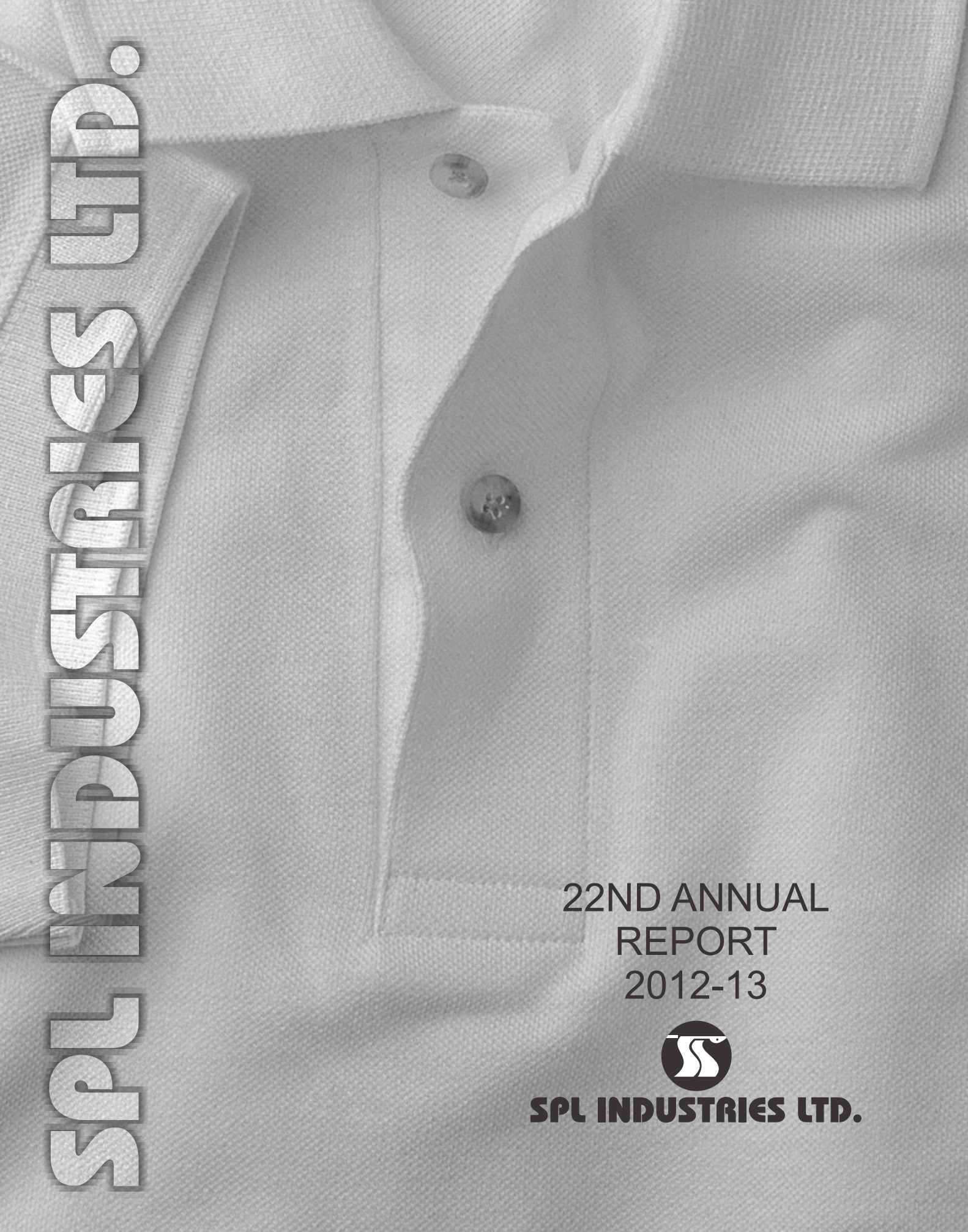

SPL INDUSTRIES LTD.

22ND ANNUAL REPORT 2012-13

SPL INDUSTRIES LTD.

Corporate Profile

Board of Directors

1. Mr. H. R. Gupta - Chairman
2. Mr. Mukesh Aggarwal - Managing Director
3. Mr. Vijay Jindal - Director
4. Mr. Anil Garg - Director

CFO

Mr. Sanjay Gupta

Compliance Officer

Mr. B. B. Sharma

Bankers

State Bank Of India

Statutory Auditors

M/S Singhi Chugh & Kumar, Chartered Accountants

Share Transfer Agent

Karvy Computershares Pvt. Ltd.

Registered Office

C-2/54, 5th Floor, Rajasthali Appartment,
Pitampura, New Delhi-110034.
Tel : 011-27026840

Corporate Office

Plot No.21, Sector-6,
Faridabad (Haryana)
Pin Code -121006.

Website

www.spllimited.com

Contents

- Notice 1
- Directors' Report 2
- Management Discussion and Analysis 4
- Report on Corporate Governance 5
- Auditos' Report 9
- Balance Sheet 12
- Profit & Loss Account 13
- Cash Flow Statement 14
- Notes on Financial Statements 15

NOTICE

The 22nd Annual General Meeting of the members of **SPL INDUSTRIES LIMITED** will be held on Saturday, the 28th day of September, 2013 at 9.00 AM at **INDIA CORPORATE CENTRE, J-2/B-1, MOHAN COOPERATIVE, MATHURA ROAD, NEW DELHI-110044** to transact the following business-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2013 and Balance Sheet as on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of MR. ANIL GARG, who retires by rotation , and being eligible, offers him self for re-appointment.
3. To appoint a Director in place of MR. VIJAY JINDAL , who retires by rotation, and being eligible, offers him self for re-appointment.
4. To appoint Statutory Auditors in place of the retiring Auditors of the Company, as Statutory Auditors of the Company to held office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at the remuneration to be decided by the Board of Directors .

By order of the Board of Directors
For SPL INDUSTRIES LIMITED

Place : New Delhi
6th August, 2013

(MUKESH AGGARWAL)
Managing Director

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 18th day of September, 2013 to Saturday, the 28th day of September, 2013(both days inclusive).
3. The relevant Explanatory Statement pursuant to Clause 49 of the Listing Agreement read with Section 173(2) of the Companies Act, 1956 is enclosed.
4. Members/Proxies are requested to bring their copy of Annual Report to the meeting and are requested not to bring any articles , briefcase, handbags, carry bags etc. as the same will not be allowed to be taken inside the venue. Further the company or any of its officials shall not be responsible for their articles, bags etc. being misplaced, stolen or damaged at the Meeting place.
5. No gifts will be distributed at the ensuing Annual General Meeting of your company and members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts, and to the Company or its Share Transfer Agent in respect of their physical share folios
6. All documents referred to in the accompanying Notice are open for inspection at the Registered office of the company on all working days expect Saturday between 11.00 AM to 1.00PM up to the date of the Annual General Meeting

By order of the Board of Directors
For SPL INDUSTRIES LIMITED

New Delhi
6th August, 2013

(MUKESH AGGARWAL)
Managing Director

DIRECTORS' REPORT

To the Members of SPL Industries Limited

The Directors of your Company have pleasure in presenting the 22nd Annual Report on the business and operations of the Company and the Audited Financial Accounts for the year ended 31st March, 2013.

Operations

The financial results of the company for the year ending 31st March, 2013 are given below:

(Figures in Rupees)

	2012-13	2011-12
Profit/(Loss) before Exceptional & Extraordinary Items.	(15,15,53,052)	(39,24,38,163)
Exceptional items/Extraordinary item	(6,71,02,544)	(69,36,448)
Prior period expenses	(23,74,201)	(91,51,283)
Profit/(Loss) Before Tax	(22,10,29,797)	(40,85,25,894)
Tax expenses/Adjustments		
Current Tax	(27,036)	(60,231)
Earlier years Tax	(21,83,619)	(1,41,83,000)
Deferred Tax	–	4,31,90,000
Profit/ (Loss) for the period	(22,32,40,452)	(37,95,791,25)
Earning Per Equity Share		
Basic	(7.70)	(13.09)
Diluted	(7.70)	(13.09)

Dividend

In view of continuous losses and insufficient profits, the Board of Directors of your company has expressed its inability to recommend any dividend.

Fixed Deposits

During the year under review, your company has not accepted any fixed deposits from the general public.

Statutory Disclosures

The Statement of employees required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not annexed as there are none of the Employees drawing salary exceeding the present limits as provided under the said Act. .

The Statement containing the necessary information as required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed hereto and forms an integral part of this report.

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance and Management Discussion and Analysis are annexed hereto and form an integral part of this report.

Director's Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956 this is to confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. Such accounting policies have been selected and applied consistently and made judgments/estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. Proper and sufficient care have been taken with best of knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on going concern basis.

Auditors

M/S SINGHI CHUGH & KUMAR, Chartered Accountants, the statutory auditors of the company retires at the conclusion of this meeting and being eligible offer themselves for the re appointment. The audit committee and the Board of Directors recommended the re appointment of M/S SINGHI CHUGH & KUMAR, Chartered Accountants, as Statutory Auditors of the company for 2013-14.

Directors

During the year under review, there are four executive and four non executive directors on the board of the company and as decided in the previous years, no managerial remuneration and sitting fees will be paid to any executive/non executive directors.

The management of your company has been successful in containing its continuous losses to some extent and its efforts to revamp the financial position of the company to the track is going on.

In view of the positive consent received from the shareholders in the EGM held on 12th day of March, 2012., pursuant to the provisions of Section 293(1)(a) of the Companies Act,1956, the management of your company has disposed off its some units/properties at the best available market price and repaid its all secured bank loans, now your company has been a debt free company and is on the track of fast recovery.

Acknowledgement.

Your Directors wish to place on record the overwhelming response received from the investors ,financial institutions ,bankers, business associates, suppliers for the consistent support received from them during the year.

Your Directors wish to place on record their appreciation for the team spirit, dedication and commitment shown by the work force of the company during this year.

By order of the Board of Directors
For SPL INDUSTRIES LIMITED

Place : New Delhi
6th August, 2013

(MUKESH AGGARWAL)
Managing Director

ANNEXURE TO DIRECTORS' REPORT

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors report for the year ended 31st March, 2013.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

The Company has taken various measures and steps to conserve the energy viz:

- Optimization and economical use of various forms of energy.
- Compressors and Capacitors installed to improve power factors.
- Department wise monitoring of energy consumption.
- Installation of wind ventilators, resulting in saving of power cost etc.

(b) Additional Investments and proposals, if any being implemented for reduction in consumption of energy.

There is no such proposal as such for additional investment. The status of power and fuel consumption is given below in Form A

B. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

The Company has independent R&D department for its different divisions which regularly provides suggestions for improvement so as to minimize the cost of production and improve the quality.

FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to exports, initiatives taken to increase export, development of new export markets for product services and export plans:

There have been concerted efforts to maintain export performance in Garments. The Company is also exploring markets for export of other varieties of its products. During the year under review, the details of the Foreign Exchange earnings and outgo are as under:

Amount in Rs.

Particulars	2012-2013	2011-2012
Earnings in Foreign Currencies FOB value of Exports	–	1,75,70,833.98
Expenditure in Foreign Currency	–	–

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INTERNAL CONTROL SYSTEM

1. The Company has in place proper and adequate internal control systems and procedures to ensure efficiency in decision making for optimal utilization and protection of resources and compliance with applicable statutory laws and regulations as also internal policies before the Audit Committee of the Board of Directors.
2. The Company's system and processes in all areas are regularly reviewed by internal Audit team and their reports are placed before the Audit Committee of the Board.
3. Management information reports are complied every month for analysis and review of performance and to enable implementation of corrections wherever required. Quarterly reports are also discussed in the Audit Committee meetings.

HUMAN RESOURCES

In view of continuous losses in the operations, the management of the company is making efforts at all level to reduce the cost of operations keeping in view that the HR efforts were directed towards teamwork and increase in manpower productivity.

CORPORATE SOCIAL RESPONSIBILITY AND CONSERVATION OF RESOURCES

Company is conscious of its responsibility to the society at large and to its employees in each of its units. Adequate arrangements have been made for the safety in respect of air, water and noise pollution etc.

STATEMENT OF CAUTION

Representations and statements made under "Management Discussion and Analysis" is based on the projection and expectation on the basis of present market conditions. Actual results may materially differ due to several factors which could influence the company's business operations such as demand and supply conditions, prices of input, changes in Government levies and regulations, industrial relations and other economic developments in the country.

REPORT ON CORPORATE GOVERNANCE -2012-2013

Company philosophy on code of governance

SPL's business objective and that of its management and employees is to manufacture and market the company products in such a way that can create wealth and values that can be sustained over the long term for the customer, shareholders, employees and business associates and the national economy.

Attendance of Directors at the Board Meetings & AGM and number of Companies in which the director is a member of the Board or its Committees as a member or chairperson thereof during the financial year.

Name of the Director & Designation	Category	Board Meetings Held	Board Meetings Attended	No. of Companies in which a Direct	No. of Committees in which a Member	No. of Board/ Committees in which a Chairperson
Mr. H. R. Gupta	Chairman	08	08	01	01	na
Mr. Mukesh Aggarwall	Managing Director	08	08	na	01	na
Mr. Vijay Jindal	Executive Director	08	07	na	01	na
Mr. Anil Garg	Executive Director	08	08	na	na	na
Mr. Rajesh Goyal	Non Executive Director	08	04	na	01	na
Mr. Arun Kumar	Non Executive Director	08	04	na	na	na
Mr. Vijender Goyal	Non Executive Director	08	04	na	01	01
Mr. Charnjit Singh Bhatia	Non Executive/ Independent	08	04	02	02	na

Date and number of Board Meeting held

The Board meets eight times during the year under review.

Code of Conduct

The Code of conduct in line with the provisions of clause 49 of the Listing Agreement has been framed/ adopted by the Board and is applicable to all the members of the Board and Senior Management Executives. The Company Secretary is the Compliance Officer for the purpose of this code. The Code envisages that the Board Members and Senior Executives observes the highest standards of ethical conduct and integrity and work to the best of their ability and judgments

Audit Committee

During the year , the Audit Committee consists of Mr. Arun Kumar, Mr. Vijender Goyal , the non executive independent Directors and Mr. Mukesh Aggarwal, Managing Director of the Company. The Statutory Auditors, CFO and Internal auditors of the Company also attended such meetings.

Power, Role and Review of Information by the Audit Committee

The role and terms of reference of the Audit Committee covers the area mentioned under clause 49 of the Listing Agreement and section 292A of the Companies Act,1956 besides other terms as may be referred by the Board of Directors. These inter alia includes review of the company's financial report and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible. The main role of the audit committee is to review annual and quarterly financial statements with the management before submission to the Board and to insure the adequacy of internal control system with the management and to review the company's financial risks/ management policies.

Date and number of Audit Committee Meeting's held

The Audit Committee meets four times during the year under report.

Attendance of Director

Name of Member	Designation	No. of Meeting held	No. of Meeting attended
Mr. Vijender Goyal Chairman	Independent Non Executive Director	04	04
Mr. Arun Kumar Member	Independent Non Executive Director	04	04
Mr. Mukesh Aggarwal Member	Executive Non Independent Director	04	04

Composition of the Board of Directors

The total number of Directors on Board of the Company as on 31st March,2013 is eight and has a optimum combination of four Executive Non independent Directors and four Non Executive independent Directors with considerable expertise and experience.

Disclosures

Basis of related party transactions

No transaction of a material nature has been entered into by the Company with the Directors, Senior Management personnel and their relatives that may have a potential conflict with the interest of the company except as disclosed under the related party transactions as per Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India which are set out in the annual report.

Disclosure of Accounting Treatment

The financial statements are prepared under the historical cost conventions on accrual basis in accordance with generally accepted accounting policies and applicable accounting standards and the provisions of the Companies Act,1956.

Remuneration of Directors

Keeping in view the losses, the management of the company has decided not to pay any managerial remuneration to its directors.

Management

Management Discussion & Analysis Report is annexed and form a part of the Directors Report.

Shareholders Grievance Committee

The Shareholder's Committee consists of Mr. Charn Jit Singh, Mr. H. R Gupta and Mr. Vijay Jindal. The said committee normally meets once in a period of three months under the chairmanship of Mr. H. R. Gupta, to oversee proper re-dressal of grievance of the shareholders/investor's matters of transfer/transmission of shares, sub division/consolidation and issue of new/duplicate certificates. In the normal course of business, all the complaints of the investors are looked after by the Registrar and Transfer Agent of the company.

Number of Complaints received, not solved & pending transfer

All complaints received and replied to the entire satisfaction of the shareholders during the year under review. There were no pending complaints as on 31st March,2013.There is no share transfer or any other correspondence pending for more than fifteen days as on that date.

General Body Meetings

The last three annual General Meetings of the Company were held on 29.09.2012 ,30.09.2011 and 20.09.2010 at ICC,J-2/B-1, Mohan Cooperative, Mathura Road, New Delhi-44.

Details of non compliance, penalties etc imposed by Stock Exchange, SEBI etc on any matter related to capital market during the last three years.

No such penalty or structure have been imposed on the company since listing of its securities on THE NATIONAL STOCK EXCHANGE OF INDIA LTD. And THE BOMBAY STOCK EXCHANGE LTD. Or the SECURITIES EXCHANGE BOARD OF INDIA (SEBI) or any other statutory authority on any matter related to the Capital Market during the last three years.

Means of Communication

(a) Quarterly Results	Through publication
(b) News papers wherein results normally published	The Business Standard/ Economics Time
	The Nav Bharat Times (Hindi)

General Shareholder Information

AGM	22nd Annual General Meeting will be held on 28th day of September, 2013 at 9.00 AM.
Venue	**INDIA CORPORATE CENTRE** J-2/B-1, EXTENSION, MOHAN COOPERATIVE, MATHURA ROAD, NEW DELHI-110044.

Date of Book Closure

Book closure is from 18th September, 2013 to 28th September, 2013 (both days inclusive)

Listing on Stock Exchange(s)

The National Stock Exchange of India Ltd. And Bombay Stock Exchange Ltd.,

ISIN CODE NO.	INE978G01016
SCRIPT NAME	SPLIL
SCRIPT CODE	532651
DATE OF ALLOTMENT	18.07.2005

Registrar and Transfer Agent:

KARVY COMPUTER SHARES PRIVATE LIMITED
"KARVY HOUSE" 46, AVENUE 4, STREET NO.1.
BANJARA HILLS, HYDERABAD-500034
ANDHRA PRADESH (INDIA)
TEL NO. 91-40233102545,FAX NO.91-402331968
E-mail : mailmanager @ karvy.com
Website: www.karvy.com

Distribution of Shareholding as on 31.03.2013.

Distribution of shareholding S. no.	Category Amount	No. of cases	% of cases	Amount	% of Amount
1	1 - 5000	7411	78.10	11470850.00	3.96
2	5001 - 10000	904	9.53	7810530.00	2.69
3	10001 - 20000	486	5.12	7633240.00	2.63
4	20001 - 30000	216	2.28	5486240.00	1.89
5	30001 - 40000	95	1.00	3429190.00	1.18
6	40001 - 50000	78	0.82	3709030.00	1.28
7	50001 - 100000	115	1.21	8312750.00	2.87
8	100001 & Above	184	1.94	242148210.00	83.50
	Total	**9489**	**100.00**	**290000040.00**	**100.00**

Consolidated Shareholding Pattern as on 31.03.2013

Category	No. of Cases	Total Shares	% To Equity
CLEARING MEMBERS	13	48936	0.17%
COMPANY PROMOTERS	54	19500004	67.24%
HUF	354	464949	1.60%
FOREIGN INSTITUTIONAL INVESTORS	01	5000	0.02%
BODIES CORPORATES	225	2384079	8.22%
NON RESIDENT INDIAN	79	172337	0.59%
RESIDENT INDIVIDUALS	8763	6424699	22.15%
TOTAL	9489	29000004	100.00%

SPL INDUSTRIES LIMITED (SCRIPT CODE : 532651)

The Price movement of the Script of the company during the year under review revolves around Rs.3.00 per shares.

Plant Locations

During the year under review dying and knitting activities were performed by the company and the locations of the plants of the Company are :

1 SPL INDUSTRIES LIMITED, PLOT NO.21/6, FARIDABAD.

2 SPL INDUSTRIES LIMITED, PLOT NO.22/6, FARIDABAD.

Address for Correspondence

Registered Office:

SPL INDUSTRIES LTD
C-2/54, 5TH FLOOR, RAJASTHAL APPARTMENTS,
PITAMPURA, DELHI-110034.

Corporate Office

Plot No.21 Sector-6
Faridabad (Haryana)

Declaration

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the period ended March 31,2012.

PLACE :NEW DELHI
Dated 06.08.2013

For **SPL INDUSTRIES LIMITED**
COMPANY SECRETARY

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of SPL Industries Limited

We have examined the compliance of conditions of Corporate Governance by SPL Industries Limited as at 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

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

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, no investor grievance is pending for a period exceeding one month.

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 M/S SINGHI CHUGH & KUMAR,
Chartered Accountants

Place : New Delhi
06.08.2013

PARTNER
M.NO : 088123

AUDITORS' REPORT

Report on the Financial Statements

1. We have audited the accompanying financial statements of SPL Industries Limited, which comprise the Balance Sheet as at March 31, 2013; the Statement of Profit and Loss and Cash Flow Statement for the period then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

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

3. Auditor's Responsibility

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

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

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

4. Opinion

In our opinion, and to the best of information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

b) in the case of the Statement of Profit and Loss, of the loss for the period ended on that date; and

c) in the case of the Cash Flow Statement, of the cash flows for the period ended on that date.

5. Report on other legal and regulatory requirements

(i) As required by 'the Companies (Auditor's Report) Order, 2003', as amended by 'the Companies (Auditor's Report) (Amendment) Order, 2004', issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order

(ii) As required by section 227(3) of the Act, we report that:

a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books

c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account

d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

e. on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

f. since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For **SINGHI CHUGH & KUMAR**
Firm Registration. No. 013613N
CHARTERED ACCOUNTANTS

Harsh Kumar
Partner
Membership No.088123

Place: New Delhi
Date: 28.05.2013

Annexure to the Auditor's Report

(REFERRED TO IN PARAGRAPH 5(i) OF THE AUDITORS REPORT OF THE EVEN DATE FOR THE YEAR ENDED 31ST MARCH, 2013)

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and in terms of the information and explanations given to us and the books and records examined by us in the normal course of audit, we report that:

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As informed to us, physical verification of the fixed assets was conducted by the management during the year. As per the management no material discrepancies were noticed on such verification.

(c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and the going concern status of the Company is not affected due to this.

(ii) (a) As explained to us physical verification of inventory was done on reasonable intervals.

(b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.

(c) In our opinion and according to information and explanations given to us, the company has maintained proper records of inventory and no material discrepancies were noticed on physical verification carried out by the management.

(iii) As per the information and explanation given to us, the company has not granted any loan, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

In respect of loans secured or unsecured, taken by the Company from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanation given to us:

The Company has taken a short term interest free loan of Rs. 21,247,530 from Companies listed in register maintained under Section 301, other terms and conditions of such loans are in our opinion is not prejudicial to the interest of the Company. The nature of loan is short term and repayment terms of the same are not stipulated.

(iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size and nature of its business during the year with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of our audit we have not observed any major weakness in such internal control system.

(v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

(vi) No deposits have been accepted by the company from public. Therefore clause 4(vi) of the Companies (Auditor's Report) Order 2003 is not applicable to the company.

(vii) The company has the internal audit system that commensurate with the size and nature of the business according to the conditions stipulated under clause 4(vii) of the Companies (Auditor's Report) order, 2003.

(viii) The Central Government of India has not prescribed the maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Act for any of the products of the Company.

(ix) (a) According to the best of our knowledge and according to the information and explanations given to us undisputed statutory dues including provident fund, employee state insurance, income tax, sales tax, service tax have generally been regularly deposited with appropriate authorities though there has been slight delay in few cases.

(b) According to the best of our knowledge and according to the information and explanation given to us there are no dues of sales tax/ custom duty/ wealth tax/ excise duty / cess/ service tax which have not been deposited on account of dispute, except are as follows:

S. No.	Name of the Statute	Nature of Dues	Amount (Rs. Lakhs)	Period to which amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Tax & interest demand due to Sec. 80HHC Disallowance. Stay of demand granted by the High Court.	76.48	AY 2002 - 03	High Court Chandigarh
2	Income Tax Act, 1961	Tax & interest demand due to Sec. 80HHCD is allowance. Stay of demand granted by the High Court.	55.08	AY 2003 - 04	High Court Chandigarh
3	Income Tax Act, 1961	Penalty u/s 271(1)(c)	628.39	AY 2005 - 06	High Court, Delhi
4	Income Tax Act, 1961	Demand Raised u/s 143(3)	23.76	AY 2006 - 07	ITAT
5	Income Tax Act, 1961	Penalty u/s 271(1)(c)	69.10	AY 2007 - 08	CIT (A)

(x) The accumulated losses of the Company exceed fifty percent of its net worth as at March 31, 2013 and it has incurred cash losses in the financial year ended on that date and has incurred cash losses in the immediately preceding financial year.

(xi) According to information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution or bank or debenture holders.

(xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion the company is not a chit fund or a nidhi/ mutual benefit fund/ society therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xiv) In our opinion the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xv) In our opinion and according to information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

(xvi) The Company has not raised any term loans. Accordingly, the provisions of Clause 4(xvi) of the Order are not applicable to the Company.

(xvii) According to the information and explanations given to us and on overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) According to the information and explanation given to us the company has not issued any debentures.

(xx) To the best of our knowledge and according to information and explanation given to us, the company has not raised any money by public issue during the year.

(xxi) 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, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For **SINGHI CHUGH & KUMAR**
Firm Registration. No. 013613N
CHARTERED ACCOUNTANTS

Harsh Kumar
Partner
Membership No. 088123

Place: New Delhi
Date: 28.05.2013

Balance Sheet as at 31st March, 2013

(All Amounts in Indian Rupees)

Particulars	Note	As at 31st March, 2013		As at 31st March, 2012	
Equity And Liabilities					
Shareholders Funds					
Share Capital	1	**290,000,040**		290,000,040	
Reserves And Surplus	2	**224,434,863**	**514,434,903**	447,675,315	737,675,355
Non-Current Liabilities					
Long Term Borrowings	3	**124,770**		11,993,997	
Deferred Tax Liabilities (Net)	4	**-**		-	
Long-Term Provisions	5	**1,709,893**	**1,834,663**	1,915,452	13,909,449
Current Liabilities					
Short Term Borrowings	6	**31,247,530**		627,703,861	
Trade Payables	7	**63,661,220**		134,283,111	
Other Current Liabilities	8	**90,217,524**		127,355,191	
Short Term Provisions	9	**1,689,857**	**186,816,130**	679,287	890,021,450
Total			**703,085,696**		1,641,606,254
Assets					
Non-Current Assets					
Fixed Assets					
Tangible Assets	10A	**559,045,574**		1,191,819,903	
Intangible Assets	10B	**-**		-	
Long-Term Loans And Advances	11	**1,861,211**		3,308,680	
Other Non-Current Assets	12	**-**	**560,906,785**	597,629	1,195,726,212
Current Assets					
Inventories	13	**63,320,481**		92,215,794	
Trade Receivables	14	**8,392,166**		101,578,825	
Cash & Bank Balances	15	**8,951,684**		8,942,469	
Short-Term Loans And Advances	16	**60,501,278**		162,707,878	
Other Current Assets	17	**1,013,302**	**142,178,911**	80,435,076	445,880,042
Total			**703,085,696**		1,641,606,254

Significant Accounting Policies & Notes on Financial Statements 34

The notes are an integral part of these financial statements

This is the balance sheet referred to in our report of even date

for SINGHI CHUGH & KUMAR
Chartered Accountants
Firm Registration No. 013613N

For and on behalf of the Board of Directors of SPL Industries Limited

Harsh Kumar
(Partner)
M. No.088123

Chairman

Managing Director

Place : New Delhi
Date : 28/05/2013

Chief Financial Officer

Company Secretary

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

(All Amounts in Indian Rupees)

Particulars	Note	For the year ended March 31, 2013	For the year ended March 31, 2012
INCOME			
Revenue From Operations	18	**396,301,358**	601,438,579
Other Income	19	**40,126,644**	177,622,534
Total Revenue (A)		**436,428,001**	**779,061,113**
EXPENSES			
Cost Of Material Consumed	20	**127,631,632**	166,303,845
Changes In Inventories Of Finished Goods, Work In Progress & Stock In Trade	21	**13,258,204**	390,824,568
Employee Benefits Expenses	22	**51,245,454**	62,852,142
Finance Costs	23	**52,433,367**	106,768,870
Depreciation And Amortization Expense	24	**42,368,619**	53,813,597
Other Expenses	25	**301,043,776**	**390,936,255**
Total Expenses (B)		**587,981,053**	1,171,499,276
Profit/(Loss) before Exceptional & Extraordinary Items		**(151,553,052)**	(392,438,163)
Exceptional Items/ Extraordinary Items	26	**(67,102,544)**	(6,936,448)
Prior Period Expenses	26	**(2,374,201)**	(9,151,283)
Profit/(Loss) Before Tax		**(221,029,797)**	(408,525,894)
Tax Expense/Adjustments	27		
Current Tax		**(27,036)**	**(60,231)**
Earlier Years Tax		**(2,183,619)**	**(14,183,000)**
Deferred Tax		**-**	43,190,000
Profit/ (Loss) For The Period		**(223,240,452)**	(379,579,125)
Earnings/(Loss) per equity share:	28		
Basic		**(7.70)**	(13.09)
Diluted		**(7.70)**	(13.09)
Significant Accounting Policies & Notes on Financial Statements	34		

The notes are an integral part of these financial statements

This is the Statement of Profit and Loss referred to in our report of even date.

for SINGHI CHUGH & KUMAR
Chartered Accountants
Firm Registration No. 013613N

For and on behalf of the Board of Directors of
SPL Industries Limited

Harsh Kumar
(Partner)
M. No.088123

Chairman

Managing Director

Place : New Delhi
Date : 28/05/2013

Chief Financial Officer

Company Secretary

Cash Flow Statement for the year ended 31st March, 2013

Particulars	Note	For the year ended March 31, 2013	For the year ended March 31, 2012
Cash Flows From Operating Activities			
Profit/(Loss) before Tax		**(221,029,797)**	(408,525,894)
Adjustments for:			
Net Gain On Sale Of Non - Current Assets		**(21,625,507)**	-
Depreciation and amortisation expenses		**42,368,619**	53,813,597
Bad debts		**134,168,916**	-
Amount written off		**5,771,179**	-
Provision for Employment Benefit		**743,071**	569,230
Finance Cost		**52,424,953**	106,678,849
Loss on sale of assets		**1,479,383**	3,029,765
Provision For Doubtful Debts		**-**	216,468,990
Tangible Assets Written off		**5,352,215**	-
Reversal of Depreciation		**(4,432,191)**	-
Liabilities Written Back		**(15,165,077)**	(13,295,855)
Net Gain/Loss on Foreign Currency Transaction & Translation		**(84,632)**	(12,024,863)
Net gain on sale of Investment		**-**	(141,037,889)
Interest Income		**(67,541)**	(1,053,583)
Changes in Working capital			
Inventory		**28,895,314**	404,839,877
Short Term Loan & Advances		**99,995,945**	107,435,625
Other Current Asset		**79,421,774**	(78,760,613)
Other Current Liabilities		**(37,137,667)**	(91,166,730)
Other Non-Current Assets		**597,629**	(597,629)
Trade Receivables		**(40,897,625)**	(49,499,688)
Trade Payables		**(55,456,814)**	(55,004,780)
Long Term Loans & Advances		**(4,323,711)**	-
Provisions		**61,845**	66,983,415
Net Cash Generated by Operating Activities		**51,060,281**	108,851,824
Cash Flows from Investing Activity:			
Interest Income		**67,541**	1,053,583
Change In fixed Asset		**609,631,810**	12,021,708
Sale of Investment		**-**	176,190,958
Net Cash Provided by / (used) in Investing Activity		**609,699,351**	189,266,249
Cash Flows from Financing Activity			
Short Term Borrowings		**(596,456,332)**	(187,501,283)
Secured Loan		**(11,869,227)**	(12,906,544)
Interest & Other Borrowing Cost		**(52,424,858)**	(106,678,849)
Net Cash Used in Financing Activity		**(660,750,417)**	(307,086,676)
Net Increase/(Decrease) In Cash And Cash Equivalent		**9,215**	(8,968,603)
Cash And Cash Equivalent At The Beginning Of The Period		**8,942,469**	17,911,072
Cash And Cash Equivalent At The End Of The Period		**8,951,684**	8,942,469
Significant Accounting Policies & Notes on Financial Statements	34		

Notes

1. The above cash flow statement has been prepared under the indirect method set out in AS-3 notified under Section 211(3C) of the Companies Act, 1956
2. Figures in brackets indicate cash outflows
3. The notes to the Financial Statements are an integral part of the Cash Flow Statement.

This is the Cash Flow Statement referred to in our report of even date

for SINGHI CHUGH & KUMAR
Chartered Accountants
Firm Registration No. 013613N

For and on behalf of the Board of Directors of
SPL Industries Limited

Harsh Kumar
(Partner)
M. No.088123

Chairman

Managing Director

Place : New Delhi
Date : 28/05/2013

Chief Financial Officer

Company Secretary

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

Previous Year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

(Figures in Rupees)

	Particulars	As at 31st March, 2013	As at 31st March, 2012
1	**SHARE CAPITAL**		
1.1	**Authorized Share:**		
	3,00,00,000(31 March 2012: 3,00,00,000) equity shares of Rs.10/-each	300,000,000	300,000,000
	Issued, Subscribed & Fully Paid Up Shares:		
	2,90,00,004 (31 March 2012: 2,90,00,004) equity shares of Rs.10/- each	290,000,040	290,000,040
	Total Issued, Subscribed & Fully Paid Up Share Capital	**290,000,040**	290,000,040
1.2	**Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period:**		
	Equity Shares at the Beginning of the year	29,000,004	29,000,004
	Add: Shares issued during the year	-	-
	Less: Shares cancelled on buy back of Equity Shares	-	-
	Equity Shares at the end of the period	**29,000,004**	29,000,004

1.3 Terms/rights attached to equity shares

The company has only one class of equity shares having a Par Value of Rs. 10/- per share. Each holder of Equity Shares in entitled to one vote per share. There is no dividend proposed by the Board of Directors.

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

1.4 Detail of Shareholders holding more than 5% Shares in the company

Name of Shareholders	No. of Shares	% holding	No. of Shares	% holding
Hari Ram Gupta	2,542,655	8.77%	2,542,655	8.77%
Mukesh Kumar Aggarwal	3,796,447	13.09%	3,796,447	13.09%
Narender Kumar Agarwal	4,636,802	15.99%	4,636,802	15.99%
Sadhusons India Pvt Ltd.	1,865,721	6.43%	1,865,721	6.43%

2	**Reserve & Surplus:**		
2.1	**Capital Reserve**		
	At The Beginning of The Accounting Period	3,107,174	3,107,174
	Additions During The Year	-	-
	At The End of The Accounting Period	3,107,174	3,107,174
2.2	**Securities Premium Account**		
	At The Beginning of The Accounting Period	496,744,853	496,744,853
	Additions During The Year	-	-
	At The End of The Accounting Period	496,744,853	496,744,853
2.3	**Revaluation Reserve**		
	At The Beginning of The Accounting Period	683,249,896	-
	Additions During The Year*	-	683,249,896
	Less: Transferred to Statement of Profit & Loss	(415,893,895)	-
	At The End of The Accounting Period	267,356,001	683,249,896
2.3.1	**Amount Transferred to/from Revaluation Reserve**		
	Amount transferred from Revaluation Reserve to Statement of Profit and Loss on account of depreciation on revalued Block of Building	(1,219,819)	-
	Amount transferred from Revaluation Reserve to Statement of Profit and Loss on account of sale of Land	(417,522,780)	-
	Amount transferred to Revaluation Reserve from Statement of Profit and Loss on account of sale of Building	2,848,704	-
	Total	**(415,893,895)**	-
2.4	**General Reserve**		
	At The Beginning of The Accounting Period	-	-
	Additions During The Year	-	-
	At The End of The Accounting Period	-	-

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

(Figures in Rupees)

Particulars	As at 31st March, 2013	As at 31st March, 2012
2.5 Surplus / (Deficit) in the Statement of Profit & Loss		
As per last years financial	(735,426,609)	(355,847,484)
Add: Profit / (loss) for the year	(223,240,452)	(379,579,125)
Transferred to/from Revaluation Reserves	415,893,895	-
Net Surplus / (Deficit) in the Statement of Profit & Loss	(542,773,166)	(735,426,609)
Total reserves and surplus	**224,434,863**	447,675,315

* Fixed Assets of the company were revalued as on 31st March, 2012 except for Car (vehicles), furniture & fixture and other equipments whose total net carrying amount before revaluation of fixed assets is less than 5% of the total net carrying amount of total fixed assets. The effect of revaluation of fixed assets have been taken by restating the Net Book Value by adding there in the net increase on account of revaluation.

3 Long Term Borrowings

3.1 Secured Term Loans From Banks

	Current	Non Current	Current	Non Current
IDBI Term Loan*	11,668,635	-	12,729,408	11,668,635
Car Loan from Bank**	200,592	124,770	177,136	325,362
Total	**11,869,227**	124,770	**12,906,544**	11,993,997

* Rs. 1,16,68,635/- are secured by first charge in respect of the immovable property situated at Plot No. 21, Sector 6 Faridabad (Haryana) together with all building and structures there on including plant & machinery. The loan is a Standard Asset as per IRAC norms and carries interest rate at BPLR minus 150 bps. The loan is further secured by personal guarantee of Shri H. R. Gupta and Shri Vijay Jindal. The balance loan is repayable in monthly equal installment of 10,60,784 /- till 1st February, 2014.

** Rs.3,25,362/- (Car Loan from ICICI bank) is secured against the hypothecation of vehicle (Honda City) carrying interest rate of 12.5% per annum. The loan is repayable in 36 installments of 19,169/- each starting from 15th November, 2011 till 15th October, 2014.

4 Deferred Tax Liabilities (Net)*

Deferred Tax Liabilities	45,953,859	(43,190,000)
Deferred Tax Assets	(45,953,859)	43,190,000
	-	-

*Refer Note No. 27.1

5 Long-Term Provisions:

Provisions For Employee Benefits*		
-Compensated Absences	-	736,281
-Gratuity	1,709,893	1,179,171
	1,709,893	1,915,452

* Refer Note No 22 for AS-15 Disclosure

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

(Figures in Rupees)

	Particulars	As at 31st March, 2013	As at 31st March, 2012
6	**Short-Term Borrowings:**		
	Secured		
	Loans repayable on demand from Bank		
	Working Capital Finance	-	433,542,956
	SBI Corporate Loan	-	167,313,376
	Unsecured		
	Other Loans & Advances	31,247,530	26,847,530
		31,247,530	627,703,861
7	**Trade Payables**		
	Sundry Creditors*	63,661,220	134,283,111
		63,661,220	134,283,111

*There is no amount payable to any concern covered under Micro, Small and Medium Enterprises Development Act, 2006

8	**Other Current Liabilities**		
	Current Maturity of Long Term Debt	11,869,227	12,906,544
	Interest Accrued on SBI Borrowings	-	71,297,824
	Interest accrued but not due	146,179	305,656
	Expenses Payable	5,355,588	1,989,196
	Employee Benefit Payable	4,062,126	7,028,039
	Statutory Dues Payables*	919,441	1,123,309
	Advance received from customers	67,429,589	31,757,266
	Other Loans & Advances**	435,375	446,957
	Other liability	-	500,400
		90,217,524	127,355,191

* Statutory Dues Payables includes dues to ESI, PF, Sales Tax, TDS/TCS and Labour Welfare Fund etc.

** Includes security deposit from parties

9	**Short-Term Provisions**		
	Provisions For Employee Benefits*		
	- Compensated Absences	1,285,283	289,905
	- Gratuity	378,637	329,151
	Provision for wealth Tax	25,937	60,231
		1,689,857	679,287

* Refer Note No 22 for AS-15 Disclosure

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

Note- 10 FIXED ASSETS

(Figures in Rupees)

ASSETS	Gross Block					Depreciation					Net Block	
	AS AT 01.04.12	ADDITIONS	SALE/ WRITEOFF	Revaluation Reserve Written Off on account of Sale	AS AT 31.03.2013	UP TO 01.04.2012	ADJUSTMENT *	FOR THE YEAR	WRITTEN BACK On Sale/ Adjustment	Up TO 31.03.2013	AS AT 31.03.2013	AS AT 31.03.2012
A-Tangible Assets												
Land	757,000,300	–	53,960,120	417,522,780	285,517,400	–	–	–	–	–	2,855,17,400	757,000,300
Building	220,517,836.7	–	73,087,693.91	-2,919,831.74	150,349,974.5	61,334,488.58	–	7,313,279	15,792,352.2	52,855,415.38	97,494,559.11	159,183,349.6
Plant & Machinery	967,730,201.4	2,182,877.3	237,990,582.7	–	731,922,496	710,731,358.3	–	31,177,370.5	170,533,656.5	571,375,072.3	160,547,423.7	256,998,843.4
Vehicles	21,087,549	–	6,047,690	–	15,039,859	14,550,515.76	–	1,748,781	3,547,306.671	12,751,990.09	2,287,868.906	6,537,034.235
Furniture & Fixture	24,146,163.81	–	–	–	24,146,163.81	14,344,398.15	–	1,297,525	–	15,641,923.15	8,504,240.665	9,801,767.665
Office Equipments	30,496,535.55	14,760	–	–	30,511,295.55	28,197,922.87	4,432,190.96	2,051,482	–	25,817,213.91	4,694,081.638	2,298,616.578
Total	2,020,978,586	2,197,637.3	371,086,086.6	414,602,948.3	1,237,487,189	829,158,683.7	4,432,190.96	43,588,437.5	189,873,315.3	678,441,614.9	559,045,574	11,918,19,912
PREVIOUS YEAR	1,363,983,913	2,603,430	28,858,653.08	683,249,896.5	2,020,978,586	786,573,237.8	6,936,448	53,789,201.34	18,140,202.44	829,158,683.7	1,191,819,903	
B-Intangible Assets												
Computer Software	1,725,601	–	–	–	1,725,601	17,25,601	–	–	–	1,725,601	–	–
TOTAL	1,725,601	–	–	–	1,725,601	1,725,601	–	–	–	1,725,601	–	–
Previous Year	1,725,601	–	–		17,25,601	1,701,205		24,396	–	1,725,601	–	

* INR 4,432,190.96 has been written back to the depreciation account on account of excess depreciation charged on computer in the previous years.

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

(Figures in Rupees)

	Particulars	As at 31st March, 2013	As at 31st March, 2012
11	**Long-Term Loans And Advances (Unsecured, considered good)**		
	Security deposits	1,861,211	3,308,680
		1,861,211	3,308,680
12	**Other Non-Current Assets**		
	Fixed Deposit (Margin Money against bank guarantee)	-	597,629
		-	597,629
13	**Inventories:** (As Taken, Valued & Certified By The Management)		
	Raw Materials	51,075,656	66,009,388
	Work In Process	4,712,267	3,064,701
	Finished Goods	2,746,800	17,652,570
	Stores, Spares & Loose Tools	3,752,373	4,580,550
	Fuel & Oil	1,033,385	908,585
		63,320,481	92,215,794
14	**Trade Receivables:** ***(Unsecured, considered good unless otherwise stated)***		
	Outstanding for a period exceeding 6 months from the date they are due for payment	2,167,321	206,764,045
	Others	6,224,845	18,478,731
	Less:		
	Allowance for doubtful debts	-	(123,663,951)
		8,392,166	101,578,825
15	**Cash & Bank Balances :**		
	Balance With Banks -		
	In Fixed Deposits		
	Fixed Deposit (Held As Securities against Bank Guarantees and LC)		
	Maturity period less than 12 months*	776,448	-
	On Current Accounts	4,527,237	8,435,944
	Cheques in Hand	3,500,000	-
	Cash On Hand	147,999	506,525
		8,951,684	8,942,469

* Balance relates to Guarantee given to Haryana State Pollution Control Board

16	**Short Term Loans & Advances:** (Unsecured Considered Good Unless Other Wise Stated)		
	Prepaid Expenses	206,403	299,558
	Staff Advances	231,820	27,820,035
	Receivable From Revenue Authorities*	58,337,204	74,738,501
	Advance to suppliers	1,725,851	59,849,784
		60,501,278	162,707,878

*Includes amount recoverable from Income Tax Authorities shown as net of provision of INR 16,366,619 (Previous Year- Rs. 14,183,000 which has been considered in the financial owing to the various demands by the Income Tax Department which are confirmed as liability.

*Receivable from various statutory departments including CBEC and Income Tax Authorities.

17	**Other Current Assets:**		
	Other Receivable	1,013,302	80,435,076
		1,013,302	80,435,076

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

(Figures in Rupees)

	Particulars		For the year ended March 31, 2013		For the year ended March 31, 2012
18	**Revenue From Operations**				
	Income				
	Sale Of Products		382,277,195		583,888,559
	Other Operating Revenues		14,024,163		17,550,020
			396,301,358		601,438,579
	Less: Excise Duty		-		-
	Net Revenue From Operations		**396,301,358**		601,438,579
18.1	**Sale Of Products**				
	Garments				
	Export	-		17,570,884	
	Domestic	4,660,014	4,660,014	66,889,093	84,459,977
	Fabric		37,847,747		40,530,714
	Yarn		-		6,437,157
	Processing Charges*		339,769,434		452,460,711
			382,277,195		583,888,559
	* Processing charges include processing of textiles which includes consumption of raw material.				
18.2	**Other Operating Revenues**				
	Duty Draw Back		-		1,100,024
	SHIS License*		8,180,449		-
	Scrap & Wastage		5,843,714		16,449,996
			14,024,163		17,550,020
	* The company has obtained & recognised as income of INR 8,180,449 (31st March, 2012: Nil), against the SHIS License				
19	**Other Income:**				
	Interest Income		67,541		1,053,583
	Net Gain On Sale Of Non - Current Assets		21,625,507		141,039,982
	Other Non-Operating Income		2,074,701		10,208,251
	Net Gain/Loss on Foreign Currency Transaction & Translation		84,632		12,024,863
	Liability Written Back		15,165,077		11,788,570
	Claims & Discounts Others		1,109,185		1,507,285
			40,126,644		177,622,534
19.1	**Interest Income**				
	Interest From Fixed Deposits		57,530		766,822
	Interest Others		10,011		286,761
			67,541		1,053,583
19.2	**Net Gain On Sale Of Non - Current Assets**				
	Fixed Assets (Tangible Assets)*		21,625,507		152,760
	Sale of Investment in the Shares of M/s Elkay Strips Limited		-		140,887,222
			21,625,507		141,039,982
19.3	**Other Non-Operating Income**				
	Insurance Claim		-		6,447,127
	Rent		2,065,909		2,967,730
	Others		8,792		793,394
			2,074,701		10,208,251

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

(Figures in Rupees)

	Particulars		For the year ended March 31, 2013		For the year ended March 31, 2012
20	**Cost of Materials Consumed:**				
	Opening Stock		66,009,388		81,803,613
	Add :- Purchases Raw-Materials And Packing Materials		112,697,900		150,509,620
			178,707,288		232,313,233
	Less: Closing Balance Of Stock		51,075,656		66,009,388
	Consumption Of Materials		**127,631,632**		166,303,845
20.1	**Cost Of Materials Consumed % of consumption**				
	Imported	2%	2,089,510	6%	10,534,971
	Indigenous	98%	125,542,122	94%	155,768,874
			127,631,632		166,303,845
20.2	**Purchase Of Raw Material**				
	Accessories				
	Imported	-		657,917	
	Indigenous	-	-	89,365	747,282
	Dyes & Chemical				
	Imported	1,863,580		10,102,984	
	Indigenous	108,703,621	110,567,201	135,080,124	145,183,108
	Fabric		-		-
	Oil & Lubricants		516,603		1,292,679
	Packing Material		1,552,037		3,200,205
	Yarn		62,060		86,347
			112,697,900		150,509,620
20.3	**Opening Stock Of Raw Material**				
	Knitted Fabric		-		20,372,040
	Dyes & Chemical		7,222,812		7,997,478
	Fabric		58,786,576		-
	Yarn		-		53,434,095
			66,009,388		81,803,613
20.4	**Closing Stock Of Raw Material**				
	Dyes & Chemical		5,100,317		7,222,812
	Fabric		45,975,339		58,786,576
			51,075,656		66,009,388
21	**Changes In Inventories**				
	Finished Goods				
	At The Beginning Of The Accounting Period		17,652,570		127,437,068
	At The End Of The Accounting Period		2,746,800		17,652,570
			14,905,770		109,784,498
	Work-In-Progress				
	At The Beginning Of The Accounting Period		3,064,701		284,104,771
	At The End Of The Accounting Period		4,712,267		3,064,701
			(1,647,566)		281,040,070
	Total		**13,258,204**		390,824,568
22	**Employee Benefits Expense**				
	Salary, Wages and Bonus		44,693,799		51,172,764
	Contribution To PF & Other Funds		4,660,016		5,951,347
	Gratuity		743,071		4,306,360
	Staff Welfare		1,148,568		1,421,671
			51,245,454		62,852,142

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

(Figures in Rupees)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012

As per Accounting Standard 15"Employee Benefits", the disclosure a defined in the Accounting Standard are given below:

Provision for leave encashment is recognised on the basis of basic pay per day of an employee multiplied with the accumulated leaves as on the reporting date. No employee has accumulated leaves exceeding 30 days. The same will pay in future . Further there is no long term leave provision for compensated absences as on March 31, 2013.

Defined Contribution Plan

Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Employer's Contribution to Provident Fund	3,028,977	4,116,729
Employer's Contribution to ESI	1,540,619	1,771,148
Employer's contribution to Welfare Fund	90,420	63,470
Total	**4,660,016**	5,951,347

Defined Benefit Plan

The employee's gratuity fund scheme managed by a Trust (LIC of India and SBI) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Project Unit Credit Method, which recognises 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.

1. Reconciliation of Opening and Closing balance of Defined Benefit Obligation

Particulars	Current Year		Previous Year	
	Leave Encashment/ Compensated absence	Employees Gratuity Fund	Leave Encashment/ Compensated absence	Employees Gratuity Fund
Present Value Obligation (Opening Balance)	-	3,542,154	2,992,347	4,553,562
Interest Cost	-	304,625	239,388	364,285
Past Service Cost	-	-	-	-
Current Service Cost	-	438,129	275,356	506,420
Benefit Paid (Out of own Funds+ Plan Assets)	-	(1,367,877)	(1,863,863)	(5,414,354)
Actuarial Gain / Loss on obligation	-	104,891	(617,042)	3,532,241
Present Value Obligation (Closing Balance)	-	3,021,922	1,026,186	3,542,154

2. Reconciliation of Opening and Closing balance of Fair Value of Plan Assets

Particulars	Current Year	Previous Year
Fair Value of Plan & Assets (Opening Balance)	2,033,832	6,857,008
Expected Return on Plan Assets	166,280	560,780
Contributions	-	24,198
Benefits Paid (Out of Plan)	(1,205,014)	(5,098,229)
Actuarial Gain/ Loss on obligation	(61,706)	(309,925)
Fair Value of Plan & Assets (Closing Balance)	933,392	2,033,832

3. Reconciliation of Fair Value of Assets and Obligation

Particulars	Current Year		Previous Year	
	Leave Encashment/ Compensated absence	Employees Gratuity Fund	Leave Encashment/ Compensated absence	Employees Gratuity Fund
Present Value Obligation (Closing Balance)	-	3,021,922	1,026,186	3,542,154
Fair Value of Plan Assets (Closing Balance)	-	933,392	-	2,033,832
Funded Status	-	2,088,530	(1,026,186)	1,508,322
Present Value of Un-funded Obligation (Closing Balance)	-	-	-	-
Un-funded Actuarial (Gain/Loss)	-	-	-	-
Un-funded Net Assets/Liabilities recognised in Balance sheet	-	2,088,530	(1,026,186)	1,508,322

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

4. Expenses recognised during the year

Particulars	Current Year		Previous Year	
	Leave Encashment/ Compensated absence	Employees Gratuity Fund	Leave Encashment/ Compensated absence	Employees Gratuity Fund
Current Service Cost	-	438,129	275,356	506,420
Past Service Cost	-	-	-	-
Interest Cost	-	304,625	239,388	364,285
Expected Return on Plan Assets	-	(166,280)	-	(560,780)
Cutailment Cost	-	-	(182)	-
Settlement Cost	-	-	-	-
Net Actuarial Gain/Loss recognised during the year	-	166,597	(617,042)	3,842,166
Total Expenses Recognised in Statement of Profit & Loss	-	743,071	(102,480)	4,152,091

5. Actuarial Assumption

Actuarial Assumptions	Current Year		Previous Year	
	Leave Encashment/ Compensated absence	Employees Gratuity Fund	Leave Encashment/ Compensated absence	Employees Gratuity Fund
Discount Rate Per Annum	-	8.00%	8.60%	8.60%
Rate of Increase in Compensation Levels	-	6.00%	6.00%	6.00%
Rate of Return on Plan Assets	-		-	
(i) For Asset with LIC	-	8.00%	-	8.15%
(ii) For Asset with SBI Life Insurance	-	9.00%	-	8.50%
Expected Average Remaining Working lives of employees (Years)	-	21.49 Yrs	22.19 Yrs	22.19 Yrs

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

6. The Enterprise best estimates of contribution during the next year is Rs. 5,47,855/- as per actuarial certificate.

(Figures in Rupees)

	Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
23	**Finance Cost**		
	Interest Expense	52,334,668	104,812,971
	Penal Interest	8,414	90,021
	Bank Charges	90,285	1,865,878
		52,433,367	106,768,870
24	**Depreciation And Amortization Expense**		
	Depreciation on Tangible Assets	43,588,438	53,813,597
	Amount transferred to Revaluation Reserve on account of depreciation on revalued Block of Building	(1,219,819)	-
		42,368,619	53,813,597
25	**Other Expenses**		
	Manufacturing Expense	137,228,415	145,211,216
	Establishment Expenses	14,496,571	154,070,925
	Selling & Distribution Expenses	2,547,097	4,460,079
	Amount Written Off	145,292,310	84,162,176
	Loss On Sale Of Fixed Asset	1,479,383	3,029,765
	Loss on sale of Investment	-	2,094
		301,043,776	390,936,255

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

(Figures in Rupees)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
25.1 Manufacturing Expense :		
Consumption Of Stores And Spare Parts	6,269,413	6,077,993
Power & Fuel	103,100,697	107,527,732
Freight Inward	460,970	703,346
ETP Expense	1,175,653	2,259,385
Repair To Machinery		
Boiler	3,632,111	2,488,220
Electric	954,208	1,435,838
Generator	324,553	569,783
Machinery	14,649,748	11,547,062
Job Charges		
Garments	-	5,235,205
Others	5,966,026	6,853,485
Lab Expenses	167,291	253,459
Loading & Unloading Charges	527,743	259,708
	137,228,415	145,211,216
25.1.1 Consumption Of Stores And Spare Parts		
Opening Stock	4,580,550	3,273,856
Purchase during the Year	5,441,236	7,384,687
Closing Stock	3,752,373	4,580,550
Consumption during the year	**6,269,413**	6,077,993
25.1.2 Consumption Of Power & Fuel		
Opening Stock	908,585	436,363
Purchase during the Year	103,225,497	107,999,954
Closing Stock	1,033,385	908,585
Consumption during the year	**103,100,697**	107,527,732
25.2 Establishment Expenses		
Advertisement	65,583	77,188
Auditor Remuneration	617,980	641,363
Donation	22,000	11,000
ECGC Charges	-	2,386,359
General Expenses	832,927	781,269
Rates & Taxes	2,576,870	1,444,860
General Repairs	3,304,514	5,806,254
House Keeping Expenses	1,811,384	2,377,668
Insurance	497,508	1,459,348
Printing & Stationery	684,133	930,842
Professional Charges	1,699,247	1,833,683
Provision for Doubtful Debt/ Advances	-	132,306,909
Security Service Charges	1,744,439	3,153,813
Telephone Expenses	639,987	860,369
	14,496,571	154,070,925
25.3 Auditor Remuneration		
Statutory Audit Fee	561,800	503,560
Tax Audit Fee	56,180	56,180
Company Law Advisory & Certification	-	81,623
	617,980	641,363

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

(Figures in Rupees)

Particulars	For the year ended March 31, 2013	For the year ended March 31, 2012
25.4 Selling & Distribution Expenses		
Business Promotion	190,400	912,963
Clearing & Forwarding	-	429,882
Commission	-	115,351
Freight	2,087,506	2,547,994
Sampling & Testing Charges	269,191	453,889
	2,547,097	4,460,079
25.5 Amount Written Off		
Tangible Assets Written off	5,352,215	54,903,256
Balances written off	5,771,179	-
Claims & Discounts Export	-	20,820,641
Bad Debts	134,168,916	8,438,279
	145,292,310	84,162,176

25.6 Value of Imports On CIF basis in respect of:

Raw Material and Stock in Trade	-		729,410	7%
Stores, Chemicals and packing Materials	5,488,814	100%	10,331,115	93%
Capital goods	-	-	-	-
	5,488,814	**100%**	11,060,525	100%

26 Exceptional Items/ Extraordinary Items		
Depreciation	(4,432,191)	6,936,448
Derivative Loss *	135,580,000	-
Interest Waiver	(64,045,265)	-
	67,102,544	6,936,448

*Amount of derivative losses paid to State Bank of India relating to previous year as per the settlement with bank alongwith waiver of interest

26.1 Prior Period Expenses		
Prior period expenses	2,374,201	9,151,283
	2,374,201	9,151,283
27 Tax Expenses		
Tax Paid For Earlier Years	2,183,619	14,183,000
Current Tax - Wealth Tax	27,036	60,231
Deferred Tax	-	43,190,000
	2,210,655	57,433,231

27.1 Deferred Tax Expense/Income:

Deferred tax liability at the year end comprise of the followings:	**AS at 31.03.2013**		AS at 31.03.2012	
Deferred liability on account of:				
Depreciation	45,953,859	45,953,859	58,612,741	58,612,741
Deferred Assets on account of:				
Disallowance under section 43B	1,278,481		737,004	
Disallowance against provision	-		40,882,835	
Loss under Income Tax Act	370,941,517		377,151,032	
	372,219,998	45,953,859	418,770,871	58,612,741
Net Deferred Tax Asset/Liability		-		-

27.2 Deferred Tax Assets recognized to the extent of Deferred Tax Liability for the year ending 31st March 2012.

27.3 As the company has substantial losses and value of the business has reduced substantially . Also there is huge fixed cost relating to depreciation. In view of facts stated above and keeping in view the financial position of the company the Deferred Tax Assets in respect of carry forward losses has been recognized only to the extent of Deferred Tax Liability.

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

(Figures in Rupees)

	Particulars	As at 31st March, 2013	As at 31st March, 2012
28	**Earnings/(Loss) per equity share**		
	Loss after Tax	(223,240,452)	(379,579,125)
	Number of shares	29,000,004	29,000,004
	Basic Earning/(Loss) Per Share	(7.70)	(13.09)
	Diluted Earning/(Loss) Per Share	(7.70)	(13.09)
29	**Earnings In Foreign Exchange**		
	FOB value of exports	-	17,570,883.98
		-	17,570,883.98

30 Related Party Disclosure

The names of related parties of the company as required to be disclosed under Accounting Standard 18 are as follows:

Key Management Personnel (KMP)

Sh. H. R. Gupta

Sh. Vijay Jindal

Sh. Mukesh Aggrawal

Sh. Anil Garg

During the current and previous year, there are no transactions with the related parties

31 Segment Reporting

As per Accounting Standard AS 17 on "Segment Reporting" segment information is as follow:-

Primary Segment Reporting (Business Segment):

Primary business segments of the company is sale of cotton knitted garments and made ups and Processing Charges, which in the context of Accounting Standard 17 on "Segment Reporting" as notified in Companies (Accounting Standard) Rules , 2006 . But the manufacturing relating to cotton knitted garments and processing charges is common therefore the expenditure relating to these two activities can only be bifurcated on estimated basis. Sale relating to sale of knitted garments and processing charges is shown separately.

Secondary Segment Reporting (Geographical Segments):

The Following is the distribution of the company's consolidated sales by geographical segment, regardless of where the goods were produced:

Particulars	Current Year		Previous Year
Sales to Overseas Market	-		17,570,884
Sales to Domestic Market	4,660,014		66,889,093
Processing Charges	339,769,434		452,460,711
	344,429,448		536,920,688
Export debtors	-		197,638,839
Domestic debtors	8,392,166		27,603,937
	8,392,166		225,242,776

32 Contingent Liability and Commitments

Particulars	As at 31.03.2013		As at 31.03.2012
1.Bills Discounted			-
2.Disputed tax liability *	85,281,903		46,723,000
3.Surety given to Sales Tax Department for third party			-
4. Debt not acknowledge as liability	1,464,353		702,042
Total	**86,746,256**		47,425,042

* Disputed tax liability includes INR 6.28 crores raised by department relating to AY 2005-06 u/s 147/143(3) of the Income Tax Act on the basis of CAG query which subsequently dropped by CAG but matter still pending before First Appellate Authority.

33 The previous year figures have been regrouped/ reclassified, wherever necessary to conform to the current year presentation.

Note 34 Significant Accounting Policies & Notes on Financial Statements

1 General Information

The company was incorporated on December 6, 1991 in India. The company is a garment manufacturing company and majorly deals in exports however during the year, the exports are Nil and the company has only domestic sales and processing income.

2 Summary of Significant Accounting Policies

2.1 <u>Basis Of Preparation Of Financial Statements</u>

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian

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

GAAP). The financial statements have been prepared to comply in all material respects with the notified accounting standard by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of Companies Act, 1956.the financial Statements have been prepared under the historical cost convention on an accrual basis Accounting policies not specifically referred to otherwise are consistent and are in consonance with generally accepted accounting principles.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule VI to the Companies Act, 1956. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Use Of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles in India requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosures relating to contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and action, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods

2.3 Tangible Assets

Tangible Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. Revaluation effect is taken by restating the net book value by adding therein the net increase on account of revaluation. All costs, including finance costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed asset are capitalised.

2.4 Intangible Assets

In accordance with the Accounting Standards (AS) 26 relating to intangible assets, all costs incurred on technical know-how / license fee relating to production process are charged to revenue in the year of incurrence. Costs incurred on technical know-how / license fee relating to process design / plants / facilities are capitalized at the time of capitalization of the said plant / facility and amortized on pro-rata basis over a period of five years. Computer software is capitalized on the date of installation and is amortized over a period of three years.

2.5 Depreciation

Depreciation on all plant and machinery is provided on the Written Down value method at the rate and in the manner prescribed in schedule XIV to the Companies Act 1956. Depreciation on other fixed assets is provided on straight Line Method at the rate and in the manner prescribed in schedule XIV to the Companies Act 1956. Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing Rs. 5000/- or less are depreciated in full, in the year of purchase.

2.6 Impairment Of Assets

"Assessment is done at each Balance Sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

2.7 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 or fair value.

Long-term investments are carried at cost. Provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

2.8 Inventory

Inventories are valued at lower of cost or net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overhead incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing material, trading and other products are detrermined on First in First out (FIFO) method. Scrap is valued at net realizable value.

2.9 Revenue Recognition

i) Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are net of trade discounts, rebates and sales taxes, etc.

ii) Processing Charges are recognised at the time of dispatch of goods to the customers and are net of trade discounts, rebates and sales taxes, etc.

iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

iv) Income from duty drawback and Import licences under focus product scheme are recognised on accrual basis on acceptance of claim by the Government Authority.

v) Dividend Income is recognised when right to receive is established.

vi) Claim receivables are accounted for depending on the certainty of receipt and claims payable are accounted for at the time of acceptance.

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

2.10 Borrowing Cost:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of Profit and Loss.

2.11 Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies outstanding at the year-end are translated at exchange rate applicable as of that date. Non-Monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and Loss.

2.12 Current And Deferred Tax

Tax expense comprises of current tax and deferred tax. Current tax is determined in accordance with relevant tax rates and tax laws. Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the company accepts the said liabilities.

Deferred tax is recognised for all timing differences arising between taxable income and accounting income based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are carried forward to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets on carry forward of unabsorbed depreciation and tax losses are recognised only if there is virtual certainty that such deferred tax assets can be realised against future taxable profits.

As the company has substantial losses and value of the business has reduced substantially . There is huge fixed cost relating to depreciation. In view of facts stated above and keeping in view the financial position of the company, the Deferred Tax Assets in respect of carry forward losses has been recognized only to the extent of Deferred Tax Liability.

2.13 Employee'S Benefits

i. Short-term employee benefits are recognized as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which related service is rendered.

ii. Eligible employees of the company are entitled to receive benefits under the Provident Fund scheme administered through provident fund commissioner and the company's contribution are charged to Statement of Profit and Loss.

iii. Company's contribution to state plans namely Employees State Insurance Fund is charged to Statement of Profit and Loss every year.

iv. Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made by an independent actuary at the Balance Sheet date using projected unit credit method. The Gratuity Scheme is administered through LIC under its Group Gratuity Scheme. Contributions are paid to LIC in accordance with the demands received.

v. Termination benefits are recognized as an expense immediately.

vi. Gain or Loss arising out of actuarial evaluation is recognized immediately in the Statement of Profit and Loss as income or expense.

2.14 Value Added Tax (VAT)

VAT claimed on capital assets is credited to assets/capital work in progress account. VAT on purchase of raw materials and other materials are deducted from the cost of such materials.

2.15 Provision And Contingent Liabilities

Show cause notices issued by various government authorities are not considered as obligation. When the demand notice are raised against such show cause notice and are disputed by the company then these are classified as possible obligations.

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events, 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 or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

2.16 Financial Derivative And Hedging Transaction

In respect of the Financial derivative contracts the premium / interest paid and profit / loss on settlement is charged to Statement of Profit & Loss . The contracts entered into are marked to market at year end and the resultant profit / loss is charged to Statement of Profit & Loss.

2.17 Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

2.18 Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. 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 is adjusted for the effects of all dilative potential equity shares.

SPL INDUSTRIES LTD.

Regd. C-2/54, 5th Floor, Rajasthali Appartment, Pitampura, New Delhi-110034.

ATTENDANCE SLIP

Folio No.	
DP ID	
Account ID / Client ID	
No. of Shares	

I hereby record my presence at the **22ND ANNUAL GENERAL MEETING** of the Company held on **Saturday, the 28th day of September, 2013 at 9.00 AM** at INDIA CORPORATE CENTRE, J-2/B-1, MOHAN COOPERATIVE, MATHURA ROAD, NEW DELHI - 110044

Signature of the attending Member / Proxy	

Note : 1) A Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.

2) A Shareholder/Proxy holder wishing to attend the meeting should bring his copy of the Annual Report for reference at the meeting.

SPL INDUSTRIES LTD.

Regd. C-2/54, 5th Floor, Rajasthali Appartment, Pitampura, New Delhi-110034.

PROXY

I/We ..... of .....

In the district of ..... being a Member //Members of the above named Company,

hereby appoint..... of .....

in the district of ..... or failing him/her .....

of ..... in the district of .....

as my / our Proxy to attend and vote for me/us and on my/our behalf at **22ND ANNUAL GENERAL MEETING** of the Company held on **Saturday, the 28th day of September, 2013 at 9.00 AM** at INDIA CORPORATE CENTRE, J-2/B-1, MOHAN COOPERATIVE, MATHURA ROAD, NEW DELHI - 110044, and at any adjoumment thereof.

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

Folio No.	
DP ID	
Account ID / Client ID	
No. of Shares	

Signature _____ Affix Re. 1.00 Revenue Stamp _____

Note: 1) The Proxy must be returned so as a reach the Regd. Office: Regd. C-2/54, 5th Floor, Rajasthali Appartment, Pitampura, New Delhi-110034, not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.

2) A Proxy need not to be Member of the Company.

U.S.P.

To

SPL INDUSTRIES LTD.

Regd. Office:
C-2/54, 5th Floor, Rajasthali Appartment, Pitampura, New Delhi-110034.
Tel: 011-27026840

corp@unitedadvertising.in