641.71)
Closing balance	(14,364.05)	(13,868.00)
TOTAL	1,988.35	1,947.80

5. LONG TERM BORROWINGS

(₹ in lac)

Particulars	Non-Current portion		Current maturities	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Secured				
Term loans				
Rupee Loans from Banks	28,708.25	2,7607.10	2,002.29	3,992.12
Rupee Loan from others	665.10	713.41	48.32	42.70
Funded Interest Term Loan	–	–	–	646.00
Working Capital Term Loan (I)	3,564.92	4,728.26	2,978.63	2,251.24
Working Capital Term Loan (II)	6,252.42	–	161.10	–
Funded Interest Term Loan	3,595.45	–	634.49	–
Vehicle Loan	86.79	154.02	155.13	122.11
Unsecured				
Loans				
Foreign Currency Convertible Bonds	–	–	4,613.80	4,323.95
From others	–	500.00	500.00	702.00
Fixed Deposit from Public*	6.95	60.51	52.11	1.10
TOTAL	42,879.88	33,763.30	11,145.87	12,081.22
Less : Amount disclosed under other Current Liabilities (Note no. 11)	–	–	11,145.87	12,081.22
TOTAL	42,879.88	33,763.30	–	–

*FDR from Public includes deposits from directors ₹ 6.50 lac (Previous Year ₹ 6.50 lac)

(A) Terms of repayment / details of security of Holding Company are as follows:

Rupee Term Loan form Banks

(₹ in lac)

Particulars	Rate of Interest % P.A.	No. of Instalments	O/s as on 31.03.2013	O/s as on 31.03.2012	2013-14	Annual Repayment Schedule
Rupee Term Loan	11.00	35 Qtly	17,422.87	17,440.05	442.78	1239.80 in 14-15 & 15-16, 1416.91 in 16-17, 2125.36 in 17-18, 2479.59 in 18-19, 2833.82 in 19-20, 3188.04 in 20-21, 2456.77 in 21-22
Working Capital Term Loan – I	11.00	2 Instt.	6,543.55	6,979.50	2,978.63	3564.92 in 2014-15
Working Capital Term Loan – II	11.00	35 Qtly	6,413.52	–	161.10	451.08 in 14-15 & 15-16, 515.52 in 16-17, 773.28 in 17-18, 902.16 in 18-19, 1031.04 in 19-20, 1159.92 in 20-21, 968.34 in 21-22
Funded Interest Term Loan	11.00	20 Qtly	4,229.94	–	634.49	1015.19 in 14-15, 1099.78 in 15-16, 1184.38 in 16-17, 296.10 in 17-18
TOTAL			34,609.88	2,4419.55	4,217.00	

Term Loan from others

(₹ in lac)

Lending institution	Rate of Interest % P.A.	No of Instalments	O/s as on 31.03.2013	O/s as on 31.03.2012	2013-14	Annual Repayment Schedule
Religare Finvest Ltd	15.25	101 Monthly	446.46	474.00	31.16	EMI of ₹ 7.39 lac per month till Sep' 2021
Religare Finvest Ltd.	15.25	101 Monthly	266.96	282.11	17.16	EMI of ₹ 4.59 lac per month till Sep' 2021
TOTAL			713.42	756.11	48.32	

Vehicle Loan

(₹ in lac)

Lending institution	Rate of Interest % P.A.	No of Instalments	O/s as on 31.03.2013	O/s as on 31.03.2012	Annual Repayment Schedule	
					2013-14	2014-15
HDFC Bank	11.50	24 Monthly	69.92	136.38	69.92	–
ICICI Bank	10.25	25 Monthly	41.30	76.27	35.99	5.31
Axis Bank	10.75	36 Monthly	33.28	50.30	18.77	14.51
Kotak Bank	11.00	6 Monthly	–	7.90	–	–
TOTAL			144.50	270.85	124.68	19.82

- a) Term loans from Financial Institutions and Banks as stated as above are/shall be secured by way of joint equitable mortgage of all the immovable properties (present and future) of the Company ranking on pari-passu basis and hypothecation of all movable assets of the Company (except book debts) subject to prior charge of the company's bankers on specified movable assets in respect of working capital borrowings.
- b) Term Loan from others is guaranteed by promoter company M/s. Panchsheel Textile Mfg & Trading Co. Pvt. Ltd. along with charge on specific assets.
- c) All the Term Loans & Working Capital Term Loan are guaranteed by Promoter directors & Mrs. Manju Oswal.
- d) Vehicle loan is secured by way of hypothecation of the vehicles against such loan.

The period and amount of default as on the Balance sheet date are as under: (₹ in lac)

Particulars	Period of default	Principal	Interest accrued and due	Total
As at 31.03.2013				
Unsecured FCCB	From 18.02.2013	4,613.80	849.40	5,463.20
As at 31.03.2012				
Secured	From 01.01.2012 to 31.03.2012	459.75	593.35	1,053.10

Refer Note No. 41

(B) Terms of repayment / details of security of Subsidiary Company are as follows:

Rupee Term Loan from Banks

(₹ in lac)

Lending institution	Rate of interest % P.A.	No of instalments	Outstanding as at 31.03.2013	Outstanding as at 31.03.2012	Annual Repayment Schedule				
					2013-14	2014-15 to 2016-17	2017-18 to 2018-19	2019-20	
State Bank of India	Base Rate + 1.40% i.e. 11.10%	28-Quarterly	6,445.26	6,907.26	722.00	722.00	1,292.00	1,022.00	
State Bank of Patiala		28-Quarterly	4,605.34	4,836.34	558.32	481.32	861.01	881.03	
State Bank of Mysore		28-Quarterly	2,237.07	2,352.57	279.18	240.68	430.32	379.32	
State Bank of India (FITL)					324.00				
State Bank of Patiala (FITL)					215.00				
State Bank of Mysore (FITL)					107.00				
State Bank of India (Term Loan II)					63.00				
						2013-14	2014-15	2015-16	
Vehicle Loan			Upto 36 Monthly	97.42	5.28	30.45	32.98	33.99	
TOTAL				13,385.09	14,810.45	1,589.95			

- a) Term loans from Financial Institutions and Banks as stated above are/shall be secured by way of joint equitable mortgage of all the immovable properties (present and future) of the Company ranking on pari-passu basis and hypothecation of all movable assets of the Company (except book debts).
- b) Corporate Guarantee has been given by Vardhman Polytex Limited, Holding Company.
- c) Personal Guarantee has been given by Promoters Mr. Ashok Kumar Oswal & Mr. Adish Oswal.
- d) Collateral Security of Residential flat situated at Vasant Vihar, Delhi held in the name of Mr. Ashok Kumar Oswal.
- e) Vehicle loan is secured by way of hypothecation of the vehicle acquired against such loan.

The period and amount of default as on the Balance sheet date are as under:

(₹ in lac)

Particulars	Period of default	Principal	Interest accrued and due	Total
As at 31.03.2013				
Secured	From 01.01.2013 to 31.03.2013	115.50	219.64	335.14
As at 31.03.2012				
	From 01.01.2012 to 31.03.2012	-	144.49	144.49

6. DEFERRED TAX (NET)

(₹ in lac)			
Particulars	As at 31.03.2013	Charge/ (credit) during the year	As at 31.03.2012
Deferred tax liabilities			
Arising on account of Timing difference			
Accumulated Depreciation	2,721.48	72.85	2,648.63
Deferred tax assets			
Arising on account of Timing difference			
Unabsorbed Depreciation / Losses	(4,397.61)	(458.13)	(3,939.48)
Net deferred tax Liability/ (Assets)	(1,676.13)	(385.28)	(1,290.85)

In one of the subsidiary company deferred tax assets on account of unabsorbed depreciation as per income tax computation are much higher than the deferred tax liability. In view of absence of virtual certainty of profits in the near future deferred tax assets on account of unabsorbed depreciation have been restricted to the extent of deferred tax liability and those on account of unabsorbed losses have not been recognized at all.

7. OTHER LONG TERM LIABILITIES

(₹ in lac)		
Particulars	As at 31.03.2013	As at 31.03.2012
Others		
Expense Liability	-	28.31
TOTAL	-	28.31

8. PROVISIONS

(₹ in lac)				
Particulars	Long-term		Short-term	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Premium on Redemption of FCCB	-	-	849.40	575.59
Employee benefits	321.98	236.60	158.38	44.78
TOTAL	321.98	236.60	1,007.78	620.37

9. SHORT TERM BORROWINGS

(₹ in lac)		
Particulars	As at 31.03.2013	As at 31.03.2012
Secured		
Loans repayable on demand		
Working capital loans from banks	7,655.12	17,574.20
Unsecured		
Letter of Credit/ Sale Bill discounting with the Banks/FIs	2,773.69	2,167.23
Bill Discounting from others	200.93	371.25
Others	13.89	13.63
TOTAL	10,643.63	20,126.31

- Working Capital Loans from Banks are secured by hypothecation of all stocks, present and future of stores, spare parts, packing materials, raw materials, finished goods, goods in transit / process, book debts, outstanding monies receivable, claims, bills etc. and second charge by way of joint equitable mortgage of immovable properties of the Company.
- Personal Guarantee has been given by Promoters directors & Mrs. Manju Oswal.
- Corporate Guarantee has been given by M/s Vardhman Polytex Limited, Holding Company.
- Collateral Security of Residential flat situated at Vasant Vihar, Delhi held in the name of Mr. Ashok Kumar Oswal.

10. TRADE PAYABLES

(₹ in lac)

Particulars	As at	As at
	31.03.2013	31.03.2012
Payable to Micro & Small Enterprises	–	–
Payable to other than Micro & Small Enterprises	8,170.55	4,043.99
Trade Deposits & Advances	31.40	24.12
TOTAL	8,201.95	4,068.11

The information as required to be disclosed under The Micro, Small and Medium Enterprises (Development) Act, 2006 ("the Act") has not been received so far, so the disclosure requirement for balance outstanding, interest paid/payable as at the year end as required by the Act has not been given.

11. OTHER CURRENT LIABILITIES

(₹ in lac)

Particulars	As at	As at
	31.03.2013	31.03.2012
Current maturities of long-term borrowings* (Note No-5)	11,145.87	12,081.22
Interest Accrued and due on Long Term Borrowings	325.81	737.84
Interest Accrued but not due	18.77	91.91
Creditor for Service & Contracts	128.40	99.14
Security Deposits	151.87	95.21
Payable to Related Party	70.00	–
Unclaimed Dividend#	12.65	17.80
Other Payables		
Employees Related	647.30	562.39
Statutory Dues	200.39	174.44
Trade Expenses	671.47	683.22
Share Application Money (Pending allotment, Preference Capital held by others)	220.75	–
Others	908.68	978.14
TOTAL	14,501.96	15,521.31

* Payable on account of default ₹ 4,729.30 lac (Previous Year ₹ 459.75)

Investors Education and Protection Fund under Section 205C of Companies Act, 1956 will be credited by unclaimed dividend amount expiring on seven years from the dividend declaration, the amount is not due at the year end.

12. FIXED ASSETS

(₹ in lac)

Sr. No.	Particulars	Gross Carrying Value			Depreciation/ Amortization				Net Carrying Value		
		As at 01.04.12	Addition/ Adjustment during the year	Deduction during the year	As at 31.03.13	As at 01.04.12	Addition during the year	Deduction during the year	As at 31.03.13	WDV as at 31.03.13	WDV as at 31.03.12
I	Tangible Assets										
1.	Land (Leased)	467.18	–	–	467.18	14.91	2.48	–	17.39	449.79	452.27
2.	Land(Freehold)	1,637.08	58.21	3.38	1,691.91	–	–	–	–	1,691.91	1,637.08
3.	Building	18,785.80	243.89	–	19,029.69	2,749.30	556.21	–	3,305.51	15,724.18	16,036.50
4.	Plant and Equipment	53,777.71	1,187.54	935.07	54,030.18	24,725.07	4,244.57	798.19	28,171.45	25,858.73	29,052.64
5.	Furniture & Fixtures	449.94	11.31	–	461.25	189.16	25.04	–	214.20	247.05	260.78
6.	Vehicles	659.31	122.80	3.37	778.74	215.54	59.41	3.22	271.73	507.01	443.77
7.	Office Equipment	152.31	8.91	–	161.22	51.56	8.83	–	60.39	100.83	100.75
	SUB TOTAL (A)	75,929.33	1,632.66	941.82	76,620.17	27,945.54	4,896.54	801.41	32,040.67	44,579.50	47,983.79
II	Intangible Assets (Bought out)										
8.	Trade Mark	2,626.46	2.58	–	2,629.04	1,030.81	248.17	–	1,278.98	1,350.06	1,595.65
9.	Software	520.91	1.38	–	522.29	352.94	76.95	–	429.89	92.40	167.97
	SUB TOTAL (B)	3,147.37	3.96	–	3,151.33	1,383.75	325.12	–	1,708.87	1,442.46	1,763.62
	TOTAL [A + B] (Current Year)	79,076.70	1,636.62	941.82	79,771.50	29,329.29	5,221.66	801.41	33,749.54	46,021.96	49,747.41
	(Previous Year)	67,794.67	12,649.42	1,367.39	79,076.70	25,016.32	4,485.93	172.96	29,329.29	49,747.41	42,778.34

- a) The Freehold Land cost is net of subsidy ₹16.20 lac (Previous year ₹16.20 lac) received from the State Government Freehold land of ₹ 592.59 lac - (Previous year ₹ 592.59 lac) pending conveyancing in favour of the Company. Lease hold land is on 95 year lease.
- b) Land includes ₹ 134.74 lac (Previous year ₹ 91.93 lac) purchased at Nalagarh, pending transfer of title in favour of the Company.
- c) Building includes ₹ 359.78 lac (Previous year ₹ 359.78 lac) being cost of industrial shed at focal point, Ludhiana pending conveyancing in favour of the Company.
- d) Land is leased for a period of 95 years from MIDC, Kolhapur (Maharashtra).

13. INVESTMENTS

Particulars	(₹ in lac)	
	As at 31.03.2013	As at 31.03.2012
Non-Current Investments		
Other Investment (valued at cost, except for permanent diminution in value)		
Unquoted - Investment in others		
VKM Colour Spin Limited		
250 (Previous Year 250) Equity shares of ₹ 10/- each fully paid	0.03	0.03
Deluxe Fabrics Limited		
5,000 (Previous Year 5,000) Equity Shares of ₹ 10/- each fully paid	0.50	0.50
TOTAL	0.53	0.53
Current Investments		
Other investments (valued at lower of cost and net realizable value)		
Unquoted - Investment in others		
Investments in Equity Instruments	173.00	-
(Share application money pending allotment)		
9,199 (Previous Year 9,199) of IL & FS Milestone Fund of ₹ 1,000/- each	91.99	91.99
TOTAL	264.99	91.99
GROSS TOTAL	265.52	92.52
Aggregate amount of unquoted investments	265.52	92.52

14. LOANS & ADVANCES

Particulars	(₹ in lac)			
	Long-term		Short-term	
	As at 31.03.2013	As at 31.03.2012	As at 31.03.2013	As at 31.03.2012
Unsecured, considered good unless stated otherwise				
Security deposits	408.78	404.92	-	-
Advances for Goods / Services	-	-	-	-
Unsecured, considered good	-	-	1,450.15	555.71
Balances with Statutory Authorities	-	-	1,247.29	1,519.01
Prepaid Expenses	-	-	307.60	368.40
Interest Receivable (including TUFS Subsidy)	-	-	696.68	860.71
Direct Taxes Refundable (net of provisions ₹ 1,477.24 lac, previous year ₹ 3,021.87 lac)	13.81	9.64	401.38	589.52
Export Incentive Receivable	-	-	491.25	435.39
Capital Advance	692.20	543.09	-	-
Other Receivable	-	-	1,471.22	1,292.28
TOTAL	1,114.79	957.65	6,065.57	5,621.02

- a) Based on legal advice, discussions with the solicitors, etc., the management believes that there are fair chances of decisions in the Company's favour in respect of all the items listed above and no value adjustment is considered necessary.
- b) Direct taxes refundable represent amounts recoverable from the Income Tax Department for various assessment years. In respect of disputed demands, Company has filed appeals which are pending at various levels and the Company is hopeful of getting the desired reliefs at various forums. Necessary value adjustments shall be made on final settlement by the department.
- c) Provision for Income Tax for earlier years has been made based on the Tax Liability calculated at prevalent rates.
- d) Balance with Statutory Authorities include ₹ 198.32 lac (Previous Year ₹ 198.44 lac) being amount of ESI, Excise Duty, Sales Tax, PSEB Deposited under protest. No provision has been made in accounts in respect thereof. The same will be made in the year of settlement.

15. INVENTORIES

(As taken, valued and certified by the management) (valued at lower of cost and net realizable value) (₹ in lac)

Particulars	As at	As at
	31.03.2013	31.03.2012
Raw materials [Includes material in transit ₹ 53.19 lac; Previous year ₹ 18.81 lac]	2,528.02	1,158.58
Finished Goods (Refer Note no. 21)	2,897.68	1,811.77
Work-in-Progress (Refer Note no. 21)	1,802.16	1,642.71
Stores and Spares [Includes stores in transit Nil; Previous year ₹ 3.78 lac]	200.48	409.95
Stock in Trade	19.80	83.43
TOTAL	7,448.14	5,106.44

16. TRADE RECEIVABLES

(₹ in lac)

Particulars	As at	As at
	31.03.2013	31.03.2012
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	912.15	1,043.33
Doubtful	185.79	185.79
Less : Provision for Doubtful Debts	(185.79)	(185.79)
TOTAL (A)	912.15	1,043.33
Other Receivables		
Unsecured, considered good	8,755.67	5,289.55
Doubtful	-	-
TOTAL (B)	8,755.67	5,289.55
TOTAL (A + B)	9,667.82	6,332.88

17. CASH AND BANK BALANCES

(₹ in lac)

Particulars	Non-current		Current	
	As at	As at	As at	As at
	31.03.2013	31.03.2012	31.03.2013	31.03.2012
Cash and cash equivalents				
Cash in hand	-	-	65.51	42.01
Bank Balance in Current Account	-	-	1,403.74	272.61
Bank balance in Fixed Deposit Accounts with maturity of upto three months				
Cheques in hand	-	-	228.50	374.96
SUB TOTAL	-	-	1,697.75	689.58
Other Bank Balances				
Earmarked balance for unpaid dividend	13.04	18.20	-	-
Held as margin money	316.68	271.21	-	-
Fixed Deposits with maturity more than one year*	963.43	169.29	-	-
SUB TOTAL	1,293.15	458.70	-	-
Less: Amount disclosed under the head "other non current assets"	316.68	271.21	-	-
TOTAL	976.47	187.49	1,697.75	689.58

*Pledged with Bank against Bank Guarantee to Custom Department and others.

18. REVENUE FROM OPERATIONS

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Sale of products		
Grey Yarn	59,471.40	55,485.28
Dyed Yarn	11,245.46	10,368.53
Fabric	9,125.87	9,044.30
Garments	522.90	542.69
Trading Goods (Textile goods)	6,305.79	2,789.69
Waste Sale	6,367.44	5,590.78
Sale of Services (Job Work)	157.29	69.22
Other Operating Income (Export Incentives)	1,080.94	1,603.95
TOTAL	94,277.09	85,494.44

19. OTHER INCOME

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest Income from Bank Deposits and others	201.51	294.33
Profit from Sale of Investment / Buyback of FCCB liability	0.04	768.00
Profit from Sale of Fixed Assets	376.27	737.26
Dividend Income from Current Investment	7.77	7.09
Income Recognised under Government Grant	26.98	26.98
Power Incentive (Refer Note no. 39)	148.11	–
Provisions no longer required, written back	148.32	185.58
Difference in Exchange Rate	82.11	–
Misc. Income	350.89	314.32
TOTAL	1,342.00	2,333.56

20. COST OF MATERIAL CONSUMED

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Raw material consumption		
Cotton	44,119.35	44,059.46
Cotton Yarn	5,896.08	6,677.13
Synthetic Fibre	4,365.97	7,029.57
Dyes & Chemical	2,163.64	1,924.77
Cost of Material Consumed	56,545.04	59,690.93

The above consumption figures are disclosed on the basis of derived figures and are after adjusting excesses and shortages ascertained on physical count, unserviceable items, etc.

Value of Indigenous & Imported Raw Material Consumption

Particulars	Current year		Previous year	
	₹ in lac	%	₹ in lac	%
Indigenous - Raw Material	56,390.07	99.73	59,388.07	99.49
Imported - Raw Material	154.97	0.27	302.86	0.51
TOTAL	56,545.04	100.00	59,690.93	100.00

20(A). PURCHASE OF STOCK IN TRADE

The details are as follows:-

Particulars	Opening stock		Purchase		Sale		Closing stock	
	Qty	Amount in lac	Qty	Amount in lac	Qty	Amount in lac	Qty	Amount in lac
Knitted Fabric (Kg)	–	–	13,21,778.00	2,651.24	13,21,778.00	3,104.12	–	–
Shirting Fabric (Kg)	–	–	1,65,220.00	2,890.96	1,65,220.00	3,198.43	–	–
Shirting Fabric (Mtr)	–	–	1,650.00	3.50	1,100.55	2.58	549.45	1.69
Garments (Pcs)	10,939.00	8.20	–	–	172.00	0.66	10,767.00	5.46
Grand Total	–	8.20	–	5,545.70	–	6,305.79	–	7.15

21. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Inventories (At close)		
Finished Goods (including waste)	2,897.68	1,811.77
Work-in-Progress	1,802.16	1,642.71
Trading Goods	7.15	8.20
TOTAL	4,706.99	3,462.68
Inventories (At opening)		
Finished Goods (including waste)	1,811.77	4,630.11
Work-in-Progress	1,642.71	2,264.92
Trading Goods	8.20	11.71
TOTAL	3,462.68	6,906.74
(Increase)/Decrease	(1,244.31)	3,444.06

22. EMPLOYEE BENEFITS EXPENSE

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Salaries and wages	5,316.42	4,637.96
Contribution to Provident and other Funds	441.12	345.63
Staff Welfare	237.44	191.10
TOTAL	5,994.98	5,174.69

23. FINANCE COSTS

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Interest expense		
Term Loans	2,767.92	2,237.15
Working Capital Borrowings	3,028.13	4,067.97
Other Loans	1,355.07	1,612.75
Other Borrowing Costs	52.05	145.40
Fluctuation on Foreign Currency Loan	99.51	115.76
TOTAL	7,302.68	8,179.03

24. DEPRECIATION AND AMORTIZATION

(₹ in lac)

Particulars	Year ended 31.03.2013	Year ended 31.03.2012
Depreciation of tangible assets	4,896.53	4,158.60
Amortization of intangible assets	325.13	327.33
TOTAL	5,221.66	4,485.93

25. OTHER EXPENSES

Particulars	(₹ in lac)	
	Year ended 31.03.2013	Year ended 31.03.2012
Consumption of stores and spare parts	373.85	306.69
Packing Charges	1,158.96	1,101.43
Job/Process Charges	200.98	194.99
Power & Fuel	9,697.47	7,724.46
Repairs and Maintenance		
Plant & Machinery	765.64	805.56
Building	38.81	48.32
General	159.64	158.47
Contractual Labour	70.76	111.47
Water Charges	91.22	110.16
Rent	143.40	83.64
Rates and Taxes	60.72	81.82
Insurance Charges	116.28	80.51
Travelling Expenses	347.72	379.40
Legal & Professional Expenses	273.87	258.61
Electricity and Water	4.57	-
Loss on account of Un-Implemented Project	-	134.27
Difference in Exchange Rates (Net)	493.41	1,309.55
Provision for Doubtful debts	-	185.79
Sundry Balances written off	88.78	8.18
Loss on Sale of Fixed Assets	3.04	117.40
Loss on Sale of Raw Material	0.76	147.68
Selling Commission	656.78	1,032.66
Delivery Expenses	1,497.26	1,321.76
Rebate & Discounts	368.21	260.12
Cost of Samples	188.13	208.87
Advertisement Cost	58.50	35.66
Bank Charges	280.15	371.32
Miscellaneous Expenses	412.57	537.22
TOTAL	17,551.48	17,116.01

PAYMENTS TO THE STATUTORY AUDITORS

Particulars	(₹ in lac)	
	Year ended 31.03.2013	Year ended 31.03.2012
As Auditor		
Statutory Audit	5.41	5.41
Tax Audit	1.77	1.77
Other Services	1.78	2.27
Reimbursement of Expenses	1.76	2.01

VALUE OF INDIGENOUS & IMPORTED STORES & SPARES CONSUMPTION

Particulars	Current Year		Previous Year	
	₹ in lac	%	₹ in lac	%
Indigenous - Stores & Spares	290.00	77.57	233.17	76.03
Imported - Stores & Spares	83.85	22.43	73.52	23.97
TOTAL	373.85	100.00	306.69	100.00

26. EARNINGS PER SHARE

Particulars	As at 31.03.2013	As at 31.03.2012
The basic and diluted Earning Per Share is as under:		
Net Profit after Tax (₹ in lac)	(496.05)	(9,641.71)
Weighted average no. of Equity Shares outstanding (*)	1,62,51,724	1,62,42,957
Nominal Value of Per Equity share (in ₹)	10.00	10.00
Basic Earning Per Share (₹)	(3.05)	(59.36)
Diluted Earning Per Share (₹)	(3.05)	(59.36)

* There are no dilutive potential equity shares.

Note - The Conversion Price of 2% Foreign Currency Convertible Bonds is higher than the fair value of Equity Share as at the closing of the year and accordingly considered anti-dilutive. Therefore, the same has not been considered for computing the diluted earnings per share.

27. MINORITY INTEREST

Accumulated losses attributable to the minority are in excess of their minority interest. The excess, and any further losses applicable to the minority, are adjusted against the majority interest except to the extent that the minority has a binding obligation to, and is able to make good the losses. If the subsidiary subsequently reports profits, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.

28. CONTINGENT LIABILITIES NOT PROVIDED FOR IN RESPECT OF

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Claims against the Company not acknowledged as debts	477.61	306.28
(b) Bills discounted with bankers	7,405.47	6,298.38
(c) Income Tax demands under appeal	196.30	144.00
(d) Demand of PSEB for voltage surcharge and DSA	256.24	256.24

29. OBLIGATIONS AND COMMITMENTS OUTSTANDING

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Estimated value of contracts remaining to be executed on capital account and not provided for (net of advances)	1,243.54	2,107.26
(b) Liability on EPCG License pending export fulfillment	3,354.15	11,628.78

30. DERIVATIVE INSTRUMENTS AND UN-HEDGED FOREIGN CURRENCY EXPOSURE

(a) Particulars of foreign currency forward contracts and derivatives outstanding at the Balance Sheet date

Particulars	Currency	As at 31.03.2013		As at 31.03.2012	
		Amount in FC (Mio)	Amount (₹ in lac)	Amount in FC (Mio)	Amount (₹ in lac)
Debtors (Net of Advances)	USD	8.66	4,942.95	22.19	11,202.00
TOTAL	USD	8.66	-	22.19	-
Option	JPY	146.97	500.00	146.97	500.00
TOTAL	JPY	146.97	-	146.97	-

Particulars of foreign currency exposure un-hedged at the Balance Sheet date (Holding Company)

Particulars	Currency	As at 31.03.2013		As at 31.03.2012	
		Amount in FC (Mio)	Amount (₹ in lac)	Amount in FC (Mio)	Amount (₹ in lac)
Debtors (Net of Advances)	USD	0.42	235.26	0.79	356.01
Loan	USD	10.06	5,463.20	9.63	4,899.54
TOTAL	USD	10.48	5,698.46	10.42	5,255.55

(b) Particulars of un-hedged foreign currency exposure as at the balance sheet date (Subsidiary Company)

Particulars	Currency	As at 31.03.2013		As at 31.03.2012	
		Amount in FC	Amount (₹ in lac)	Amount in FC	Amount (₹ in lac)
Debtors (Net of Advances)	USD	3,76,401	158.52	5,24,406	257.58
TOTAL	USD	3,76,401	–	5,24,406	–
Debtors (Net of Advances)	Euro	3,72,707	245.43	5,21,789	336.23
TOTAL	Euro	3,72,707	–	5,21,789	–
Debtors (Net of Advances)	GBP	1,029	0.84	3,878.04	2.90
TOTAL	GBP	1,029	–	3,878.04	–
TOTAL		–	404.79	–	596.71

31. Inventories, loans & advances, trade receivables and other current / non-current assets are reviewed annually and in the opinion of the Management do not have a value on realization in the ordinary course of business, less than the amount at which they are stated in the Balance Sheet.

32. EMPLOYEE BENEFIT OBLIGATIONS

Holding Company

Defined Contribution Plan

Contribution to Defined Contribution Plan Recognized as expenses for the year as under:- (₹ in lac)

Particulars	Year ended	
	2012-2013	2011-2012
i) Employer's Contribution to Provident Fund	220.59	153.43
ii) Employer's Contribution to Superannuation Fund	18.53	1.64
iii) Employer's Contribution to Pension Scheme	119.25	111.98

Defined Benefit Plan

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligations.

i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation (₹ in lac)

Particulars	Gratuity Funded	
	Year ended	
	2012-2013	2011-2012
Defined Benefit Obligation at the beginning of the year	323.27	294.62
Current Service Cost	65.41	48.01
Interest Cost	24.43	23.67
Actuarial (Gain) / Loss	40.19	5.16
Benefit Paid	(54.36)	(48.20)
Defined Obligation at year end	398.94	323.27

ii) Reconciliation of Opening and Closing Balances of Fair Value of Plan Assets (₹ in lac)

Particulars	Year ended	
	2012-2013	
	2012-2013	2011-2012
Fair Value of Plan Assets at the beginning of the year	320.44	181.17
Expected Return on Plan assets	25.63	21.64
Actuarial (Gain) / Loss	3.70	(1.01)
Employer Contribution	-	11.86
Benefit Paid	-	-
Fair Value of Plan Assets at year end	349.77	320.44

iii) Reconciliation of Fair Value of Assets & Obligations (₹ in lac)

Particulars	Year ended	
	2012-2013	
	2012-2013	2011-2012
Fair Value of Plan Assets at the end	349.77	320.44
Present value of obligation	398.94	323.27
Net Asset/Liability Recognized in balance sheet	(49.17)	(2.83)

iv) Amount recognized in the Statement of Profit & Loss (₹ in lac)

Particulars	Year ended	
	2012-2013	
	2012-2013	2011-2012
Current Service Cost	65.41	48.01
Interest Cost	24.43	23.67
Expected Return on Plan Assets	(25.63)	(21.64)
Actuarial (Gain)/Loss recognized in IVP	36.49	6.18
Amount recognized in the Statement of Profit & Loss	100.70	56.21

v) The Principal assumptions used in determining Gratuity for the Company's plans are shown below

Particulars	Year ended	
	2012-2013	
	2012-2013	2011-2012
Discount Rate	8.25%	8.75%
Expected Rate of Return on Assets	8.00%	9.00%
Mortality Rate	IAL 06-08 Ultimate	LIC 94-96 Ultimate
Salary Rise	5.50%	6.00%

vi) Amount for the Current year and Previous four years in respect of Gratuity are as follows (₹ in lac)

Particulars	Year ended			
	2012-2013			
	2012-2013	2011-2012	2010-2011	2009-2010
Defined benefit Obligation	323.27	294.62	163.70	144.82
Plan Assets	349.77	320.44	181.16	1.59
Surplus / (Deficit)	(49.17)	(2.83)	(113.45)	(4.21)
Experience adjustment on plan assets	3.70	(1.01)	0.90	0.74
Experience adjustment on plan liabilities	(40.19)	(5.16)	(96.14)	10.05

Disclosures as required under para 120 (n) in respect of one annual periods in addition to above as required by AS-15 is not presented as the management considers it impracticable in the absence of requisite information.

LEAVE ENCASHMENT

(₹ in lac)	
i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation	
Particulars	Leave Funded Year ended 2012-2013
Defined Benefit Obligation at the beginning of the year	150.73
Current Service Cost	93.77
Interest Cost	10.47
Actuarial (Gain) / Loss	0.54
Benefit Paid	(47.65)
Defined Obligation at year end	207.86
(₹ in lac)	
ii) Reconciliation of fair Value of Assets & Obligations	
Particulars	Year ended 2012-2013
Fair Value of Plan Assets at the end	-
Present value of obligation	207.85
Amount Recognized in Balance Sheet	207.85
(₹ in lac)	
iii) Amount recognized in the Statement of Profit & Loss	
Particulars	Year ended 2012-2013
Current Service Cost	93.77
Interest Cost	10.47
Expected Return on Plan Assets	-
Actuarial (Gain)/Loss recognized in IVP	0.53
Amount recognized in the Statement of Profit & Loss	104.77
iv) The Principal assumptions used in determining Leave Encashment for the Company's plans are shown below	
Particulars	Year ended 2012-2013
Discount Rate	8.25%
Expected Rate of Return on Assets	NA
Mortality Rate	IAL 06-08 Ultimate
Salary Rise	5.50%

The provision up to the end of previous financial year was made on estimate basis. However, this year the same has been done on the basis of actuarial valuation.

Disclosures as required under para 120 (n) in respect of four annual periods in addition to above as required by AS - 15 is not presented as the management considers it impracticable in the absence of requisite information.

Subsidiary Companies

Defined Contribution Plan

(₹ in lac)		
Contribution to Defined Contribution Plan Recognized as expenses for the year as under		
Particulars	Year ended	
	2012-2013	2011-2012
i) Employer's Contribution to Provident Fund	49.87	47.19
ii) Employer's Contribution to Superannuation Fund	-	1.89
iii) Employer's Contribution to Pension Scheme	32.80	29.50

Defined Benefit Plan

The Employees' Gratuity Plan for the Company is a Defined Benefit Plan where the annual contribution on the Actuarial Valuation is charged to the Statement of Profit & Loss. The Present Value of obligation is determined based on Actuarial Valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of Employee Benefit Entitlement and measures each unit separately to build up the final obligation.

i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation (₹ in lac)

Particulars	Gratuity Unfunded Year ended	
	2012-2013	2011-2012
Defined Benefit Obligation at the beginning of the year	55.30	45.33
Current Service Cost	15.23	14.38
Interest Cost	4.22	3.88
Actuarial (Gain) / Loss	(6.16)	(6.19)
Benefit Paid	(7.76)	(2.10)
Defined Obligation at year end	60.82	55.30

ii) Reconciliation of Fair Value of Assets & Obligations (₹ in lac)

Particulars	Year ended	
	2012-2013	2011-2012
Fair Value of Plan Assets at the end	–	–
Present value of obligation	60.82	55.30
Amount Recognized in Balance Sheet	60.82	55.30

iii) Amount recognized in the Statement of Profit & Loss (₹ in lac)

Particulars	Year ended	
	2012-2013	2011-2012
Current Service Cost	15.23	14.38
Interest Cost	4.22	3.88
Actuarial (Gain)/Loss recognized in IVP	(6.16)	(6.19)
Expenses recognized in the Statement of Profit & Loss	13.29	12.06

iv) The Principal assumptions used in determining Gratuity for the Company's plans are shown below

Particulars	Year ended	
	2012-2013	2011-2012
Discount Rate	8.75%	8.20%
Expected Rate of Return on Assets	NA	NA
Mortality Rate	IAL 06-08 Ultimate	LIC 94-96
Salary Rise	6.00%	5.00%

v) Amount for the Current Year and Previous year in respect of Gratuity are as follows (₹ in lac)

Particulars	Year ended		
	2012-2013	2011-2012	2010-2011
Defined benefit obligation	55.30	45.33	14.30
Plan Assets			
Surplus / (Deficit)	60.82	55.30	45.33
Experience adjustment on plan assets	(6.16)	(6.19)	14.53
Experience adjustment on plan liabilities	–	–	–

Disclosures as required under para 120 (n) in respect of two annual periods as required by AS-15 is not presented as the management considers it impracticable in the absence of requisite information.

LEAVE ENCASHMENT

i) Reconciliation of Opening and Closing Balances of Defined Benefit Obligation (₹ in lac)

Particulars	Leave Unfunded
	Year ended
	2012-2013
Defined Benefit Obligation at the beginning of the year	43.78
Current Service Cost	44.64
Interest Cost	3.20
Actuarial (Gain) / Loss	(10.45)
Benefit Paid	(9.44)
Defined Obligation at year end	71.73

ii) Reconciliation of Fair Value of Assets & Obligations (₹ in lac)

Particulars	Year ended
	2012-2013
Fair Value of Plan Assets at the end	–
Present value of obligation	71.73
Amount Recognized in Balance Sheet	71.73

iii) Amount recognized in the Statement of Profit & Loss (₹ in lac)

Particulars	Year ended
	2012-2013
Current Service Cost	44.64
Interest Cost	3.20
Actuarial (Gain)/Loss recognized in IVP	(10.45)
Expenses recognized in the statement of Profit & Loss	37.39

iv) The Principal assumptions used in determining Leave Encashment for the Company's plans are shown below

Particulars	Year ended
	2012-2013
Discount Rate	8.20%
Expected Rate of Return on Assets	NA
Mortality Rate	IAL 06-08
Salary Rise	5.00%

v) Amount for the Current Year and Previous year in respect of Leave Encashment are as follows (₹ in lac)

Particulars	Year ended
	2012-2013
Defined benefit Obligation	43.78
Plan Assets	–
Surplus / (Deficit)	71.73
Experience adjustment on plan assets	–
Experience adjustment on plan liabilities	–

Disclosures as required under para 120 (n) in respect of four annual periods as required by AS-15 is not presented as the management considers it impracticable in the absence of requisite information.

33. RELATED PARTY DISCLOSURES

(i) List of Related Parties and relationships

Particulars	2012-13	2011-12
a) Subsidiary Company	Oswal F.M. Hammerle Textiles Ltd. Oswal Industrial Enterprise Private Limited F.M. Hammerle Verwaltung GmbH, Austria	Oswal F.M. Hammerle Textiles Ltd. Oswal Industrial Enterprise Private Limited F.M. Hammerle Verwaltung GmbH, Austria
b) Key Management Personnel (KMP)	Mr. Ashok Kumar Oswal Mr. Adish Oswal	Mr. Ashok Kumar Oswal Mr. Adish Oswal
c) Relative of KMP	Mr. Abhinav Oswal Mrs. Rakhi Oswal Mrs. Manju Oswal Ms. Aketa Oswal	Mr. Abhinav Oswal Mrs. Rakhi Oswal Mrs. Manju Oswal Ms. Aketa Oswal
d) Enterprise over which KMP is able to exercise significant influence	Panchsheel Textile Mfg. & Trading Co. (P) Ltd. Enakshi Investments (P) Ltd. Liberty Mercantile Co. (P) Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Ltd. Ruby Mercantile Co. (P) Ltd. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Co. (P) Ltd. Pioneer Mercantile India (P) Ltd. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nightnagle Dealcom (P) Ltd. Alma Assets Consultancy (P) Ltd.	Panchsheel Textile Mfg & Trading Co. (P) Ltd. Enakshi Investments (P) Ltd. Liberty Mercantile Co. (P) Ltd. Allepy Investment & Trading Co. (P) Ltd. Kent Investments (P) Ltd. Ruby Mercantile Co. (P) Ltd. Boras Investment & Trading Co. (P) Ltd. Gagan Mercantile Co. (P) Ltd. Pioneer Mercantile India (P) Ltd. Adesh Investment & Trading Co. (P) Ltd. Calgary Investment & Trading Co. (P) Ltd. Oswal Infratech (P) Ltd. Oswal Tradecom (P) Ltd. Oswal Holding (P) Ltd. Nightnagle Dealcom (P) Ltd. Alma Assets Consultancy (P) Ltd.

(ii) Transactions during the year

(₹ in lac)

Particulars	KMP		Relatives of KMP		Enterprises over which KMP is able to exercise Significant Influence		Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
Loan Raised	-	100.00	-	75.00	70.00	100.00	70.00	275.00
Loan Repaid	-	100.00	2.00	77.00	-	105.00	2.00	282.00
Sale of Real Estate	-	-	-	1047.18	-	-	-	1047.18
Equity Share Issued	-	-	-	-	1,050.72	-	1,050.72	-
Rent Paid	28.47	25.82	-	-	-	-	28.47	25.82
Interest Paid	-	2.26	0.02	1.62	44.26	45.31	44.28	49.19
Remuneration	-	-	12.44	11.71	-	-	12.44	11.71
Managerial Remuneration	37.72	95.33	-	-	-	-	37.72	95.33
Application money received for Preference Share Capital pending allotment	-	-	-	-	500.00	-	500.00	-
Preference Share Capital issued	270.50	-	-	-	450.25	-	720.75	-
OUTSTANDING BALANCES AT YEAR END								
Loan Payable / Fixed Deposit	6.50	6.50	10.50	12.50	70.00	-	87.00	19.00
Advance	14.00	14.00	-	-	-	-	14.00	14.00
Amount Payable on account of Interest	-	-	-	-	47.18	40.50	47.18	40.50

Transactions during the year:-

- Nil Loan raised (Previous Year ₹ 100.00 lac from Mr. Ashok Kumar Oswal), Nil (Previous Year ₹ 75.00 lac with Mrs. Manju Oswal), ₹ 70.00 lac from Alma Assets Consultancy (P) Ltd (Previous Year ₹ 100.00 lac with Alma Assets Consultancy (P) Ltd.).
- Loan repaid includes Nil (Previous Year ₹ 100.00 lac of Mr. Ashok Kumar Oswal), ₹ 2 lac of Ms. Aketa Oswal (Previous Year ₹ 77.00 lac of Mrs. Manju Oswal, Nil (Previous Year ₹ 105.00 lac with Alma Assets Consultancy (P) Ltd.).
- Sale of Real Estate Nil (Previous Year with Mrs. Manju Oswal ₹ 1047.18 lac).
- Equity Shares issued to Alma Assets Consultancy (P) Ltd. ₹ 1050.72 lac including the securities premium amounting of ₹ 890.72 lac (Previous Year NIL).
- Rent paid to Mr. Ashok Kumar Oswal ₹ 28.47 lac (Previous Year 25.82 lac).
- Interest paid includes transaction with Mr. Ashok Kumar Oswal Nil (Previous Year ₹ 2.26 lac), Mrs. Manju

- Oswal Nil (Previous Year ₹ 1.37 lac) and Ms. Aketa Oswal ₹ 0.02 lac (Previous Year ₹ 0.25 lac), ₹ 17.70 lac to Alma Assets Consultancy (P) Ltd. (Previous Year ₹ 18.00 lac) and ₹ 26.56 lac to Panchsheel Textile Mfg & Trading Co. Pvt Ltd (Previous Year ₹ 27.00 lac).
- g) Remuneration includes transaction with Mr. Abhinav Oswal ₹ 12.44 lac (Previous Year ₹ 11.71 lac).
 - h) Managerial Remuneration includes transaction with Mr. Ashok Kumar Oswal ₹ 18.87 lac (Previous Year ₹ 48.15 lac) and Mr. Adish Oswal ₹ 18.85 lac (Previous Year ₹ 47.18 lac).
 - i) Application money pending for share allotment from Enterprise over which KMP has significant influences includes ₹ 300 lac from Panchsheel Textile Mfg & Trading Co. Pvt Ltd & ₹ 200 lac from M/s Alma Assets Consultancy (P) Ltd.
 - j) Preference Shares issued to Mr. Ashok Kumar Oswal to ₹ 257.50 lac, Mr. Adish Oswal ₹ 13.00 lac, M/s Alma Assets Consultancy (P) Limited ₹ 436.25 lac and ₹ 14.00 lac issued to M/s Panchsheel Textile Mfg & Trading Co. (P) Ltd. (Previous Year Nil).

Closing balance at the year end

- a) Loan payable/ fixed deposits includes ₹ 6.50 lac payable to Mr. Adish Oswal (Previous Year ₹ 6.50 lac to Mr. Adish Oswal), ₹ 10.50 lac includes ₹ 5.50 lac payable to Mr. Abhinav Oswal (Previous year ₹ 5.50 lac), ₹ 4.00 lac payable to Ms. Aketa Oswal (Previous year ₹ 6.00 lac), ₹ 1.00 lac payable to Mrs. Rakhi Oswal (Previous year ₹ 1.00 lac) and ₹ 70.00 lac payable to M/s Alma Assets Consultancy (P) Ltd. (Previous year Nil).
 - b) Advance of ₹ 14.00 lac includes advance to Mr. Ashok Kumar Oswal (Previous year ₹ 14.00 lac).
 - c) Interest payable includes ₹ 25.93 lac payable to Alma Assets Consultancy (P) Ltd (Previous Year ₹ 10.00 lac), ₹ 21.25 lac to M/s Panchsheel Textile Mfg & Trading Co. (P) Ltd. (Previous Year ₹ 30.50 lac).
34. The Company has only one segment of Textile and accordingly the disclosure requirement as prescribed in the Accounting Standard AS -17 on "Segment Reporting" as notified by Companies (Accounting Standard) Rules, 2006 is not applicable.
 35. There are no present obligations requiring provisions in accordance with the guiding principles as enunciated in Accounting Standard (AS)-29 'Provisions, Contingent Liabilities & Contingent Assets' as it is not probable that an outflow of resources embodying economic benefits will be refunded.
 36. During the earlier years, the Company has issued 2% Unsecured Foreign Currency Convertible Bonds (FCCBs) in the aggregate principal amount of United State Dollars 12 (Twelve) Millions in the course of International Offerings. The expenses incurred & premium payable on the redemption of such bonds has been adjusted with Share Premium reserves in accordance with the provisions of Section 78 of the Companies Act, 1956.
 37. The Company is paying rentals for office premises taken on rent which are not in the nature of lease agreements. Therefore, disclosure requirements of Accounting Standard AS-19 are not applicable.
 38. In accordance with the provisions of Accounting Standard on impairment of Assets, (AS-28), the management has made assessment of assets in use & considering the business prospects related thereto, no provision is considered necessary in these accounts on account of impairment of asset.
 39. **Government Subsidy (Subsidiary Company)**
 - a) The Govt. of Maharashtra has sanctioned Value Added Tax (VAT) subsidy in the form of lower tax rate under the Mega Project Scheme.
 - b) Under Mega Project Scheme, Govt. of Maharashtra has sanctioned subsidized power in Power Loom area of the plant and Electricity duty exemption from the period 01.08.2008 to 31.07.2023.
 - c) Under the Textile Up-gradation Fund Scheme (TUFS) the company is eligible for a 5% interest subsidy on Term loans. Therefore the interests on term loans are being accounted for net of subsidy.
 - d) During the year 2009-10, the company has received capital subsidy of ₹ 276.17 lac on specific items of fixed assets in process house / dye house machinery.
 40. Due to initial hiccup in the form of increase in the prices of building material and labour shortage, the company's project was commissioned with a delay leading to cost overrun . Due to global slowdown, the operation also suffered leading to lower production. All these had a severe impact on operational cash flows. Due to liquidity problem, the Company was not able to service its debt obligation, in the form of delayed payment of principal amounts and interest. Having already undertaken restructuring from the lender in the past in the form of deferment of principal repayments, the Company got the Corporate Debt Restructuring (CDR) approved by the bankers.

41. Corporate Debt Restructuring (Holding Company)

- i) The debt restructuring scheme (the 'Scheme') under CDR Mechanism has been approved and Letter of Approval issued on 28th Dec, 2012. The Scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated. Master Restructuring Agreement ("MRA") has been executed on 15th March, 2013 with the lenders. The impact in terms of the approved Scheme has been given in final balance sheet.
- ii) Interest has been accounted for based upon terms of package/confirmations received from the banks.
- iii) The Funded Interest Term Loan (FITL) has been created on certain credit facilities.
- iv) The Credit Facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of CMD Mr. Ashok Kumar Oswal, Director Mr. Adish Oswal & Mrs. Manju Oswal and Corporate guarantee of M/s Oswal F.M. Hammerle Textiles Ltd., subsidiary company.
- v) Other conditions as stipulated under the scheme are being complied with.

Corporate Debt Restructuring (Subsidiary Company)

- (i) The debt restructuring scheme (the 'Scheme') under CDR Mechanism was approved and Letter of Approval issued on 9th February, 2011. The Scheme inter-alia included restructuring of repayment schedule, interest funding, reduction in interest rates and additional security in favour of CDR lenders by pledge of shares of promoters stipulated. Master Restructuring Agreement ("MRA") was executed on 18th March, 2011 with the lenders. The impact in terms of the approved Scheme has been given in final balance sheet.
- (ii) Interest has been accounted for based upon terms of package/confirmations received from the banks.
- (iii) The Credit Facilities/loans under CDR are further secured by unconditional & irrevocable personal guarantee of CMD Mr. Ashok Kumar Oswal & Director Mr. Adish Oswal and Corporate guarantee of M/s Vardhman Polytex Limited, holding company.
- (iv) Other conditions as stipulated under the scheme are being complied with.

42. M/s Vardhman Polytex Ltd., a major Shareholder and holding company has filed a petition u/s 397, 398, 402 & 403 of the Companies Act, 1956 in the Hon'ble Company Law Board, Principal Bench, New Delhi against the Company, M/s Maschinen Umwelttechnik Transportanlagen Gesellschaft mbH, Austria (another shareholder), M/s IRIS Textile GmbH (erstwhile Foreign Collaborator), Mr. Josef Hahnl, Director and Mr. Ishwinder Maddh (erstwhile Alternate Director to Mr. Josef Hahnl) alleging that the activities and acts of Mr. Josef Hahnl and Mr. Ishwinder Maddh are in the manner oppressive to M/s Vardhman Polytex Ltd. The said petition is at the stage of arguments. The Company has filed case under Section 111A of the Companies Act, 1956, the Hon'ble Company Law Board decision is pending and expected to announce.

43. Previous year figures have been regrouped /reclassified wherever necessary to conform to current year classification.

As per our report of even date

For S.S. KOTHARI MEHTA & CO.
Chartered Accountants

For VARDHMAN POLYTEX LIMITED

Sd/-
(Arun K. Tulsian)
Partner
M. No. 089907

Sd/-
Parvinder Singh
Chief Financial Officer

Sd/-
Sushil Sharma
Company Secretary

Sd/-
Ajay Chaudhry
Director

Sd/-
Ashok Kumar Oswal
Chairman &
Managing Director

Place : Ludhiana
Date : 30th May, 2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

Name of Subsidiary Company(s)	Financial year ending of the subsidiary	Number of Shares held & Face Value	Extent of Holding	For Financial Year of the Subsidiary		For the Previous Financial Years since it became a Subsidiary	
				Profit/(Loss) so far it concerns the Holding Company and not dealt within the books of accounts of the Holding Company (Except to the extent dealt with in Col.6)	Profit/(Loss) so far it concerns the Holding Company and dealt within the books of accounts of the Holding Company	Profit/(Loss) so far it concerns the Holding Company and not dealt within the books of accounts of the Holding Company (Except to the extent dealt with in Col.8)	Profit/(Loss) so far it concerns the Holding Company and dealt within the books of accounts of the Company
(1)	(2)	(3)	(4)	(5) (₹ in lac)	(6) (₹ in lac)	(7) (₹ in lac)	(8) (₹ in lac)
Oswal F.M. Hämmerle Textiles Limited, India	31.03.2013	9,12,64,073 Equity Share of ₹ 10/- each	82.76%	NIL	(1,013.48)	NIL	(1,951.09)
Oswal Industrial Enterprise Private Limited, India	31.03.2013	5,00,49,999 Equity Share of ₹ 10/- each	100%	NIL	448.50	NIL	156.20
F.M. Hämmerle Verwaltungs GmbH, Austria	31.03.2013	Equity of Euro 35,000 (INR 22.54 Lac)	100%	NIL	(48.17)	NIL	(20.17)

Note: There is no material change between the end of financial year of the subsidiaries and of the Company.

STATEMENT PURSUANT TO SECTION 212(8) OF THE COMPANIES ACT, 1956 RELATING TO SUBSIDIARY COMPANIES:

(₹ In lac)

Particulars	Oswal F. M. Hämmerle Textiles Limited		Oswal Industrial Enterprise Private Limited		F. M. Hämmerle Verwaltungs GmbH, Austria	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
(a) Capital	11,748.75	11,028.00	5,005.00	5,005.00	22.54	22.54
(b) Reserves	(9,842.67)	(8,620.73)	(4,425.76)	(4,874.26)	(255.44)	(200.32)
(c) Total Assets	23,914.92	23,238.45	800.77	290.10	158.18	198.72
(d) Total Liabilities	23,914.92	23,238.45	800.77	290.10	158.18	198.72
(e) Details of Investment (Except in case of Investment in the Subsidiaries)	-	-	173.00	-	-	-
(f) Turnover (Net)	12,545.18	9,245.34	3,086.97	1,270.04	76.02	51.46
(g) Profit before Taxation	(1,194.96)	(2,357.53)	448.50	156.20	(48.17)	(20.17)
(h) Provision for Taxation	-	-	-	-	-	-
(i) Profit after Taxation	(1,194.96)	(2,357.53)	448.50	156.20	(48.17)	(20.17)
(j) Proposed Dividend (including tax thereon)	-	-	-	-	-	-

Note: In terms of the provision of Section 212 (8) of the Companies Act, 1956 read with General Circular No. 2/2011 dated 08/02/2011, the Company has been granted a general exemption from attaching to the Balance Sheet of the Company, the Accounts and other documents of its Subsidiary Companies. However, the Consolidated Financial Statements of the Company, which include the results of aforesaid Subsidiaries, are included in this Annual Report. Further, a statement containing the particulars prescribed under the terms of the said exemption for the Company's aforesaid Subsidiaries is also given above. The hard copies of the related detailed information can be sought by any investor of the Company or its Subsidiary on making a written request to the Company in this regard. The Annual Accounts of the aforesaid Subsidiary Companies are also available for inspection by any investor at the Registered Office of the Company and/or its Subsidiaries.

For and on behalf of the Board

Place : Ludhiana	Sd/- Parvinder Singh	Sd/- Sushil Sharma	Sd/- Ajay Chaudhry	Sd/- Ashok Kumar Oswal
Date : 30 th May, 2013	Chief Financial Officer	Company Secretary	Director	Chairman & Managing Director

Financial Highlights for Five Years

(₹ in lac)

Parameters	2012-13	2011-12	2010-11	2009-10	2008-09
Gross Sales and operating income	78,623.30	74,927.60	71,644.40	52,778.99	42,830.78
FOB Value of Exports	30,294.91	28,552.59	21,276.44	15,070.89	10,269.95
Net Profit	117.07	(8,141.22)	2,669.96	(2,238.82)	(772.15)
Profit before Tax (PBT)	(505.17)	(10,465.96)	3,585.21	3,069.49	(754.43)
Cash Profit (PBT+Dep.- Excep. Items)	3,154.9	(7,506.27)	6,316.97	3,335.15	(560.06)
Gross Block (FA+CWIP)	57326.37	57,521.54	47,244.73	44,413.90	44,659.29
Net Block (NA+CWIP)	30,888.61	33,942.59	26,452.94	26,302.16	29,158.57
Paid up share capital	1,787.75	1,627.75	1,627.7457	1,266.05	1,070.75
Net Worth	10,227.69	9,380.11	17,603.44	13,180.57	14,972.82
Capital Employed	68,521.81	65,047.46	66,821.20	57,258.66	64,115.06
Long Term Debt Equity Ratio	3.04	2.14	1.63	1.76	1.17
Current Ratio	0.78	0.45	1.31	1.12	1.02

EQUITY SHARES DATA FOR FIVE YEARS

Particulars	2012-2013	2011-12	2010-11	2009-10	2008-09
Book Value Per Share (₹)	57.32	57.75	108.38	105.20	151.03
Earning Per Share (₹)					
- Basic	0.72	(50.12)	20.02	(20.31)	(7.27)
- Diluted	0.72	(50.12)	20.02	(20.31)	(7.27)
- Cash	17.68	(46.19)	47.36	26.34	(5.27)
Dividend Per Share (₹)	-	-	-	-	-
P/E Ratio	91.88	(1.38)	3.25	1.85	(6.15)
Price to Cash Earning Ratio	3.74	(1.50)	1.37	(25.77)	1.65
Price to Book Value Per Share	1.15	1.20	0.60	0.46	0.21

VARDHMAN POLYTEX LIMITED

REGD. OFFICE: 341K-1, MUNDIAN KHURD, P.O. SAHABANA, CHANDIGARH ROAD, LUDHIANA - 141 123

PROXY FORM



I/We.....
of.....
in the Districtbeing a Member/Members
of Vardhman Polytex Limited, hereby appoint.....
of.....in the
Districtfailing him/her
.....of.....
.....in the District of.....

as my/our proxy to vote for me/us on my/our behalf at the 33rd Annual General Meeting of the Company to be held at Registered Office of the Company situated at 341K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana, at 11.00 a.m., on Monday, the 30th day of September, 2013 and at any adjournment thereof.

Signed this.....day of.....2013.

Affix Revenue Stamp here

Signature.....

Address.....

Folio No./Client-Id.....

- NOTES : 1. A Member entitled to attend and vote is entitled to appoint a proxy to attend and vote on poll instead of himself/herself. 2. The Proxy form duly signed across Revenue Stamp should reach the Company's Registered Office at least 48 hours before the time of meeting.

(TEAR HERE)

(TEAR HERE)

VARDHMAN POLYTEX LIMITED

REGD. OFFICE: 341K-1, MUNDIAN KHURD, P.O. SAHABANA, CHANDIGARH ROAD, LUDHIANA - 141 123

SUGGESTIONS



In case you have any suggestion for the betterment of your Company, please do write to us.

Suggestion.....

Name.....Folio No./Client-Id.....

Address.....

.....Pin Code

Pin code input box

(TEAR HERE)

VARDHMAN POLYTEX LIMITED

REGD. OFFICE: 341K-1, MUNDIAN KHURD, P.O. SAHABANA, CHANDIGARH ROAD, LUDHIANA - 141 123

ATTENDANCE SLIP



I hereby record my presence at the 33rd Annual General Meeting of the above named Company being held at Registered Office of the Company situated at 341K-1, Mundian Khurd, P.O. Sahabana, Chandigarh Road, Ludhiana, at 11.00 a.m., on Monday, the 30th day of September, 2013.

Full Name of the Member (IN BLOCK LETTERS)

Signature

Folio No./ Client-Id

No. of Shares held.....

Full Name of the Proxy (IN BLOCK LETTERS)

Signature

NOTE: Members attending the meeting in person or by proxy are requested to complete the attendance slip and hand it over at the entrance of the meeting hall.



View of newly established Spinning Plant at Nalagarh (H.P.)



View of Spinning Plant at Bathinda

BOOK POST



if undelivered, please return to:

VARDHMAN POLYTEX LIMITED

Regd. Office: 341K-1, Mundian Khurd,
P. O. Sahabana, Chandigarh Road,
Ludhiana-141123
info@oswalgroup.com
www.oswalgroup.com