



**24<sup>TH</sup>**  

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**ANNUAL REPORT**  

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**2013 - 2014**

**VIRAT INDUSTRIES LIMITED**

# **VIRAT INDUSTRIES LIMITED**

**24<sup>th</sup> Annual Report 2013-2014**

## **CHAIRMAN EMERITUS**

**Mr. Naozer J. Aga**

## **BOARD OF DIRECTORS**

**Mr. Arun S. Sanghi** Chairman  
**Mr. Adi F. Madan** Managing Director  
**Mr. Ajit P. Walwaikar**  
**Mr. Armand N. Aga**  
**Mr. Harish H. Shah**  
**Mrs. Ayesha K. DadyBurjor**

## **PRESIDENT (WORKS)**

**Mr. Nirmal G. Awtaney**

## **COMPANY SECRETARY**

**Mr. Asinkhan S. Baholu**

## **AUDITORS**

**M/s. Deloitte Haskins & Sells**  
Chartered Accountants

## **BANKERS**

**Bank of Baroda**

## **REGISTERED OFFICE & FACTORY**

A-1/2, GIDC Industrial Estate,  
Kabilpore, Navsari - 396 424, Gujarat.

### **24<sup>TH</sup> ANNUAL GENERAL MEETING**

on  
Thursday, the 11<sup>th</sup> September, 2014  
at 11.30 a.m. at  
A-1/2, GIDC Industrial Estate,  
Kabilpore, Navsari - 396 424, Gujarat.

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**REQUEST** : Shareholders are requested to bring their copy of Annual Report to the Meeting.

**NOTICE**

NOTICE is hereby given that the Twenty-Fourth Annual General Meeting of the Members of Virat Industries Limited will be held at the Registered Office of the Company at A-1/2, GIDC Industrial Estate, Kabilpore, Navsari – 396 424 on 11<sup>th</sup> September, 2014 at 11.30 a.m. to transact the following business:

**ORDINARY BUSINESS:**

- 1 To receive, consider and adopt the Balance Sheet as at 31<sup>st</sup> March, 2014 and the Statement of Profit & Loss for the year ended as on that date and the Reports of the Directors and the Auditors thereon.
- 2 To declare Dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2014.
- 3 To appoint a Director in place of Mr. Armand N. Aga, who retires from office by rotation and being eligible, offers himself for re-appointment.
- 4 To appoint Auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the Annual General Meeting of the year 2017 of the Company, and to fix their remuneration, and for that purpose, to pass the following Resolution, as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, Messrs. Deloitte Haskins and Sells, Chartered Accountants, Baroda (Regn No. 117364W), the retiring Auditors, be and are hereby re-appointed as the Auditors of the Company and shall hold office for a term of three years w.e.f. this Annual General meeting to the Annual General Meeting in the year 2017 and that the Board of Directors of the Company be and is hereby authorized to fix their remuneration for the said period and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties.”

**SPECIAL BUSINESS:**

- 5 To consider and if thought fit, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION** :  
“**RESOLVED THAT** pursuant to Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force; read with Schedule IV of the Companies Act, 2013, Mr. Arun S. Sanghi, (DIN 00022168) be and is hereby appointed as an Independent Director of the Company and shall hold office for a term of five years w.e.f. this AGM to the AGM in the year 2019.”
- 6 To consider and if thought fit, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION** :  
“**RESOLVED THAT** pursuant to Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force; read with Schedule IV of the Companies Act, 2013, Mr. Ajit P. Walwaikar, (DIN 00022123) be and is hereby appointed as an Independent Director of the Company and shall hold office for a term of five years w.e.f. this AGM to the AGM in the year 2019.”
- 7 To consider and if thought fit, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION** :  
“**RESOLVED THAT** pursuant to Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013, and the Rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force; read with Schedule IV of the Companies Act, 2013, Mr. Harish H. Shah (DIN 03032200) be and is hereby appointed as an Independent Director of the Company and shall hold office for a term of five years w.e.f. this AGM to the AGM in the year 2019.”
- 8 To consider and if thought fit, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION** :  
“**RESOLVED THAT** Mr. Vinay Sanghi (DIN 00309085) a Director who was appointed as an Additional Director of the Company on 29-05-2014 pursuant to Section 161(1) of the Companies Act, 2013 and was to hold office of Director till the date of this Annual General Meeting and in respect of whom a Notice has been received from a member along with the cheque of ₹ 1 lac signifying his intention to appoint him as an Independent Director of the Company, be and is hereby appointed Independent Director of the Company and THAT he shall hold office for a term of five years commencing from this AGM to the AGM in the year 2019.”

- 9 To approve the remuneration of the Cost Auditors for the financial year ending March 31, 2015 and in this regard to consider and if thought fit, to pass with or without modification(s) the following Resolution as an **ORDINARY RESOLUTION** :

“**RESOLVED THAT** pursuant to the provision of Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit & Auditors) Rules, 2014, the arrangement of the fixation of the remuneration as may be mutually agreed between the Managing Director of the Company and the Cost Auditor culminating in a definite amount and the reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties of Messrs. Manubahi & Associates, Cost Accountants, Surat (Membership No.: 2502) appointed as a Cost Auditors by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, be and are hereby ratified.”

- 10 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 provision of Section 197 of the Companies Act, 2013, consent of the Company be and is hereby accorded for the payment to the Non-Whole Time Directors of the Company, commission, as may be decided by the Board of Directors, at such rate not exceeding 1% of the net profits of the Company computed in the manner laid down in Section 198 of the Companies Act, 2013.”

By Order of the Board of Directors

**REGISTERED OFFICE:**

A-1/2, GIDC Industrial Estate,  
Kabilpore, Navsari - 396 424, Gujarat.

Place : Mumbai.

Date : 29<sup>th</sup> May, 2014.

**ASINKHAN S. BAHOLU**

*Company Secretary*

**NOTES :**

- A A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.**  
PROXIES IN ORDER TO BE VALID MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.
- B** The Register of Members and the Share Transfer Books shall remain closed from 05-09-2014 to 11-09-2014 (including both dates) for the purpose of dividend entitlement and the 24<sup>th</sup> Annual General Meeting.
- C** Members/Proxies are requested to fill the Attendance Slip for attending the meeting.
- D** Members are informed that the facility of dematerialization of shares of the Company is available and members are advised to go for that by approaching concerned DPs.
- E** Members who hold shares in dematerialized form are requested to bring their Client ID and DP ID numbers for easy identification of attendance at the meeting.
- F** The Members holding shares in physical form are requested to notify any change in their address to the Company.
- G** Members desiring any information as regards the Accounts are requested to write to the Company at least 10 days before the date of the meeting to enable the management to keep the information ready.
- H** As per Companies (Management and Administration) Rules, 2014 read with Chapter VII of the Companies Act, 2013, the Shareholders of the Company are requested to furnish their information as per Annexure attached herewith and are required to submit the same to Link Intime India Pvt. Ltd. RTA of Virat industries Ltd. before 11<sup>th</sup> September, 2014.
- I** In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the Members the facility to exercise their right to vote at the 24<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-voting services provided by CDSL Ventures Ltd. (CVL)
- J** Corporate members intending to send their authorized representative to attend the Meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

- K In terms of Regulations 139, 140 and 141 of the Articles of Association of the Company, Mr. Armand N. Aga (DIN 00022401) will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment.
- L As per Section 149 of the Companies Act, 2013 implemented with effect from 1<sup>st</sup> April, 2014, Independent Directors can be appointed for two terms of five years each. In our Company, most of the Independent Directors have almost completed 10 years. However, as per the explanation given to Section 149 (10) and (11), it is clearly mentioned that any tenure of an Independent Director on the date of commencement of the Act shall not be counted as a term under the aforesaid sections. Additionally, Mr. Vinay Sanghi is also sought to be appointed as an Independent Director apart from Independent Directors, referred to hereinbefore, continuing in the Company, by virtue of their appointment for the first term of five years.
- M Brief resume of all Independent Directors and the Director retiring by rotation, nature of their expertise in specific functional areas and the names of the companies in which they hold Directorships and Membership/Chairmanship of Board Committees, as stipulated under Clause 49 of the Listing Agreement with the Bombay Stock Exchange Limited, are provided in the Report on Corporate Governance forming part of the Annual Report along with this Notice.

**N E-voting**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its members facility to exercise their right to vote at the 24<sup>th</sup> Annual General Meeting (AGM) on the items mentioned in the notice by electronic means through e-voting Services provided by Link Intime India Pvt. Ltd. The e-voting shall be open on 8<sup>th</sup> September, 2014 from 9.00 A.M. to 6.00 P.M.

Mr. Atul J. Gandhi, Company Secretary (Membership No: FCS 1632) has been appointed as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.

E-voting is optional. The e-voting rights of the shareholders/beneficiary owners shall be reckoned on the equity shares held by them as on 8<sup>th</sup> August, 2014 being the Cut-off date for the purpose. shareholders of the Company holding shares either in physical or in dematerialized form, as on the Cut-off date, may cast their vote electronically.

The Scrutinizer shall within a period not exceeding three (3) days from the conclusion of the e-voting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, forthwith to the Chairman of the Company.

The Results of the e-voting along with the result of the poll conducted at the AGM and the Scrutinizer's Report shall be sent to stock exchanges, where the securities of the Company are listed and placed on the Company's website [www.viratindustries.com](http://www.viratindustries.com) and on the website <http://www.evotingindia.co.in> within two (2) days of passing of the Resolutions at the AGM.

The instructions for members for voting electronically are as under :

The voting period begins from 9.00 am to 6.00 pm on 8<sup>th</sup> September, 2014. During this period share holders of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date (record date) on 8<sup>th</sup> August, 2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

**A In case of members receiving e-mail:**

- i Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
- ii Click on "Shareholders" tab.
- iii Now Enter your User ID (For CDSL: 16 digits beneficiary ID, For NSDL: 8 Character DP ID followed by 8 Digits Client ID, Members holding shares in Physical Form should enter Folio Number registered with the Company and then enter the Captcha Code as displayed and Click on Login.
- iv If you are holding shares in Demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and casted your vote earlier for EVSN of any Company, then your existing password is to be used. If you are a first time user follow the steps given below.

- v Now, fill up the following details in the appropriate boxes:

	<b>For Members holding shares in Demat Form</b>	<b>For Members holding shares in Physical Form</b>
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the Company records for the said demat account or folio.	

\*Members who have not updated their PAN with the Company/Depository Participant are requested to use the <Default Value> in the PAN field.

# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter the <Default Value> in the Dividend Bank details field.

- vi After entering these details appropriately, click on “SUBMIT” tab.
- vii Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for Resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii For Members holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.
- ix Click on the relevant EVSN on which you choose to vote.
- x On the voting page, you will see Resolution Description and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi Click on the “Resolutions File Link” if you wish to view the entire Resolutions.
- xii After selecting the Resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiii Once you “CONFIRM” your vote on the Resolution, you will not be allowed to modify your vote.
- xiv You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- xv If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password and enter the details as prompted by the system.
- xvi Institutional shareholders (i.e. other than Individuals, HUF, NRI, etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates. After receiving the login details they have to link the account(s) which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
- xvii i Note for Non-individual share holders and custodians
- Non-individual share holders (i.e. other than individuals, HUF, NRI, etc.) are required to log on the Hyperlink “<http://www.evotingindia.com> and register themselves as corporates.

- A scanned copy of the registration form bearing the stamp and sign of the entity should be emailed to Hyperlink mail to : helpdesk.evoting@cdslindia.com
  - After receiving the login details they have to create a Compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for vote they wish to vote on.
  - The list of accounts should be mailed to helpdesk, evoting@cdslindia.com and an approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board resolution and power of attorney (POA) which they have issued in favour of the custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to voting the same.
- ii In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available to Hyperlink “<http://www.evotingindia.com> under help section or write an email to Hyperlink mail to : helpdesk.evoting@cdslindia.com.

**B In case of members receiving the physical copy:**

Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.

**O Poll at the Meeting**

After all the items of the Notice have been discussed, the Chairman will order poll in respect of all the items. Poll will be conducted and supervised under the Scrutinizer appointed for e-voting as stated above. After conclusion of the poll, the Chairman may declare the meeting as closed. The results of the poll aggregated with the results of e-voting will be announced by the Company on its website: [www.viratindustries.com](http://www.viratindustries.com) within two days from the date of AGM of the Company and on the website of CDSL [www.evotingindiacdsl.com](http://www.evotingindiacdsl.com) and also informed to the stock exchanges where the securities of the Company are listed within two days of the AGM.

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## ANNEXURE TO NOTICE

### EXPLANATORY STATEMENT AS REQUIRED PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

The following Explanatory Statement sets out all material facts relating to the SPECIAL BUSINESS mentioned under Item Nos. 5, 6, 7, 8, 9 and 10 accompanying the Notice.

**Item Nos. 5, 6 and 7:**

Pursuant to Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modifications) or enactments thereof for the time being in force read with Schedule IV to the Companies Act, 2013, Mr. Arun S. Sanghi, Mr. Ajit P. Walwaikar and Mr. Harish H. Shah are being appointed as the Independent Directors of the Company and shall hold office for a term of five years w.e.f. from this AGM to 29<sup>th</sup> AGM to be held in the year 2019 with a view to bring an independent judgment on the Board's deliberation on various issues and to safeguard and balance the conflicting interest of the shareholders particularly minority shareholders and to assist the Company in implementing the best corporate governance and business practices.

The Board confirms that in making this recommendation, it has given careful consideration to the Director's balanced skills, knowledge and expertise and experience and is satisfied that the Directors putting themselves for appointment as Independent Directors have sufficient time to discharge their duties effectively, taking into account their other commitments. In the opinion of the Board, all Directors fulfill the conditions specified in the Companies Act, 2013 and the Rules made thereunder for their appointment as Independent Directors of the Company and that they are independent of the Management.

Copy of the draft letter for appointment of all Independent Directors setting out the terms and conditions would be available for inspection without any fee by the Members at the Registered office of the Company during normal business hours on any working day.

The Board considers that the association of these Directors would be of immense benefit to the Company and it is desirable to avail the services of all of them as Independent Directors.

The Board recommends the said **Ordinary Resolutions** in the interest of the Company.

Except the Independent Directors being appointed, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financially or otherwise.

**Item No. 8:**

Mr. Vinay Sanghi (DIN 00309085) a Director, was appointed as an Additional Director of the Company on 29-05-2014 pursuant to Section 161(1) of the Companies Act, 2013 and was to hold office of Director till the date of this Annual General Meeting. A Notice has been received from a member signifying his intention to appoint him as a Director of the Company, along with a payment of ₹ 1.00 lac towards deposit.

He will be appointed as an Independent Director of the Company and will hold the office for a term of five consecutive years from the date of the ensuing Annual General Meeting and for this an Ordinary Resolution has to be passed.

Copy of the draft letter for appointment as an Independent Director setting out the terms and conditions would be available, for inspection without any fee by the Members, at the Registered office of the Company during normal business hours on any working day.

The Board considers that the association of this Director would be of immense benefit to the Company and it is desirable to avail of his services as Independent Director.

The Board recommends the said **Ordinary Resolutions** in the interest of the Company.

Except the Independent Director being appointed, none of the Directors and Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financially or otherwise.

**Item No. 9:**

The Board, on the recommendation of the Audit committee, has approved the appointment and remuneration of the Cost auditors Messrs. Manubhai and Associates, Cost Accountants, Surat (Membership No. 2502) to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015. The remuneration of cost auditor will be mutually agreed between the Managing Director of the Company and Cost Auditor and reimbursement of actual out of pocket expenses, as may be incurred in the performance of their duties.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

None of the Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this Resolution of the Notice.

**Item No. 10:**

The financial performance of the Company has put itself in a position to pay commission to its Non Whole-time Directors for the first time. Under the new Companies Act, Non Whole-time Directors have been entrusted with new responsibilities to make their role more objective and purposeful. Keeping in view the enhanced role, responsibilities and duties of Directors, it is considered appropriate that a commission be paid to the Non-whole Time Directors by the Company to compensate them for their increased role, responsibilities and duties.

Section 197 of the Companies Act, 2013 provides for payment of commission to the Non Whole-time Directors that shall not exceed 1% of the net profits of the Company.

The Board of Directors of the Company have, subject to the approval of the Members of the Company at Annual General Meeting, proposed to give commission to the Non Whole-time Directors not exceeding in aggregate 1% of the net profits of the Company for the year ended 31<sup>st</sup> March, 2014 as computed in the manner laid down in Section 198 of the Companies Act, 2013.

The said commission to Non Whole-time Directors shall be in addition to the sitting fee payable to them.

Save and except all the Non Whole-time Directors of the Company, and their relatives, where applicable, who are entitled to the amounts from the commission payable, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, concerned or interested, financially or otherwise, in this Resolution.



**DETAILS OF DIRECTORS BEING APPOINTED/RE-APPOINTED AT THE ANNUAL GENERAL MEETING [IN PURSUANCE OF CLAUSE 49(IV)(G)(1)] OF THE LISTING AGREEMENT :**

Name of Director	Mr. Arun S. Sanghi	Mr. Ajit P. Walwaikar	Mr. Harish H. Shah	Mr. Armand N. Aga	Mr. Vinay Sanghi
Age	71 years	59 years	70 years	42 years	45 years
Qualification	B.A., LL.B.	B.A. (Economics), LL.M., F.C.S.	Dip. In Textile Tech. LTM	B. Com.	B.com.
Date of Appointment	26-02-2004	26-02-2004	25-03-2010	28-05-2010	29-05-2014
Expertise	Mr. Arun S. Sanghi is a well-known Businessman/ Industrialist in the city of Mumbai.	Rich experience in Secretarial, Legal and Commercial Fields. Has vast experience of dealing with Company Laws, Security Laws and the laws relating to Commercial Matters. Has experience of setting a 100% E.O.U., dealing with Ministry of Industry, Development Commissioner, Stock Exchange, SEBI, etc.; Has handled Public Issues.	Rich experience in textile industries in production incharge and technical advisor.	CEO of Armyesh Group of Companies engaged in Consultancy, Finance, Investment and manufacturing and exporting of high fashion embroidery to large and reputed Fashion Houses.	Mr. Vinay Sanghi is the founder of Cartrade.com, one of India's leading auto ecommerce Companies. Rich experience in online trading business. He worked in Sah and Sanghi Group of Companies as a Director and Partner. He was a CEO of the Mahindra First Choice Wheels Ltd. for eight years. The Company is a joint venture of Mahindra, Sah and Sanghi and HDFC.
Other Directorships	<ul style="list-style-type: none"> <li>• Suraj Sanghi Finance Ltd.</li> <li>• Rama Sanghi Auto Pvt. Ltd.</li> <li>• Sah &amp; Sanghi Brands Pvt. Ltd.</li> <li>• S. P. Sanghi Air-conditioning Pvt. Ltd.</li> <li>• Tyresoles Concessionaries Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Asiatic Oxygen Limited</li> </ul>	None	<ul style="list-style-type: none"> <li>• Armyesh Consultancy &amp; Agencies Pvt. Ltd.</li> <li>• Armyesh Fashion Pvt. Ltd.</li> <li>• Armyesh Embroidery Pvt. Ltd.</li> <li>• Janas Finance &amp; Investment Pvt. Ltd.</li> <li>• Shapoorjee Chanda-bhoy Finvest Pvt. Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Suraj Sanghi Finance Ltd.</li> <li>• Mohan Three Wheelers Pvt. Ltd.</li> <li>• Project Automobiles (Bombay) Pvt. Ltd.</li> <li>• MXC Solution India Pvt. Ltd.</li> </ul>
Chairmanship/ Membership of the Committees	Virat Industries Limited : <b>Chairman</b> <ul style="list-style-type: none"> <li>• Board of Directors</li> <li>• Audit Committee</li> <li>• Constitution of Stakeholders Committee</li> <li>• Nomination and Remuneration Committee</li> </ul>	Virat Industries Limited : <b>Member</b> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Constitution of Stakeholders Committee</li> <li>• Nomination and Remuneration Committee</li> </ul> Asiatic Oxygen Limited : <b>Member</b> <ul style="list-style-type: none"> <li>• Audit Committee</li> </ul>	Virat Industries Limited : <b>Member</b> <ul style="list-style-type: none"> <li>• Audit Committee</li> <li>• Nomination and Remuneration Committee</li> </ul>	None	None
Shareholding in the Company	Nil	Nil	Nil	34,989	Nil

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**ANNEXURE TO NOTE H**

**Virat Industries Limited**

**(Regd. Office Address:** A – 1/2, GIDC Industrial Estate, Kabilpore, Navsari - 396 424, Gujarat, India)

**CIN: L29199GJ1990PLC014514**

Tel No: +912637 – 265011/22 Fax: +912637 – 265712 Email:factory@viratindustries.com

Website: www.viratindustries.com

Dear Members of the Company,

**Subject: Registration of email Id for the Communication through Electronic Mode and providing information as required under section 88(1) of the Companies Act, 2013.**

The new Companies Act, 2013, has been notified w.e.f. 1<sup>st</sup> April, 2014. It, inter alia, allows the Company, to communicate with its Members through electronic mode like email. As per the provisions of the said Act, the Company can now opt to send the Notices of the General Meetings and Postal Ballot through the electronic mode. The members may also exercise their right to vote at any General Meeting and on Postal Ballot by electronic means i.e. through e-voting.

The communication between the members and the Company through the electronic mode will help reduce paper consumption and will help in saving the natural resources, which indirectly help you to contribute towards saving environment.

Thus, in view of the above, we request you to register your email Ids with the Company, for the purpose of receiving the future communication from the Company through electronic mode.

We also draw your attention to the Section 88(1) of the Companies Act, 2013 and Rule 3(1) of the Companies (Management and Administration) Rules, 2014.

To enable us to update your details, we request you to return/provide the information as per format attached.

We also request you to register your ECS mandate to enable the Company to disburse the dividends through NECS/NEFT/to avoid misplacement of physical warrant, quick credit to your account and also save your time in depositing the cheque in your bank account. This will also help you participate in e-voting at your convenience.

Shareholders holding shares in demat segment are requested to update their details in their demat account.

Thanking you,

Yours faithfully,

**For Virat Industries Limited**

**A.S. Baholu**

*Company Secretary*

Place : Mumbai,

Date : 29<sup>th</sup> May, 2014.

Date:

To:

**Link Intime India Pvt. Ltd.**  
 Unit: **Virat Industries Limited**,  
 C-13, Pannalal Silk Mills Compound,  
 L.B.S. Marg, Bhandup (W),  
 Mumbai – 400 078

Dear Sir,

With reference to section 88(1) of the Companies Act, 2013, we give the following information:

Name	
Name of Joint Holder, if any	1. 2.
Address	
Folio No.	
Contact No.	Res.: Mob:
Email Id	
CIN Registration No. (in case of Companies)	
Unique Identification No.	
Father's/Mother's/Spouse's Name	1. 2.
Occupation	
Date of Birth	
PAN No.	
Nationality	
Bank Name	
Branch Name	
Account Number	
MICR Number	
RTGS/NEFT/FSC Code (attach cancelled cheque)	

Thanking you,

Yours faithfully

Name of the Shareholder: \_\_\_\_\_

**DIRECTORS' REPORT**

Your Directors take pleasure in presenting the 24<sup>th</sup> Annual Report together with the Audited Statement of Accounts for the year ended 31<sup>st</sup> March, 2014.

**FINANCIAL RESULTS AND ACCOUNTS:**

The Financial Results are as under :

(₹ in Lacs)

	Year ended 31 March, 2014	Year ended 31 March, 2013
Gross Income (including other income)	2251.20	2120.54
Gross Profit (Before Interest, Depreciation and Tax)	592.25	423.56
Less: Interest (Net)	10.69	10.42
Depreciation	94.96	84.68
Provision for tax :		
- Current Tax	153.00	122.00
- Deferred Tax	5.20	(14.46)
- MAT Credit written off	—	2.63
- Short/(Excess) provision for tax relating to prior years	—	(3.21)
Net Profit / (Loss) After Taxes	328.40	221.50
Balance [+/-] carried from previous year's Account	500.76	376.73
Profit/(Loss) available for Appropriations:	829.16	598.23
Proposed Dividend	88.62	73.85
Dividend Distribution Tax	15.06	12.55
Transfer to General Reserve	32.84	11.07
Balance [+/-] carried to next year's Account	692.64	500.76

**OPERATIONS:**

The year under review was a very satisfying and a successful year. The Company posted sales of Rs. 20.27 crores, the highest achieved since its inception; registering top line growth of 3.71% over previous year. The export sales constituted 94.90% of total sales, recording growth of 4.65% over the preceding year. This performance is the outcome of the reputation that your Company continues to enjoy among its overseas customers because of the globally acclaimed quality of its products, product innovation, timely deliveries, prompt communication and quick response in developing samples.

The profit before tax of ₹ 486.60 lac during the year was 48.14% higher compared to ₹ 328.47 lac recorded in the previous year. This is a land mark improvement in profit after absorbing the input cost escalations, is due to favourable exchange rates caused by weakening of ₹ (rupee) against US Dollar (USD) and Great Britain Pound (GBP); and improved product mix achieved by your Company by initiating efforts to reach out to some niche markets, who need exclusive products and offer higher realisation and higher profit margin per pair of socks. The average selling price for export sales during the year was ₹ 42.18 per pair of socks against ₹ 36.03 per pair of socks achieved in the previous year - a rise of 17.07%. The Company is focusing on improving high margin business by debottlenecking the constraints in manufacturing process.

Prices of dyed cotton yarn which constitute 25% of cost of production of your Company remained highly volatile during the year. Besides, there was rise in the prices of other raw materials, and increase in the cost of employees' remuneration, power, fuel and overheads.

It has been the consistent policy of your Company to plough back a substantial part of surplus profits every year to purchase new machines and equipment to enhance the production base and also to replace some old machines which had become cost ineffective. This helps your Company to maintain its competitiveness and achieve better quality. During the year, Twenty (20) sock knitting machines were installed and Six (6) existing machines were replaced. Total capital outlay was ₹ 141.84 lac.

The comparative performance highlights for last five years are as under:

	Units	2013-14	2012-13	2011-12	2010-11	2009-10
Total Income	₹ in lac	<b>2251.20</b>	2120.54	1685.23	1503.39	1471.43
Export Sale	₹ in lac	<b>1923.53</b>	1838.07	1449.10	1326.49	1178.53
Net Profit before Tax	₹ in lac	<b>486.60</b>	328.47	201.02	124.99	216.21
Net Profit after Tax	₹ in lac	<b>328.40</b>	221.50	139.20	86.84	146.03
Cash Profit	₹ in lac	<b>423.36</b>	306.18	218.76	164.11	217.00
Knitting Production	Pairs in lac	<b>51.92</b>	57.42	45.38	46.16	42.80
Pairs Dispatched	Pairs in lac	<b>49.64</b>	55.30	46.78	48.68	37.77
Sales realization per pair	₹	<b>40.83</b>	35.36	32.81	29.14	33.05
Earning Per Share	₹	<b>6.67</b>	4.50	2.83	1.76	2.97

Your Company continues its relentless effort to develop new markets and acquiring new clients to overcome turbulent business environment in overseas market and also maintain the pace of its growth.

Your Company continues to maintain its reputation of being one of the leading suppliers of premium quality dress and sports socks to many reputed retail chains in Europe and the Gulf Countries. As most of the customers are high end reputed retailers who need excellent quality socks, the Company has positioned itself to supply them quality products and timely deliveries. Therefore, the Company is optimistic of growth through continued expansion and innovation.

#### **DIVIDEND:**

The Board of Directors of the Company has recommended a dividend of ₹ 1.80 per share of ₹ 10/- each (18 %). The total dividend will absorb ₹ 8,862,012, excluding ₹ 1,506,099 as tax on dividend. The dividend will be free of tax in the hands of the share holders of the Company.

#### **FINANCE:**

As on the date of Balance Sheet the company is debt free in terms of long term loans.

#### **WORKING CAPITAL LOAN**

The Company is enjoying export packing credit and foreign bill purchase facilities.

#### **INSURANCE**

All the assets of the Company have been adequately insured.

#### **SUBSIDIARIES**

As the Company has no subsidiaries, Section 212 of the Companies Act, 1956, does not apply. During the year, the Company has subscribed to 30% of the Partners' Capital in Armayesh Enterprise LLP.

#### **DIRECTORS**

Mr. Arun S. Sanghi, Mr. Ajit P. Walwaikar and Mr. Harish H. Shah, all the three Independent Directors of the Company will hold the office as Directors of the Company for a term of five consecutive years from the date of the Annual General Meeting and for this, Ordinary Resolutions will be passed.

Mr. Armand N. Aga is retiring by rotation and being eligible has offered himself for re-appointment.

Mr. Vinay Sanghi was appointed as an Additional Director of the Company on 29.05.2014 till the date of the Annual General Meeting. He will be appointed as an Independent Director of the Company and will hold the office for a term of five consecutive years from the date of ensuing Annual General Meeting and for this an Ordinary Resolution will be passed.

**COMMISSION**

The Board of Directors of the Company proposed that the five non Whole-time Directors of the Company shall receive commission at the rate of 1% of net profit of the Company computed in the manner laid down in Section 197 and 198 of the Companies Act, 2013. The total amount of commission works out to ₹ 4.92 lac. This shall be paid subject to and within the limit approved by the members of the Company at the ensuing Annual General Meeting.

**DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 217 (2AA) of the Companies Act, 1956 regarding inclusion of Directors' Responsibility Statement, it is stated:

- i that in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii that the Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for the year under review;
- iii that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv that the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2014 on going concern basis.

**AUDITORS**

The term of office of M/s. Deloitte Haskins and Sells, Chartered Accountants, Baroda as Auditors expires at the conclusion of the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment for the financial years 2014-15, 2015-16 and 2016-17. Members are requested to re-appoint the Auditors and fix their remuneration.

**COST AUDITORS**

As per the requirement of the Central Government, and pursuant to the provision of Section 233B of the Companies Act 1956, the audit of the cost accounts relating to the manufacturing of "Knitted Socks" falling under chapter 61 of the Central Excise Tariff Act 1985 is required to be carried out every year. The Company has appointed practicing Cost Accountants M/s Manubhai & Associates, Surat for the financial year 2013-14, ended 31<sup>st</sup> March 2014. Approval from the Central Government has been received for above referred appointment. The Cost Audit Report in respect of financial year 2013-14 will be filed on or before 27<sup>th</sup> September 2014 i.e. 180 days from the closing of the financial year of the Company.

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

Additional information on conservation of energy, technology absorption, foreign exchange earnings and outgo as required to be disclosed in terms of 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 is annexed and forms part of this Report.

**PARTICULARS OF EMPLOYEES**

As per provision of Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, particulars of the employees are required to be annexed in respect of the employees of the Company who were in receipt of total remuneration of ₹ 60.00 lac per annum or ₹ 5.00 lac per month. During the financial year, under review, there is no employee drawing remuneration as above.

**CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS**

Detailed notes on the Corporate Governance and the Management Discussion and Analysis report and other such disclosures as are required to be made under the Listing Agreement with the Stock Exchanges, are separately annexed and form part of this Report.

**COMPLIANCE CERTIFICATE**

The Certificate from the Auditors of the Company regarding compliance of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to this Report.

**ACKNOWLEDGMENT**

Your Directors wish to place on record their sincere appreciation for the co-operation and support extended to the Company by the Government of India, the Gujarat State Government and by the relevant Government Authorities, Central, State and Local, the Company's Bankers and the Business Associates.

Your Directors also thank all the employees at every level, who, through their dedication, co-operation and support, have enabled the Company to achieve a sustained growth.

*For and on behalf of the Board of Directors*

Place: Mumbai,  
Date : 29<sup>th</sup> May, 2014.

**Arun S. Sanghi**  
*Chairman*

**ANNEXURE "A" TO THE DIRECTORS' REPORT****MANAGEMENT DISCUSSION AND ANALYSIS****Overview:**

Global economic scenario remained turbulent in the year under review, especially in Europe where 90% of your Company's exports are shipped. The uncertainties continued to remain in the current year as well and this may further moderate growth if economy of the countries purchasing your Company's products does not improve.

India's GDP growth decelerated for the second year in succession to 4.5%, due to abysmal performance in all sectors, especially in the manufacturing sectors.

In the fiscal year ended March 2014, total outbound shipments from India touched \$ 312 billion, recording nominal growth of 3.96% over the last financial year.

Despite odds, the performance of your Company in the year under review is noteworthy when viewed in the backdrop of an extremely challenging environment, especially during the second half of the year.

During the year, the Company carried out sales in the following geographical segments: (In ₹)

	United Kingdom	Switzerland	UAE	India	Rest of the World	Total
Revenues	84,732,521	85,762,750	18,571,139	10,330,685	3,286,752	<b>202,683,848</b>

**Industry Structure and Development**

Indian textile industry including hosiery and clothing accounts for nearly 11% share of the Country's total export basket and employs 35 million people. The industry contributes around 5% to Indian GDP and 11% to manufacturing production. For the Indian economy, it is the second largest generator of employment, after agriculture.

Textiles and apparels exported from India consume mainly indigenous inputs and are, therefore, big earners of net foreign exchange. This helps the country reduce its current account deficit.

**Opportunities**

Your Company is well poised to seize opportunities available in the sock knitting industry on account of its state-of-the-art production facilities, technical expertise, good quality culture and emphasis on product innovation and growth potential.

The socks produced by your Company are meeting international quality norms of comfort, stretch, sizing, skin care and other parameters essential for inner wear intimate apparel. They also meet the fashion demands in terms of design, different knits and multiple shades. The socks manufactured by your Company are sold in Supermarket Chains and upper end Retail Stores.

With the era of domination of the world's textiles, including hosiery items, originating in China, decreasing slowly, the base is shifting to India and other Emerging/Developing Countries. This augurs well for Indian Companies in the textile and hosiery sector.

The domestic market for textiles, including clothing and hosiery items, has great growth potential for the following reasons;



- (i) Higher disposable incomes: India's per capita income is estimated at USD 1200 per annum and rising.
- (ii) Favourable demographic profile: The proportion of India's economically productive population (15-16 years) is rising; almost 50% of its population, below 26 years, catalyses textile consumption.
- (iii) Higher Urban growth: India's urban (and related) income is rising rapidly, strengthening apparel consumption.

All major overseas customers of your Company insist on social audits to be carried out in the factory at least once in two years, by the internationally acclaimed "Business Social Compliance Initiative Agencies". Such audits cover compensation to employees, health, safety, environment and management practices. New customers also insist on such audits to be conducted, before they start the business. The compliance of such audits brings healthy and ethical culture in working and creates goodwill of the Company among its clients. Your Company has successfully complied with many such audits and has thus ensured continuance of business with major clients for long periods.

**Threats and Risks:**

Your Company derives over 94 to 95 % of its revenue from the export market. Any problem of economic slowdown or decline in demand in the country of buyer of your Company's product will have adverse impact on the working of Company.

Your Company is potentially exposed to any changes in exchange rates, tariff, duty drawback rates, and also the Government Policies of the Countries which purchase your Company's product.

In the international market, countries like Turkey have developed an edge over the Indian manufacturers due to reduced freight cost and much reduced delivery time. Besides, Turkey enjoys exemption of 10.6% custom duty in relation with EU countries. This has posed a threat to the Indian socks suppliers and may pressurise them to reduce prices and thereby squeeze their margins. Even Bangladesh enjoys exemption in import duty by virtue of its being a less developed country and exports goods at prices, which Indian socks suppliers cannot compete.

The Company is exposed to risks attached to various statutes and regulations. The Company is mitigating these risks through regular reviews of legal compliances, through internal as well as external compliance audits.

Dyed cotton yarn is the main constituent of raw materials used by your Company. The prices of cotton have been highly volatile and can have adverse impact on the profits of your Company.

Cheap imports of socks from China are posing problem of fierce competition to Indian products.

However, because of your Company's good reputation for quality products, timely delivery, better communication and fair business practices, foreign buyers have been patronizing your Company regardless of benefits that accrue to them from the other countries.

**Internal Control System and their Adequacy**

Your Company believes in formulating adequate and effective internal control systems and implementing the same to ensure that assets and interests of the Company are safeguarded and reliability of accounting data and accuracy are ensured with proper checks and balances. The Internal control system is improved and modified continuously to meet the changes in business conditions, statutory and accounting requirements. The Audit Committee of the Board of Directors actively reviews the adequacy and effectiveness of internal control system and suggests improvements for strengthening them. The Company has a sound Management Information System which is an integral part of the control mechanism. The Audit Committee of the Board of Directors and Statutory Auditors are periodically apprised of the internal audit findings and corrective actions taken.

**Human Resources and Industrial Relations**

Industrial relations continue to remain cordial and peaceful at the manufacturing unit at Navsari. There are 127 employees working at the manufacturing unit for a common objective of Profit, Growth and Excellence.

**ANNEXURE “B” TO THE DIRECTORS’ REPORT**

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgoings as required under the Companies (Disclosure of Particulars in the Board of Directors’ Report) Rules, 1988 are given below:

**A CONSERVATION OF ENERGY:****a Energy Conservation Measures Taken:***Electricity:*

- i Maintained the power factor in the range of 0.998 to 0.999, throughout the year and got rebate of ₹ 168,119/- on this account in electricity bills.
- ii New Atlas Copco make GA-37 FF, VSD (Variable Speed Drive) air compressor installed in February 2013, is regularly working. It draws electricity power according to the plant load.

*Natural Gas:*

- i Reduced steam leakages from boiler house to plant level and maintained the same throughout the year.
- ii Installed float trap of right specification to reduce the condensation losses.
- iii Further reduced down time of boarding machines by 4%.

**b Additional Investments and Proposals being implemented in Consumption of Energy: –****c Impact of Measures at (a) and (b) above for Reduction of Energy Consumption and on the Cost of Production of Goods:**

The Measures taken above have helped us reduce natural gas consumption per pair of sock from 0.017 SCM to 0.0135 SCM (21% reduction).

Total saving amounts to ₹ 6.02 lac in Natural gas consumption in the year.

**d Total Energy Consumption and Energy Consumption per Unit of Production:**

The above information is furnished in **Item C** above and also presented in Form A annexed.

**B TECHNOLOGY ABSORPTION:**

Efforts made in Technology Absorption are as per Form B annexed.

**C FOREIGN EXCHANGE EARNINGS AND OUTGO:****Activities relating to Exports, Initiatives to Increase Exports, Development of New Export Markets for Products and Services and Export Plan:**

Ours is an export unit operating under Export Promotion Capital Goods (EPCG) Scheme. The Company has been exporting goods mainly to the European and Gulf Markets. All efforts are directed towards increasing exports. In the year under review about 95% of total revenues were derived from export.

<b>Total Foreign Exchange Used and Earned:</b>	<b>(₹ in Lacs)</b>
a Total Foreign Exchange earned	1,923.53
b Total Foreign Exchange used	
i For import of Plant and Machinery	44.41
ii For Spares, etc.	43.04
iii Raw Materials	7.02
iv For Dividend remitted	7.39
iv Others	15.62
<b>SUB-TOTAL</b>	<b>117.48</b>
% of Import to Export	6.11%

**FORM A**  
**PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

**A Power and Fuel Consumption**

	Current Year	Previous Year
1 Electricity		
a Purchased		
Unit (Lac)	<b>16.31</b>	15.33
Total Amount (₹ in Lac)	<b>105.00</b>	95.59
Rate/Unit (₹)	<b>6.44</b>	6.24
b Own Generation		
i Through Diesel Generator Unit	-	-
Unit per ltr. of Diesel	-	-
Cost/Unit	-	-
ii Through Steam Turbine/Generator Units	-	-
Units per ltr. of Fuel Oil/Gas	-	-
Cost/Unit	-	-
2 Coal (specify quality and where used)		
Quantity (Tonnes)	-	-
Total Cost	-	-
Average Rate	-	-
3 Furnace Oil		
Quantity (K.L.)	-	-
Total Cost	-	-
Average Cost	-	-
4 Others -		
Natural Gas from GSPC (SCM)	<b>60041</b>	74082
Total Cost (₹ in Lac)	<b>23.35</b>	23.61
Rate/Unit (₹)		
Natural Gas (Per SCM)	<b>38.89</b>	31.87

**B Consumption per Unit of Production**

	Standards (if any)	Current Year	Previous Year
		<b>No. of Pairs</b>	
Product: Socks (Captive)	Knitted	<b>4,442,929</b>	4,337,552
	Boarded	<b>4,442,929</b>	4,337,552
Electricity (KWH/pair of Socks)	-	<b>0.367</b>	0.353
Furnace Oil	-	-	-
Coal (specify quality)	-	-	-
Others - HSD (ltrs/ per pair of socks)	-	-	-
Natural Gas (SCM per pair of socks)	-	<b>0.0135</b>	0.017

**FORM B**  
**PARTICULARS WITH RESPECT TO ABSORPTION**

**Research and Development (R&D)****1 Specific areas in which R & D is carried out by the Company:****A Development of new products**

- i Developed tube socks/sleeves, by using fur yarn made from microfibre nylon yarns. Such socks/tubes are used for removing loose dirt of golf balls. They are kept in Golfer's pocket.
- ii Introduced embroidery in thick crew socks having rib and horizontal strips for which bulk orders are received.
- iii Attractive gift boxes containing three pairs were introduced, with good value addition.

**B Repairing of imported parts**

- i The technicians at factory have developed the technique to repair motor drives (IRT), PCB and other electronic parts of the knitting machines.
- ii We have also developed an indigenous source to repair the broken cylinders of our knitting machines.

**2 Benefits derived as a result of the above R & D:**

- i New business with higher profit margins.
- ii Reduction in the Cost of electronic parts.

**3 Future plan of action:**

To be planned

**4 Expenditure on R & D:**

Not ascertainable

- a Capital –
- b Recurring –
- c Total –
- d Total R & D Expenditure as a percentage of total turnover. –

**Technology absorption, adaptation and innovation:****1 Efforts in brief, made towards technology absorption, adaptation and innovation:**

The Company has not imported any technology. It has imported major plant and machinery.

**2 Benefits, derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc.:**

Not Applicable

**3 In case of imported technology (imported during the last 5 years reckoned from the beginning of the financial year), following information may be furnished:**

- a Technology imported –
- b Year of Import –
- c Has technology been fully absorbed –

**Information as per Section 217(2A) read with Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors' Report for the Year ended 31st March, 2014.**

A Names of Employees employed throughout the Financial Year and were in receipt of remuneration of not less than ₹ 6,000,000/- in terms of Section 217 (2A) (a) (i):

Sr. No.	Name	Age (yrs.)	Designation/ Nature of Duties	Remuneration Gross Rupees	Qualification and Experience	Date of Commencement of Employment	Last employment/ Name of Employer/ Designation held and period
----- NONE -----							

B Names of Employees employed for a part of the Year and were in receipt of remuneration of not less than ₹ 500,000/- per month in terms of Section 217 (2A) (a) (ii):

Sr. No.	Name	Age (yrs.)	Designation/ Nature of Duties	Remuneration Gross Rupees	Qualification and Experience	Date of Commencement of Employment	Last employment/ Name of Employer/ Designation held and period
----- NONE -----							

**Note:** Gross Remuneration includes Salary, Company's Contribution to Provident Fund, House Rent Allowance, Medical Allowance, Leave Travel Allowance and Leave Encashment.

**CORPORATE GOVERNANCE****REPORT ON CORPORATE GOVERNANCE**

(Pursuant to Clause 49 of the Listing Agreement)

**1 A brief statement on Company's philosophy on code of Corporate Governance:**

The revised code of Corporate Governance introduced by the Securities and Exchange Board of India (SEBI) has been implemented in terms of the Listing Agreement with the Stock Exchanges by Virat Industries Limited (VIL) within the financial year 2013-2014. VIL is committed to good Corporate Governance and has taken initiatives to comply with the revised Code of Corporate Governance. Virat's philosophy on Corporate Governance envisages attainment of the highest levels of transparency, accountability and equity in all facets of its operations and in all its interactions with its stakeholders, including shareholders, employees, lenders and the Government. We believe that "learning is a continuous exercise" and will enshrine ideals and values, which have been guiding force of Company's philosophy on corporate governance in all activities of the Company.

**2 Board of Directors****a The composition of the Board of Directors is as follows:**

In line with the revised Clause 49 of the Listing Agreement on Composition of Board of Directors, the Board has an optimum mix of Executive, Non-Executive and Independent Directors. The Managing Director manages the day to day affairs of the Company.

The Board met 7 times during the year 2013-14 i.e. on 19<sup>th</sup> April, 2013, 24<sup>th</sup> May, 2013, 12<sup>th</sup> August, 2013, 17<sup>th</sup> September, 2013, 13<sup>th</sup> November, 2013, 11<sup>th</sup> February, 2014, and 20<sup>th</sup> March, 2014.

Details of attendance of each Director at the Board Meetings held during the year are as follows:

Sr. No.	Designation	Name of Director	Category	No. of Board Meetings (Attendance)	Last AGM Attendance
1	Director/Chairman	Mr. Arun S. Sanghi	Non-Executive Independent	7	Present
2	Managing Director	Mr. Adi. F. Madan	Executive	7	Present
3	Director	Mr. Ajit P. Walwaikar	Non-Executive Independent	6	Present
4	Director	Mr. Armand N. Aga	Promoter Non-Executive	4	Absent
5	Director	Mr. Harish H. Shah	Non-Executive Independent	6	Present
6	Director	Mrs. Ayesha K. DadyBurjor	Promoter Non-Executive	3	Absent

**b Details of Directorships/ Board Committee memberships held by the Directors of the Company in other companies:**

Sr. No.	Name of Director	Directorship held in Other Companies (including Private Companies)	Position held as Chairperson of Board / Committee	Position held as Board / Committee Member
1	Mr. Arun S. Sanghi	5	–	–
2	Mr. Adi. F. Madan	–	–	–
3	Mr. Armand. N. Aga	5	–	–
4	Mr. Ajit. P. Walwaikar	1	–	1
5	Mr. Harish H. Shah	–	–	–
6	Mrs. Ayesha K. DadyBurjor	1	–	–

**c Number of Shares held by the Directors:**

Sr. No.	Designation	Name of Director	Position	No. of Shares held	%
1	Director/Chairman	Mr. Arun S. Sanghi	Non-Executive Independent	Nil	Nil
2	Managing Director	Mr. Adi F. Madan	Executive	1,18,406	2.405
3	Director	Mr. Ajit. P. Walwaikar	Non-Executive Independent	Nil	Nil
4	Director	Mr. Armand Aga	Promoter Non Executive	34,989	0.711
5	Director	Mr. Harish H. Shah	Non-Executive Independent	Nil	Nil
6	Director	Mrs. Ayesha K. DadyBurjor	Promoter Non Executive	17,536	0.356

**d Code of Conduct for Board Members and Senior Management:**

A declaration regarding compliance by the Board, President-Works, Senior Officers and Company Secretary, of Code of Conduct is separately annexed to this report.

**3 Audit Committee:****a** Brief description of terms of reference of the Audit Committee includes:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - \* Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
  - \* Changes, if any, in accounting policies and practices and reasons for the same
  - \* Major accounting entries involving estimates based on the exercise of judgment by management
  - \* Significant adjustments made in the financial statements arising out of audit findings
  - \* Compliance with listing and other legal requirements relating to financial statements
  - \* Disclosure of any related party transactions
  - \* Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up there on.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of nonpayment of declared dividends) and creditors.
- To review the functioning of the Whistle Blower mechanism.
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

**b** Composition, name of members and Chairperson :

The committee consists of the following Non-Executive Independent Directors:

- i Mr. Arun S. Sanghi - Chairman
- ii Mr. Ajit P. Walwaikar
- iii Mr. Harish H. Shah

Mr. Asinkhan S. Baholu, Company Secretary, is the Audit Committee Secretary.

At the Annual General Meeting held on 17th September 2013, the Chairman of the Audit Committee, Mr. Arun S. Sanghi was present.

Audit Committee met four times during the year i.e. on 24th May, 2013, 12th August, 2013, 13th November, 2013, 11th February, 2014. The attendance of the members is as follows :-

Sr. No.	Date of Audit Committee Meeting	Attendance of Directors		
		Mr. Arun S. Sanghi	Mr. Ajit P. Walwaikar	Mr. Harish H. Shah
1	24-05-2013	Y	Y	Y
2	12-08-2013	Y	Y	Y
3	13-11-2013	Y	Y	Y
4	11-02-2014	Y	Y	Y

Y - Attended. N - Not Attended.

#### 4 Remuneration Committee:

a Brief description of terms of reference of the Remuneration Committee includes:

To determine the remuneration package for its Executive Directors and part time Professional Directors, including pension right, any compensation payment, advisory fees, technical fees, sitting fees, extra work fees etc.

b Remuneration Policy :

The remuneration policy of the Company is directed towards rewarding performance based on review of achievements on a periodic basis and is in consonance with the existing industry practice.

c The committee consists of the following Directors:

1 Mr. Arun S. Sanghi - Chairman

2 Mr. Ajit P. Walwaikar

3 Mr. Harish H. Shah

All of them are Non-Executive Independent Directors of the Company. During the year under review, there was no meeting of the Remuneration Committee.

d Details of fixed remuneration paid to the Managing Director for the Financial Year 2013-2014:

Name of Director	Designation	Salary (₹)	Perks (₹)	TOTAL ₹
Mr. Adi F. Madan	Managing Director	1,500,000	1,413,404	2,913,404

The above excludes amounts pertaining to gratuity and leave encashment for the year as the same is provided on the basis of the actuarial valuation for the Company as a whole.

e Details of sitting fees paid and commission on net profit to Non-Executive Directors for the Financial Year 2013 – 2014:

Name of Director	Total Sitting Fees paid for attending Board Meetings (₹)	Total Sitting Fees paid for attending Committee Meetings (₹)	Proposed Commission (₹)
Mr. Arun S. Sanghi	70,000	65,000	245,758
Mr. Armand N. Aga	40,000	–	61,439
Mr. Ajit P. Walwaikar	60,000	65,000	61,440
Mr. Harish H. Shah	60,000	40,000	61,440
Mrs. Ayesha K. DadyBurjor	30,000	–	61,439

#### 5 Shareholders / Investors Grievance Committee:

The purpose of forming this Committee is to mainly focus on the basic rights of the shareholders including, Transfer of Shares, Transmission / Transposition of Shares, Issue of Duplicate / Split Certificates, Sub Division / Consolidation of Shares, Consolidation of Folios, De-materialization / Re-materialization of Shares and such other issues relating to shares. Four meetings were held during the year 2013-14.

a Name of Non Executive - Independent Director heading the Committee:

Mr. Arun S. Sanghi (Chairman)

Name of other Members :

Mr. Adi F. Madan

Mr. Ajit P. Walwaikar

**b Name and designation of Compliance Officer:**

Mr. Asinkhan S. Baholu is designated as a Compliance Officer as per Clause 47 of the Listing Agreement entered with The Bombay Stock Exchange Ltd., Mumbai.

**c Details of requests received and redressed during the year 2013-14:**

Sr. No.	Particulars	Received	Redressed	Pending
1	Change of address	12	12	0
2	Registration of bank details /IFSC code	1	1	0
3	Stop transfer/Procedure for Duplicate Share Certificate	1	1	0
4	Issue of Duplicate Certificate	1	1	0
5	Registration of NECS/ECS Details	7	7	0
6	Procedure for Transmission/Deletion/ Transposition	3	3	0
7	Issue of Duplicate Dividend Warrant	15	10	5
8	Issue of Fresh Demand Draft	6	6	0
9	Non Receipt of Dividend/Interest/Redemption Warrant	9	7	2
	<b>Total</b>	<b>55</b>	<b>48</b>	<b>7</b>

**6 General Body Meetings:****a Details of date, location and time of the last three Annual General Meetings (A.G.M.) and the Extra-ordinary General Meetings in the last year:**

Date	Meeting	Location	Time	Details of any Special Resolution
09.09.2011	A. G. M.	Registered Office, Navsari.	11.30 a.m.	Nil
07.09.2012	A. G. M.	Registered Office, Navsari.	11.30 a.m.	1. Appointment and Approval to the Remuneration of the Managing Director. 2. Appointment and Approval to the Remuneration of Mr. Naozer J. Aga as Senior Advisor u/s 314 of the Companies Act being relative of a Director.
17.09.2013	A. G. M.	Registered Office, Navsari.	11.30 a.m.	Nil

**b Postal Ballot:**

There were no Special Resolutions passed in the last year through postal ballot. There is no proposal for any Special Resolution to be passed through postal ballot.

**7 Disclosures:**

- a There are no transactions with related parties i.e. with the Promoters, Directors Management, Subsidiaries or Relatives etc. that may have potential conflict of interest of the Company at large. Transactions with related parties are disclosed in Note No. 36 of Schedule 15 to the Accounts of the Company in the Annual Report.
- b Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during last three years:  
The Company has complied with all prescribed requirement of Stock Exchange and SEBI on matters related to capital market, during last three years.
- c Disclosure of accounting treatment, if different from that prescribed in accounting standards, with explanation:  
The Company has complied with all the prescribed accounting standards.

**8 Secretarial Audit:**

A qualified practicing Company Secretary carried out quarterly secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The secretarial audits confirm that the total issued/paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL.



**9 Means of Communication:**

The Board of Directors of the Company takes on record the Un-audited Financial Results in the prescribed form within forty-five days of the close of first three quarters and audited financial results within sixty days of close of year. The results are promptly forwarded to the stock exchange where the Company's shares are listed. The same are also published within 48 hours in the newspapers namely Business Standard and Jai Hind (English & Gujarati). Quarterly Results are also available on the Company's website [www.viratindustries.com](http://www.viratindustries.com).

**10 General Shareholder Information:**

- 1 Number of Annual General Meeting : 24<sup>th</sup> Annual General Meeting
- 2 Date : 11<sup>th</sup> September, 2014
- 3 Day : Thursday
- 4 Time : 11.30 a.m.
- 5 Venue : Registered Office: A-1/2, Kabilpore GIDC, Navsari - 396 424, Gujarat.
- 6 Financial Calendar : 01 April, 2013 to 31 March, 2014  
Tentative Financial Calendar for year ended 31st March 2015 is as given below:
  - i Quarterly un-audited Results for June, 2014 : On or before 14<sup>th</sup> August, 2014
  - ii Quarterly un-audited Results for Sept., 2014 : On or before 14<sup>th</sup> November, 2014
  - iii Quarterly un-audited Results for Dec., 2014 : On or before 14<sup>th</sup> February, 2015
  - iv Quarterly un-audited Results for March, 2015 : On or before 15<sup>th</sup> May, 2015

OR

 Audited financial result for the year ending 31<sup>st</sup> March, 2015: On or before 30<sup>th</sup> May, 2015
- 7 Book Closure Date : 05-09-2014 to 11-09-2014 (both dates included)
- 8 Dividend Payment Date : Within 30 days of approval at the A.G.M.
- 9 Listing on Stock Exchanges : The Bombay Stock Exchange Ltd., (BSE)  
1st Floor, New Trading Ring, Rotunda Bldg.,  
P. J. Towers, Dalal Street, Fort, Mumbai 400 023.
- 10 Stock Code : 530521
- 11 ISIN No. for Dematerialized Shares : INE467D01017

Listing fees for the financial year 2013-14 have been paid to the Bombay Stock Exchange Ltd. (BSE) where the Company's shares are listed.

**Details of share price movements on the Bombay Stock Exchange Ltd.:**

Sr. No.	Month	High ₹ P.	Low ₹ P.	BSE SENSEX Highest	BSE SENSEX Lowest
1	April, 2013	18.95	16.75	19,622.68	18,144.22
2	May, 2013	18.90	17.50	20,443.62	19,451.26
3	June, 2013	20.45	18.55	19,860.19	18,467.16
4	July, 2013	22.00	20.00	20,351.06	19,126.82
5	August, 2013	25.90	21.00	19,569.20	17,448.71
6	September, 2013	26.05	21.95	20,739.69	18,166.17
7	October, 2013	25.15	21.90	21,205.44	19,264.72
8	November, 2013	30.60	24.25	21,321.53	20,137.67
9	December, 2013	40.85	31.00	21,483.74	20,568.70
10	January, 2014	38.00	28.00	21,409.66	20,343.78
1	February, 2014	39.00	30.00	21,140.51	19,963.12
12	March, 2014	40.20	28.85	22,467.21	20,920.98

**11 Adoption of Non-Mandatory Requirement of Clause 49 :****Whistle Blower Policy:**

The Company has adopted a Whistle Blower Policy in accordance with the revised Clause 49 of the Listing Agreement and it is notified to all the departments of the Company, acknowledgement receipt of all the departmental heads was placed before the Audit Committee and no employee has been denied access to the Audit Committee.

**12 Registrar and Share Transfer Agents:**

The share transfer work of the Company is being handled by Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (West), Mumbai – 400 078.

**13 Share Transfer System:**

The entire share transfer system is handled by the Registrar and Transfer Agents (RTA) of the Company at the address given above. The RTA is equipped with all required infrastructure for share transfer – physical and demat.

The transfer requests received are processed by the Registrar and Transfer Agents and subsequently approved by the Share Transfer Committee. The Committee meets twice a month and the transfer is normally effected and dispatched within the time limit prescribed under the Listing Agreement.

**14 Shareholding Pattern as on 31.03.2014:**

Particulars	Total Shares	Percentage (%)
Promoters and persons acting in concert	527,802	10.7204
Mutual Fund(s)	3,000	0.0609
Corporate Bodies (Promoter Co.)	1,753,795	35.6221
Overseas Corporate Bodies	3,000	0.0609
Insurance Companies	–	–
Unit Trust of India	–	–
Foreign Company	492,340	10.0000
NRIs / NRNs / OCBs	22,322	0.4534
Non Nationalised Banks	200	0.0040
Other Bodies Corporate	128,023	2.6003
Indian Public	19,424,53	39.4540
Clearing Members	50,405	1.0238
<b>Total</b>	<b>4,923,340</b>	<b>100.0000</b>

**15 Distribution of Shareholding as of 31.03.2014:**

Distribution of Shares	No. of Shareholders	Percentage to Total No. of Shareholders	No. of Shares held	Percentage to Total Share
1 - 500	1658	80.7205	359,607	7.3041
501 - 1000	174	8.4713	141,122	2.8664
1001 - 2000	88	4.2843	137,348	2.7897
2001 - 3000	37	1.8014	94,193	1.9132
3001 - 4000	19	0.9250	65,277	1.3259
4001 - 5000	15	0.7303	72,944	1.4816
5001 - 10000	31	1.5093	235,414	4.7816
10001 & above	32	1.5579	3,817,435	77.5375
<b>Total</b>	<b>2054</b>	<b>100.0000</b>	<b>4,923,340</b>	<b>100.0000</b>

**16 Dematerialization of Shares and Liquidity:**

**4,549,900** (92.42%) equity shares of the Company have been dematerialized as on 31-03-2014.

Outstanding GDRs/ADRs/Warrants or Convertible Instruments, conversion date and likely impact on Equity	The Company has not issued such instruments.
Address for Correspondence for Investor Redressal, Physical transfer and dematerialization:	<b>Link Intime India Pvt. Ltd.</b> C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai 400 078.
Person to be contacted for Shareholder queries	<b>Mr. Asinkhan S. Baholu</b> Compliance Officer, <b>Virat Industries Ltd.</b> A-1/2, GIDC Industrial Estate, Kabilpore 396 424, Navsari, GUJARAT STATE. Phone : (02637) 265011 / 265022 Telefax : (02637) 265712 E-mail : factory@viratindustries.com Website: www.viratindustries.com
Plant Location	Virat Industries Ltd. A-1/2, GIDC Industrial Estate, Kabilpore 396 424, Navsari, GUJARAT STATE.
Corporate Head Office	605, Veena Killedar Industrial Estate, 10/14, Pais Street, Byculla (W), Mumbai 400 011.

For and On Behalf of the Board of Directors

Place : Mumbai,  
Dated : 29<sup>th</sup> May, 2014.

**Arun S. Sanghi**  
Chairman

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## DECLARATION REGARDING COMPLIANCE BY BOARD, PRESIDENT AND SENIOR OFFICERS WITH THE COMPANY'S CODE OF CONDUCT

This is to affirm that the Company has adopted a Code of Conduct for its Board of Directors, President, Senior Officers and Company Secretary.

I confirm that the Company has in respect of the financial year ended 31<sup>st</sup> March, 2014 received from the Board of Directors, President, Senior Officers and Company Secretary, a declaration of compliance with the Code of Conduct as applicable to them. The said code is also placed on the website of the Company viz. [www.viratindustries.com](http://www.viratindustries.com)

For and On Behalf of the Board of Directors

Place : Mumbai,  
Dated : 29<sup>th</sup> May, 2014.

**Arun S. Sanghi**  
Chairman

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**AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE AS PER  
CLAUSE 49 OF THE LISTING AGREEMENT**

To,

The Members of

**VIRAT INDUSTRIES LIMITED**

We have examined the compliance of conditions of Corporate Governance by **Virat Industries Limited** ("the Company") for the year ended on 31<sup>st</sup> March 2014, as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchange.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of 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, we certify that the Company has complied in all material respect with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

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

For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Firm's Registration No. 117364W)

**R. Salivati**  
*Partner*

(Membership No. 034004)

Mumbai, 29<sup>th</sup> May, 2014.

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**INDEPENDENT AUDITORS' REPORT**

To,  
The Members of  
**VIRAT INDUSTRIES LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **Virat Industries Limited** ("the Company") which comprise the Balance Sheet as at 31<sup>st</sup> March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's 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 notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. 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.

**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 the 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 the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 31<sup>st</sup> March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government 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 Order.

2. As required under provisions of 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 it 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, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of written representations received from the Directors as on 31<sup>st</sup> March, 2014 taken on record by the Board of Directors, none of the Directors is disqualified as on 31<sup>st</sup> March, 2014 from being appointed as a Director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Firm's Registration No. 117364W)

**R. Salivati**  
*Partner*

(Membership No. 034004)

Mumbai, 29<sup>th</sup> May, 2014.

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#### **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business/activities/results during the year, clauses (vi), (xii), (xiii), (xiv), (xvi), (xviii), (xix) and (xx) of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, 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 such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventories 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 the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with

regard to purchases of inventory and fixed assets and the sale of goods. There is no sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

- (v) The Company has neither granted nor taken any loans, secured or unsecured, to/from Companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
  - (b) Where each transaction is in excess of ₹ 5 lac in respect of any party, the transactions have been made at prices which are, prima facie reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained and are being made up. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other material statutory dues in arrears as at 31<sup>st</sup> March, 2014 for a period of more than six months from the date they became payable.
  - (c) There are no disputed dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty and Cess which have not been deposited as on 31<sup>st</sup> March, 2014.
- (x) The Company does not have accumulated losses at the end of the financial year and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institutions and banks. The Company has not issued any debentures.
- (xii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (xiii) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that funds raised on short-term basis have, prima facie, not been used during the year for long- term investment.
- (xiv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**  
*Chartered Accountants*  
(Firm's Registration No. 117364W)

**R. Salivati**  
*Partner*  
(Membership No. 034004)

Mumbai, 29<sup>th</sup> May, 2014.

## BALANCE SHEET AS AT 31 MARCH, 2014

Particulars	Note No.	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
a Share Capital	3	49,233,400	49,233,400
b Reserve and Surplus	4	74,002,930	51,531,077
		<b>123,236,330</b>	100,764,477
<b>2 Non-current Liabilities</b>			
a Deferred Tax Liabilities (Net)	40	4,636,968	4,116,982
b Other Long-Term Liabilities	5	–	210,000
c Long-Term Provisions	6	894,862	4,316,964
		<b>5,531,830</b>	8,643,946
<b>3 Current Liabilities</b>			
a Short-Term Borrowings	7	19,498,545	12,605,920
b Trade Payables	8	14,337,196	14,031,903
c Other Current Liabilities	9	2,390,550	2,531,129
d Short-Term Provisions	10	10,679,987	9,784,247
		<b>46,906,278</b>	38,953,199
<b>Total</b>		<b>175,674,438</b>	148,361,622
<b>B ASSETS</b>			
<b>1 Non-Current Assets</b>			
a Fixed Assets			
i Tangible Assets	11	59,774,687	57,320,466
ii Capital Work In Progress		1,345,612	4,505,849
		<b>61,120,299</b>	61,826,315
b Non-current Investments	12	2,650,000	2,500,000
c Long-Term Loans and Advances	13	4,902,725	2,625,748
		<b>68,673,024</b>	66,952,063
<b>2 Current Assets</b>			
a Inventories	14	53,026,417	40,716,527
b Trade Receivables	15	21,215,078	15,635,355
c Cash and Bank Balances	16	23,543,336	15,028,811
d Short-Term Loans and Advances	17	8,129,784	9,569,079
e Other Current Assets	18	1,086,799	459,787
		<b>107,001,414</b>	81,409,559
<b>Total</b>		<b>175,674,438</b>	148,361,622
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our Report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**R. Salivati**  
Partner

Mumbai,  
Dated: 29<sup>th</sup> May, 2014.

For and on behalf of the Board of Directors

**Arun S. Sanghi**  
Chairman  
**Adi F. Madan**  
Managing Director

**Ajit P. Walwaikar**  
**Armand N. Aga**  
**Harish H. Shah**  
**Ayesha K. DadyBurjor**

} Directors

**Asinkhan S. Baholu** Company Secretary

Mumbai,  
Dated: 29<sup>th</sup> May, 2014.



## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	Note No.	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
1 Revenue from Operations (Gross)	19	216,327,209	207,909,031
Less: Excise Duty		—	934,844
Revenue from Operations (Net)		216,327,209	206,974,187
2 Other Income	20	8,792,990	5,079,658
3 <b>Total Revenue (1 + 2)</b>		225,120,199	212,053,845
4 Expenses			
a Cost of materials consumed	21	78,227,296	78,349,288
b Purchase of Stock-in-Trade (traded goods)	22	72,675	67,364
c Changes in inventories of finished goods and work in progress	23	(6,774,647)	(3,188,774)
d Employee Benefits Expense	24	27,560,522	24,500,320
e Finance Costs	25	1,068,694	1,041,514
f Depreciation expense	11	9,496,026	8,468,037
g Other Expenses	26	66,809,683	69,969,580
<b>Total Expenses</b>		176,460,249	179,207,329
5 <b>Profit before Tax (3 - 4)</b>		48,659,950	32,846,516
6 <b>Tax Expense:</b>			
a Current Tax Expense		15,300,000	12,200,000
b Add: MAT Credit Written off		—	262,797
c Short / (Excess) provision for tax relating to prior years		—	(320,563)
d Net Current Tax Expense		15,300,000	12,142,234
e Deferred Tax Charge/(Credit)		519,986	(1,446,087)
<b>Net Tax Expense</b>		15,819,986	10,696,147
7 <b>Profit for the Year (5 - 6)</b>		32,839,964	22,150,369
8 Earning per Share (of ₹ 10/- each)	39		
1 Basic		6.67	4.50
2 Diluted		6.67	4.50
<b>See accompanying notes forming part of the financial statements</b>			

In terms of our Report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**R. Salivati**  
Partner

Mumbai,  
Dated: 29<sup>th</sup> May, 2014.

For and on behalf of the Board of Directors

**Arun S. Sanghi**  
Chairman  
**Adi F. Madan**  
Managing Director

**Ajit P. Walwaikar**  
**Armand N. Aga**  
**Harish H. Shah**  
**Ayesha K. DadyBurjor**

} Directors

**Asinkhan S. Baholu** Company Secretary

Mumbai,  
Dated: 29<sup>th</sup> May, 2014.

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2014

Particulars	₹	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
<b>A Cash Flow from Operating Activities:</b>			
Profit before Tax	48,659,950		32,846,516
Adjustments for:			
Depreciation expense	9,496,026		8,468,037
Share of profit from LLP	(159,161)		
Loss on Fixed Assets written off	884,517		1,037,544
Profit on sale of Fixed Assets	-		(857)
Net unrealised gain on Foreign Currency Translation	(25,161)		361,374
Interest Expense	1,068,694		913,161
Interest Income	(1,770,010)		(1,477,152)
Liabilities/Provisions no longer required written back	(42,718)		(117,872)
Bad Trade and other receivables written off	-		235,579
Provision for Doubtful Loan and Advances/accrued interest	500,000		568,116
Operating Profit before change in Working Capital	58,612,137		42,834,446
Changes in Working Capital			
Increase in Trade receivables and loans and advances	(4,919,973)		(5,122,922)
Decrease/(Increase) in Inventories	(12,309,890)		(6,000,064)
(Decrease)/Increase in Trade and other payables	(4,633,879)		3,416,945
	(21,863,742)		(7,706,040)
Cash generated from operations	36,748,395		35,128,406
Net Income tax paid	(16,999,956)		(13,334,643)
<b>Net Cash from Operating Activities</b>		19,748,439	21,793,763
<b>B Cash Flow from Investing Activities:</b>			
Capital expenditure on fixed assets, including Capital Advances	(9,678,375)		(19,465,876)
Investment in Bonds	-		(2,500,000)
Investment in LLP	(150,000)		-
Inter-corporate deposit received back	-		2,500,000
Proceeds from Sale of Fixed Assets	3,331		857
Bank balances not considered as Cash and cash equivalents			
- Placed	(13,022,137)		(1,339,756)
- Matured	5,671,730		2,500,000
Interest received from Investments	203,610		9,049
Interest received on Deposits	939,388		1,880,172
<b>Net Cash used in Investing Activities</b>		(16,032,453)	(16,415,554)
<b>C Cash Flow from Financing Activities:</b>			
Repayment of long-term borrowing (including current maturities)	-		(3,018,554)
Proceeds from short term borrowings	6,892,625		5,464,609
Dividend paid	(7,120,718)		(5,711,250)
Tax on Dividend	(1,255,082)		(958,427)
Finance cost	(1,068,694)		(913,161)
<b>Net Cash used in Financing Activities</b>		(2,551,869)	(5,136,783)
<b>Net increase/(decrease) in cash and cash equivalents</b>		1,164,117	241,426
<b>Cash and cash equivalents at the beginning of the year</b>		3,121,043	2,879,617
<b>Cash and cash equivalents at the end of the year</b>		4,285,160	3,121,043

## Notes:

- Components of cash and cash equivalents include cash, bank balances in current and EEFC accounts as disclosed under Note No.16 of the Balance Sheet. There are no deposits/investments with original maturity of less than three months.
- Components of Cash and Cash Equivalents have been changed to exclude deposits with original maturity more than 3 months and ear marked balances. Consequently cash flow from investing activities is higher by ₹ 1,160,244 (PY lower by ₹ 7,624,370).

3 Cash and Cash equivalents:	31 March, 2014	31 March, 2013
Cash and cash equivalents as per Note No.16	4,285,161	3,121,043
Unrealised (gain)/loss on foreign currency on cash and cash equivalents	-	(45,855)
<b>Cash and Cash equivalent at the end of the year</b>	<b>4,285,161</b>	<b>3,075,188</b>

- The Cash Flow Statement has been prepared in accordance with the requirement of AS - 3 on "Cash Flow Statement" using Indirect Method.

In terms of our Report attached  
For **Deloitte Haskins & Sells**  
Chartered Accountants

**R. Salivati**  
Partner

Mumbai,  
Dated: 29<sup>th</sup> May, 2014.

For and on behalf of the Board of Directors  
**Arun S. Sanghi**  
Chairman  
**Adi F. Madan**  
Managing Director

Mumbai,

**Ajit P. Walwaikar**  
**Armand N. Aga**  
**Harish H. Shah**  
**Ayesha K. DadyBurjor**

Directors

**Asinkhan S. Baholu** Company Secretary  
Dated: 29<sup>th</sup> May, 2014.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****1 Corporate Information:**

Virat Industries Limited is a manufacturer and Exporter of premium quality of dress and sport socks for Mens, Ladies and Children. The Company also manufactures high quality football socks for many prestigious clubs of Europe. The socks are knitted and processed on imported machinery. The socks of the Company are exported mainly to Switzerland, U.K and Gulf countries for top end markets.

The manufacturing activity and Registered Office of the Company are located in Navsari, South Gujarat. The Head Office of the Company is situated in Mumbai. The marketing function is carried out at the Mumbai Head Office.

Virat Industries Limited is a Public Limited Company, listed on the Bombay Stock Exchange.

**2 Significant Accounting Policies:****2.1 Basis for preparation of Accounts:**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (Accounting Standards) Rules, 2006 (as amended) ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Companies Act, as applicable 1956. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2.2 Use of Estimates:**

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

**2.3 Inventories:**

Inventories are valued at the lower of cost on weighted average basis and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and, where applicable, excise duty.

**2.4 Fixed Assets:**

Fixed assets are carried at cost less accumulated depreciation / amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

**2.5 Depreciation:**

- a Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956.
- b Leasehold land is amortized over the period of lease.

**2.6 Impairment:**

At the end of each year, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indication that an impairment loss may have occurred in accordance with Accounting Standard 28 "Impairment of Assets". Where the recoverable amount of any fixed assets is lower than its carrying amount in accordance with AS 28, a provision for impairment loss on fixed assets is made for the difference.

**2.7 Leases:**

- a Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.
- b Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

**2.8 Borrowing Cost:**

Borrowing cost, if any, 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 a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

**2.9 Foreign Currency Transactions:**

Transactions in foreign currency are recorded at the original rates of exchange in force at the time the transactions are effected. Monetary Items denominated in foreign currency are restated using the exchange rates prevailing at the date of the Balance Sheet. The exchange difference between the rates prevailing on the date of transactions on the date of settlement as also on translation of Monetary items at the end of the year, is recognised as income or expense, as the case may be.

**2.10 Employee Benefits:****a Defined Contribution Plan:**

Contributions under Defined Plans in the form of Provident Fund are recognised in the Statement of profit and loss in the period in which the employee has rendered the service.

**b Defined Benefit and Other Long-term Benefit Plan:**

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

**c Other Benefits:**

The Company's liability towards provision for Compensated Absences is determined on the basis of actuarial valuation being carried out at each Balance Sheet date using the Projected Unit Credit Method. The retirement benefit obligation recognised in the Balance Sheet represents the total of present value of the defined benefit obligation as reduced by unrecognised past

service cost. Actuarial gains and losses are recognised immediately in the Statement of profit and loss in the period of occurrence of such gains and losses. Past service cost is recognised as an expense on a straight line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of or changes to a defined benefit plan, past service cost is recognised immediately.

**2.11 Revenue Recognition:**

Sales of goods are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers. Sales include excise duty but exclude sales tax and value added tax. In appropriate circumstances, revenue (income) is recognised when no significant uncertainty as to determination or realisation exists.

**2.12 Income Taxes:**

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid/recovered from the applicable tax rates.

Deferred income tax reflect the current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years/period. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future income will be available except that deferred tax assets arising on account of unabsorbed depreciation and losses are recognised if there is virtual certainty that sufficient future taxable income will be available to realize the same.

Tax on distributed profits payable in accordance with the provision of Income Tax Act, 1961 is disclosed in accordance with the Guidance Note on Accounting for Corporate Dividend Tax issued by the Institute of Chartered Accountants of India. Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961 has been recognised in accordance with the Guidance Note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961.

**2.13 Investments:**

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

**2.14 Provisions and Contingencies:**

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

**2.15 Operating Cycle:**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Number	₹	Number	₹
<b>3 Share Capital</b>				
<b>a Authorised</b>				
Equity Shares of ₹ 10/- each with voting rights	<b>5,000,000</b>	<b>50,000,000</b>	5,000,000	50,000,000
<b>b Issued, Subscribed and Paid Up</b>				
Equity Shares of ₹ 10/- each with voting rights	<b>4,923,340</b>	<b>49,233,400</b>	4,923,340	49,233,400
<b>Total</b>	<b>4,923,340</b>	<b>49,233,400</b>	4,923,340	49,233,400

3.1 Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Closing Balance
Equity Shares with voting rights		
Year ended 31 March, 2014		
- Number of Shares	<b>4,923,340</b>	<b>4,923,340</b>
- Amount in Rupees	<b>49,233,400</b>	<b>49,233,400</b>
Year ended 31 March, 2013		
- Number of Shares	4,923,340	4,923,340
- Amount in Rupees	49,233,400	49,233,400

3.2 Details of shares held by each shareholder holding more than 5% shares:

Name of Shareholders	As at 31 March, 2014		As at 31 March, 2013	
	Number of Shares held	% of Holding	Number of Shares held	% of Holding
<b>Equity Shares with voting rights</b>				
Shapoorjee Chandabhoy Finvest Private Limited	<b>1,753,795</b>	<b>35.62</b>	1,753,795	35.62
H M Investments (UK) Limited	<b>492,340</b>	<b>10.00</b>	492,340	10.00
Naozer J. Aga	<b>475,277</b>	<b>9.65</b>	475,127	9.65

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>4 Reserves and Surplus</b>		
<b>General Reserve</b>		
Opening Balance	1,455,507	347,989.00
Add: Transferred from surplus in Statement of Profit and Loss	3,283,996	1,107,518
Closing Balance	4,739,503	1,455,507
<b>Surplus in Statement of Profit and Loss</b>		
Opening Balance	50,075,570	37,672,811
Add: Profit for the year	32,839,964	22,150,369
Balance available for Appropriation	82,915,534	59,823,180
Less: Dividend proposed to be distributed to equity shareholders (₹ 1.8 per share; previous year ₹ 1.5 per share)	8,862,012	7,385,010
Less: Tax on Dividend	1,506,099	1,255,082
Less: Transferred to General Reserve	3,283,996	1,107,518
Closing Balance	69,263,427	50,075,570
<b>Total</b>	<b>74,002,930</b>	<b>51,531,077</b>
<b>5 Other Long-term Liabilities</b>		
Payable on purchase of fixed assets	–	210,000
<b>Total</b>	<b>–</b>	<b>210,000</b>
<b>6 Long-term Provisions</b>		
<b>Provision for Employee Benefits</b>		
Provision for Compensated Absences	894,862	793,711
Provision for Gratuity (Refer Note 35)	–	3,523,253
<b>Total</b>	<b>894,862</b>	<b>4,316,964</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>7 Short-term Borrowings</b>		
<b>a Loans repayable on demand</b>		
- From Banks Secured (Secured by deposit of title deeds of leasehold land and by a charge on buildings, structures, fixtures and fittings, immovable plant and machinery thereon. Such loans are further secured by a charge on the Company's stocks, book debts, other receivables, movable properties and assets, etc., both present and future)	<b>19,498,545</b>	12,605,920
<b>Total</b>	<b>19,498,545</b>	12,605,920
<b>8 Trade Payables</b>		
Other than Acceptances (Refer Note No. 28 for Disclosure under Micro, Small and Medium Enterprises Development Act, 2006)	<b>14,337,196</b>	14,031,903
<b>Total</b>	<b>14,337,196</b>	14,031,903
<b>9 Other Current Liabilities</b>		
a Unclaimed/Unpaid Dividends	<b>842,062</b>	577,770
b Other Payables		
- Statutory Remittances (Contributions to PF and ESIC, withholding taxes, wealth tax and other taxes payable)	<b>742,794</b>	760,157
- Gratuity (Refer Note No. 35)	<b>104,179</b>	–
- Commission payable to non Whole-time Directors	<b>491,515</b>	–
- Payable on purchase of fixed assets	<b>210,000</b>	1,193,202
<b>Total</b>	<b>2,390,550</b>	2,531,129
<b>10 Short-term Provisions</b>		
<b>a Provision for Employee Benefits</b>		
- Provision for Compensated Absences	<b>276,563</b>	252,553
- Provision for Gratuity (Refer Note No. 35)	–	856,289
<b>b Provision - Others</b>		
- Provision for Tax (Net of Advance Tax ₹ 3,207,703, previous year ₹ 3,207,703)	<b>35,313</b>	35,313
- Provision for Proposed Equity Dividend	<b>8,862,012</b>	7,385,010
- Provision for Tax on Proposed Dividend	<b>1,506,099</b>	1,255,082
<b>Total</b>	<b>10,679,987</b>	9,784,247



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**11 Fixed Assets**

(In ₹)

Particulars	GROSS BLOCK					ACCUMULATED DEPRECIATION AND IMPAIRMENT					NET BLOCK
	As at 1 April, 2013	Additions	Disposals	Adjustments/ Write off	As at 31 March, 2014	As at 1 April, 2013	For the year	Elimination on Disposals	Adjustments/ Write off	As at 31 March, 2014	As at 31 March, 2014
<b>Tangible Assets</b>											
Leasehold Land	687,100	-	-	-	687,100	162,655	8,458	-	-	171,113	515,987
	(687,100)	(-)	(-)	(-)	(687,100)	(154,197)	(8,458)	(162,655)	(524,445)	(-)	(-)
Buildings (Owned)	30,102,410	-	-	-	30,102,410	16,498,471	987,459	-	-	17,485,930	12,616,480
	(30,102,410)	(-)	(-)	(-)	(30,102,410)	(15,511,012)	(987,459)	(16,498,471)	(13,603,939)	(-)	(-)
Plant and Machinery (Owned)	88,035,848	12,499,635	-	4,250,873	96,284,610	55,996,797	6,858,949	-	3,399,750	59,455,996	36,828,614
	(78,433,424)	(12,862,315)	(-)	(3,259,891)	(88,035,848)	(51,783,217)	(6,435,927)	(-)	(2,222,347)	(55,996,797)	(32,039,051)
Furniture and Fixtures (Owned)	1,503,465	192,752	-	-	1,696,217	909,083	213,475	-	-	1,122,558	573,659
	(1,356,984)	(160,176)	(13,695)	(-)	(1,503,465)	(876,743)	(46,035)	(13,695)	(-)	(909,083)	(594,382)
Vehicles											
- Owned	13,375,034	-	-	-	13,375,034	3,649,717	1,270,087	-	-	4,919,804	8,455,230
	(3,379,043)	(4,650,000)	(-)	(5,345,991)	(13,375,034)	(1,591,363)	(828,337)	(1,230,017)	(3,649,717)	(9,725,317)	(-)
- Taken under Finance Lease	-	-	-	-	-	-	-	-	-	-	-
	(5,345,991)	(-)	(-)	(5,345,991)	(-)	(1,230,017)	(-)	(1,230,017)	(-)	(-)	(-)
Office Equipments (Owned)	2,125,650	146,225	88,749	-	2,183,126	1,292,318	157,597	51,506	-	1,398,409	784,717
	(1,887,138)	(238,512)	(-)	(-)	(2,125,650)	(1,130,497)	(161,821)	(-)	(1,292,318)	(833,332)	(-)
<b>TOTAL</b>	<b>135,829,507</b>	<b>12,838,612</b>	<b>88,749</b>	<b>4,250,873</b>	<b>144,328,497</b>	<b>78,509,041</b>	<b>9,496,026</b>	<b>51,506</b>	<b>3,399,750</b>	<b>84,553,810</b>	<b>59,774,687</b>
Previous year	(121,192,090)	(17,911,003)	(13,695)	(13,951,873)	(135,829,507)	(72,277,046)	(8,468,037)	(13,695)	(2,222,347)	(78,509,041)	(57,320,466)
Capital work in progress											1,345,612
											(4,505,849)
											<b>TOTAL</b>
											61,120,299
											(61,826,315)

Figures given in brackets after each line item represent Previous year figures.

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2014			As at 31 March, 2013		
	Quoted ₹	Unquoted ₹	Total ₹	Quoted ₹	Unquoted ₹	Total ₹
<b>12 Non-current Investments</b>						
<b>Investments - Other than Trade (At cost)</b>						
Investment in Bonds of Indian Railway Finance Corporation Limited (IRFC) (2500 Bonds of ₹ 1000 each fully paid up)	2,500,000	-	2,500,000	2,500,000	-	2,500,000
Investment in Armayesh Enterprise - LLP	-	150,000	150,000	-	-	-
<b>Total</b>	<b>2,500,000</b>	<b>150,000</b>	<b>2,650,000</b>	<b>2,500,000</b>	<b>-</b>	<b>2,500,000</b>
- Aggregate amount of quoted investments			2,500,000			2,500,000
- Aggregate market value of listed and quoted investments			2,324,975			2,564,375
- Aggregate value of listed but not quoted investments			-			-
- Aggregate amount of unquoted investments			150,000			-
<b>Particulars</b>				<b>As at 31 March, 2014 ₹</b>	<b>As at 31 March, 2013 ₹</b>	
<b>13 Long-term Loans and Advances</b>						
<b>Unsecured and considered good</b>						
a Security Deposits				1,574,357	1,212,528	
b Loans and Advances to Related Parties (Refer Note No.37)						
- Security Deposit with Armayesh Consultancy and Agencies Pvt. Ltd.				21,050	21,050	
- Share of profit from Armayesh Enterprises LLP				159,161	-	
c Loans and Advances to Employees				266,964	220,954	
d Advance Income-tax (Net of Provision ₹ 35,898,142, Previous Year ₹ 20,322,459)				2,881,193	1,171,216	
<b>Total</b>				<b>4,902,725</b>	<b>2,625,748</b>	
<b>14 Inventories (At lower of cost and net realisable value)</b>						
a Raw Materials				21,384,888	19,055,845	
Goods-in transit				1,349,699	88,358	
				<b>22,734,587</b>	<b>19,144,203</b>	
b Work-in-progress (Knitted Socks)				1,354,815	1,686,658	
Goods-in transit				-	-	
				<b>1,354,815</b>	<b>1,686,658</b>	
c Finished goods (Other than those acquired for trading)				20,817,061	13,710,571	
Goods-in transit				-	-	
				<b>20,817,061</b>	<b>13,710,571</b>	
d Stores and Spares				6,041,984	4,486,192	
Goods-in transit				206,855	44,600	
				<b>6,248,839</b>	<b>4,530,792</b>	
e Packing Material				1,820,547	1,600,266	
Goods-in transit				50,568	44,037	
				<b>1,871,115</b>	<b>1,644,303</b>	
<b>Total</b>				<b>53,026,417</b>	<b>40,716,527</b>	

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>15 Trade Receivables</b>		
<b>Trade receivables outstanding for a period exceeding six months from the date they were due for payment</b>		
Unsecured and considered good	-	-
<b>Other Trade Receivable</b>		
Unsecured and considered good	<b>21,215,078</b>	15,635,355
<b>Total</b>	<b>21,215,078</b>	15,635,355
<b>16 Cash and Bank Balances</b>		
<b>A Cash and cash equivalents</b>		
a Cash on Hand	-	-
b Balances with Banks		
In Current Accounts	<b>4,285,161</b>	3,121,043
<b>Total - Cash and cash equivalents (A)</b>	<b>4,285,161</b>	3,121,043
<b>B Other Bank Balances</b>		
i In Deposit Accounts		
- original maturity more than 3 months (Refer Note i)	<b>18,135,203</b>	11,064,163
ii In Earmarked Accounts		
- unpaid dividend accounts	<b>842,062</b>	577,770
- balances held as margin money against guarantees	<b>280,910</b>	265,835
<b>Total other Bank Balances (B)</b>	<b>19,258,175</b>	11,907,768
<b>Total</b>	<b>23,543,336</b>	15,028,811
<b>Note i:</b>		
Other Bank Balances include deposits with remaining maturity of more than 12 months from the Balance Sheet date ₹ 5,635,203 (PY ₹ 11,064,163).		

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	As at		As at
	₹	₹	₹
<b>17 Short-term Loans and Advances</b>			
<b>Unsecured and Considered Good, unless otherwise stated</b>			
a Loans and Advances to Employees		<b>212,077</b>	271,389
b Prepaid Expenses		<b>402,302</b>	374,503
c Balances with Government Authorities			
- VAT Credit Receivable		<b>1,403,351</b>	1,059,599
- Personal Ledger Account (Excise)		<b>8,162</b>	8,162
- Duty Drawback (Customs)		<b>4,215,819</b>	5,548,210
d Inter-corporate Deposit			
Considered good	<b>1,500,000</b>		2,000,000
Considered doubtful	<b>1,000,000</b>		500,000
		<b>2,500,000</b>	2,500,000
Less : Provision for doubtful inter-corporate deposit		<b>1,000,000</b>	500,000
		<b>1,500,000</b>	2,000,000
e Others			
- Advance for supply of goods and services		<b>388,073</b>	307,216
<b>Total</b>		<b>8,129,784</b>	9,569,079
<b>18 Other Current Assets</b>			
<b>a Accruals</b>			
- Interest Accrued on Deposits		<b>940,951</b>	313,939
- Interest Accrued on Short Term Loans given to Companies	<b>68,116</b>		68,116
Less : Provision for doubtful Interest	<b>68,116</b>		68,116
		<b>940,951</b>	313,939
<b>b Others</b>			
- Excise Duty recoverable		<b>145,848</b>	145,848
<b>Total</b>		<b>1,086,799</b>	459,787

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
<b>19 Revenue from Operations</b>		
a Sale of Products (Refer Note (i) below)	<b>202,683,848</b>	195,433,012
b Other Operating Revenues (Refer Note (ii) below)	<b>13,643,361</b>	12,476,019
	<b>216,327,209</b>	207,909,031
Less: Excise Duty	–	934,844
<b>Total</b>	<b>216,327,209</b>	206,974,187
<b>Note:</b>		
<b>i Sale of Products Comprises</b>		
Manufactured goods		
Knitted Socks	<b>202,542,718</b>	195,341,957
<b>Total - Sale of manufactured goods</b>	<b>202,542,718</b>	195,341,957
Traded goods		
Knitted Socks	<b>141,130</b>	91,055
<b>Total - Sale of traded goods</b>	<b>141,130</b>	91,055
<b>Total - Sale of Products</b>	<b>202,683,848</b>	195,433,012
<b>ii Other Operating Revenues Comprise:</b>		
Sale of Scrap	–	25,957
Duty Drawback	<b>11,918,308</b>	12,161,539
Market Linked Focus Product (MLFP) Scheme	<b>733,456</b>	23,532
Profit on Sale of Raw Material	<b>4,444</b>	3,210
Samples Development Income	<b>987,153</b>	261,781
<b>Total - Other Operating Revenues</b>	<b>13,643,361</b>	12,476,019
<b>20 Other Income</b>		
Interest Income (Refer Note (i) below)	<b>2,352,727</b>	1,683,029
Net gain on foreign currency transactions and translation	<b>5,450,815</b>	3,017,292
Other Non-operating Income (Refer Note (ii) below)	<b>989,448</b>	379,337
<b>Total</b>	<b>8,792,990</b>	5,079,658
<b>Note:</b>		
<b>i Interest Income Comprises:</b>		
Interest from banks on Deposits	<b>1,389,056</b>	1,193,788
Interest from overdue Trade Receivable	<b>582,717</b>	140,192
Interest from loans and advances	<b>177,344</b>	274,315
Interest from long term investments	<b>203,610</b>	9,049
Interest from Income-tax refund	–	65,685
<b>Total - Interest Income</b>	<b>2,352,727</b>	1,683,029
<b>ii Other non-operating income comprises:</b>		
Profit on sale of fixed assets	–	857
Share of profit from LLP	<b>159,161</b>	–
Liabilities/Provisions no longer required written back (Net)	<b>42,718</b>	117,872
Miscellaneous Income	<b>787,569</b>	260,608
<b>Total - Other non-operating Income</b>	<b>989,448</b>	379,337

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
<b>21 Cost of Materials Consumed</b>		
Opening Stock	19,144,203	16,939,539
Add: Purchases	81,817,680	80,553,952
	<b>100,961,883</b>	97,493,491
Less: Closing Stock	22,734,587	19,144,203
<b>Cost of Materials Consumed</b>	<b>78,227,296</b>	78,349,288
Material Consumed comprises of yarn only.		
<b>22 Purchase of Stock-in-Trade (traded goods)</b>		
Traded Items: Socks - Knitted	72,675	67,364
<b>23 Changes in Inventories of Finished Goods and work in progress</b>		
<b>Inventories at the end of the year</b>		
Finished Goods	20,817,061	13,710,571
Work-in-Progress	1,354,815	1,686,658
	<b>22,171,876</b>	15,397,229
<b>Inventories at the beginning of the year</b>		
Finished Goods	13,710,571	10,928,911
Work-in-Progress	1,686,658	1,279,544
	<b>15,397,229</b>	12,208,455
<b>Net (Increase)/Decrease</b>	<b>(6,774,647)</b>	(3,188,774)
<b>24 Employee Benefit Expenses</b>		
Salaries and Wages	24,369,318	21,129,795
Contribution to Provident and Other funds (Refer Note 35)	1,501,137	1,335,804
Gratuity (Refer Note 35)	345,232	798,666
Staff Welfare Expenses	1,344,835	1,236,055
<b>Total</b>	<b>27,560,522</b>	24,500,320

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
<b>25 Finance Cost</b>		
Interest Expense on:		
- Borrowings	<b>1,059,328</b>	901,671
- Delayed/deferred payment of Income-tax	<b>126</b>	11,490
Other Borrowing Costs	<b>9,240</b>	128,353
<b>Total</b>	<b>1,068,694</b>	1,041,514
<b>26 Other Expenses</b>		
Consumption of Stores and Spare Parts	<b>6,739,833</b>	5,852,230
Consumption of Packing Materials	<b>10,002,446</b>	10,082,972
Subcontracting (Processing Charges)	<b>13,426,071</b>	19,389,560
Power and Fuel	<b>12,991,278</b>	11,968,737
Lease Rent (Refer Note No. 38)	<b>809,400</b>	735,480
Repairs:		
- To Buildings	<b>359,802</b>	–
- To Machinery	<b>423,034</b>	558,966
Insurance	<b>879,445</b>	781,574
Rates and Taxes (including wealth tax ₹ 71,640, PY ₹ 113,000)	<b>756,134</b>	753,989
Carriage Outward	<b>4,973,343</b>	5,095,899
Sales Expenses	<b>2,595,114</b>	2,641,851
Commission to non Whole-time Directors	<b>491,515</b>	–
Donations	<b>119,600</b>	61,100
Legal and professional	<b>2,775,903</b>	1,118,153
Payment to Auditors (Refer Note (i) below)	<b>1,114,365</b>	899,217
Bad Trade and other receivables written off	–	235,579
Loss on fixed assets sold/written off	<b>884,517</b>	1,037,544
Provision for doubtful loan and advances and other current assets	<b>500,000</b>	568,118
Miscellaneous expenses	<b>6,967,883</b>	8,188,611
<b>Total</b>	<b>66,809,683</b>	69,969,580
<b>Payment to Auditor including Service Tax</b>		
i Payment to the Auditors comprises		
a To Statutory Auditors		
- For Audit	<b>646,070</b>	646,070
- For Taxation matters	<b>235,956</b>	33,708
- For Other Services	<b>191,012</b>	191,012
Reimbursement of Expenses	<b>3,709</b>	337
	<b>1,076,747</b>	871,127
b To Cost Auditors for cost audit	<b>37,618</b>	28,090
<b>Total</b>	<b>1,114,365</b>	899,217

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS**

Particulars	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
<b>27 Contingent Liabilities and Commitments (to the extent not provided for)</b>		
<b>i Contingent Liabilities</b>		
a Claims against the Company not acknowledged as debt	<b>Not Ascertained</b>	Not Ascertained
- For Assessment Year 2005-06 and 2006-07, the Income Tax Department has adjusted the carried forward of losses and unabsorbed depreciation in computing the benefit under section 10B of the Income Tax Act, 1961. The matter has been referred to the High Court of Gujarat at Ahmedabad for Assessment Year 2005-06 and is pending before the Income Tax Appellate Tribunal for Assessment Year 2006-07. Additional liability, if any, is not ascertained.		
<b>Total</b>	-	-
<b>28 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006</b>		
i Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
ii Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
iii The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
iv The amount of interest due and payable for the year	-	-
v The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
vi The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-
Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.		



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****29 Details on unhedged Foreign Currency Exposures**

The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	Receivable/ (Payable) ₹	Receivable/ (Payable) in Foreign Currency	Receivable/ (Payable) ₹	Receivable/ (Payable) in Foreign Currency
Trade Receivables	17,419,922 3,045,051	GBP 171,771 USD 51,040	9,907,674 4,626,322	GBP 121,447 USD 85,736
Advance given to Suppliers	251,952 10,441	EURO 3,085 USD 175	141,831 –	EURO 2,025 –
Trade Payables	(230,240) (20,355)	GBP (2,298) USD (338)	(21,949) –	GBP (266) –
Advance received from customers	(178,980)	USD (3,000)	–	–

**30 Value of Imports calculated on CIF basis**

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Raw Materials	<b>702,390</b>	–
Stores and Spares	<b>4,303,949</b>	2,393,600
Capital Goods	<b>4,440,830</b>	13,011,923
<b>Total</b>	<b>9,447,169</b>	15,405,523
<b>31 Expenditure in Foreign Currency</b>		
Professional and Consultation Fees	<b>125,334</b>	–
Other Matters	<b>1,436,325</b>	1,488,283
<b>Total</b>	<b>1,561,659</b>	1,488,283

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****32 Details of Consumption of Imported and Indigenous items**

Particulars	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	₹	%	₹	%
<b>Imported</b>				
Raw Material	608,533	0.78	15,050	0.02
Stores and Spares	3,238,382	48.05	2,769,395	47.32
<b>Total</b>	<b>3,846,915</b>	<b>4.53</b>	<b>2,784,445</b>	<b>3.31</b>
<b>Indigenous</b>				
Raw Material	77,618,763	99.22	78,334,238	99.98
Stores and Spares	3,501,451	51.95	3,082,835	52.68
<b>Total</b>	<b>81,120,213</b>	<b>95.47</b>	<b>81,417,073</b>	<b>96.69</b>

**33 Earnings in Foreign Exchange**

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
Export of Goods Calculated on FOB basis	191,963,803	183,059,997
Samples Development Charges	987,153	261,781

**34 Amounts remitted in Foreign Currency during the year on account of Dividend**

Amount of Dividend remitted in Foreign Currency	738,510	590,808
Total number of Non Resident Shareholders (to whom the dividends were remitted in foreign currency)	1	1
Total number of shares held by them on which dividend was due	492,340	492,340
Year to which dividend relates	2012-13	2011-12

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## DISCLOSURE UNDER ACCOUNTING STANDARDS

## 35 Employee Benefit Plans

## (a) Defined Contribution Plan

The Company makes Provident fund and other funds contributions to defined contribution plans for qualifying employees. The Company recognised ₹ 1,501,137/- (Year ended 31<sup>st</sup> March, 2013 ₹ 1,335,804/-) for Provident Fund contributions.

## (b) Defined Benefit Plan: Gratuity

Provision is made for gratuity and compensated absences based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Gains and losses on changes in actuarial assumptions are accounted for in the statement of profit and loss. During the year the Company funded gratuity with LIC of India.

The disclosures as required under revised Accounting Standard 15 on "Employee Benefits" are as follow: The following table sets out the funded status(unfunded in the previous year) of the defined benefit schemes and the amount recognised in the financial statements:

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹		
<b>Gratuity</b>				
<b>Components of Employer Expense</b>				
Current Service Cost	252,752	290,583		
Interest Cost	361,312	338,802		
Past Service Cost				
Actuarial Losses/(Gain)	(268,830)	169,281		
Total Expense recognized in the Statement of Profit and Loss	345,234	798,666		
<b>Actual Contribution and benefit payments for year</b>				
Actual benefit payments	120,597	228,900		
Actual Contributions	4,500,000	–		
<b>Net Asset / (Liability) recognised in the Balance Sheet</b>				
Present value of defined benefit obligation	4,604,179	4,379,542		
Fair value of plan assets	(4,500,000)	–		
Funded status [Surplus / (Deficit)]	104,179	–		
Unrecognised past service costs	–	–		
Net Asset / (liability) recognised in the Balance Sheet	104,179	4,379,542		
<b>Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	4,379,542	3,809,776		
Current Service Cost	252,752	290,583		
Interest Cost	361,312	338,802		
Benefit Paid	(120,597)	(228,900)		
Actuarial Losses/(Gain)	(268,830)	169,281		
Past Service Cost - Vested Benefit	–	–		
Present value of DBO at end of the year	4,604,179	4,379,542		
<b>Change in fair value of assets during the year</b>				
Fair value of Plan assets at beginning of the year	–	–		
Actual company contributions	4,500,000	–		
Fair value of Plan assets at the end of the year	4,500,000	–		
<b>Actuarial Assumptions:</b>				
Discount Rate (p.a.)	9.31%	8.25%		
Salary Escalation Rate (p.a.)	5.00%	5.00%		
Attrition Rate (p.a.)	2.00%	2.00%		
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	LIC 1994-96 (Ultimate)		
<b>Experience Adjustment:</b>	<b>2013-14</b>	<b>2012-13</b>	2011-12	2010-11
	₹	₹	₹	₹
On Plan Liability (Gain)/Loss	271,583	83,408	582,508	23,143

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****DISCLOSURE UNDER ACCOUNTING STANDARDS****36 Segment information**

The principal business of the company is of manufacturing of socks. All other activities of the Company revolve around its main business. Hence, there is only one primary reportable business segment as defined by Accounting Standard 17 - "Segment Reporting".

The Secondary Segment are identified based on the geographical location of customers. The secondary geographical segments of the company consist of regions of United Kingdom, Switzerland, UAE, India and Rest of the World.

Secondary Segments information is as follows -

(In ₹)

Particulars	Revenues	Segment Assets Trade Receivable	Cost incurred on acquisition of Fixed Assets
United Kingdom	<b>84,732,521</b> (51,014,678)	<b>17,374,971</b> (9,736,243)	— —
Switzerland	<b>85,762,750</b> (107,005,470)	<b>3,045,051</b> (816,612)	— —
UAE	<b>18,571,139</b> (22,712,306)	— (3,809,710)	— —
India	<b>10,330,685</b> (11,625,682)	<b>750,104</b> (1,101,359)	<b>12,838,612</b> (17,911,003)
Rest of the World	<b>3,286,752</b> (3,074,877)	<b>44,952</b> (171,431)	— —
<b>Total</b>	<b>202,683,848</b> (195,433,012)	<b>21,215,078</b> (15,635,355)	<b>12,838,612</b> (17,911,003)

Previous year figures are given in brackets.

Segregation of assets (except trade receivable) into secondary segments has not been done as all the assets are located and used in India and the Company is of the view that it is not practical to reasonably allocate such assets and an ad-hoc allocation will not be meaningful.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****DISCLOSURES UNDER ACCOUNTING STANDARDS (Contd.)****37 Related Party Transactions****Details of related parties:****Description of relationship**

Promoter Company

Key Management Personnel (KMP)

Entities over which promoter group has significant influence

Associates

**Names of related parties:**

Shapoorjee Chandabhoy Finvest Private Limited

Adi F. Madan

Armayesh Consultancy and Agencies Private Limited

Armayesh Embroideries Private Limited

Armayesh Enterprise LLP

**Note:** Related parties have been identified by the Management.**Details of related party transactions during the year ended 31<sup>st</sup> March, 2014 and balances outstanding as at 31<sup>st</sup> March, 2014:**

(In ₹)

Particulars	Promoter Company	KMP	Associates	Entities over which promoter group has significant influence	Total
<b>Transactions during the year</b>					
<b>Expenditure:</b>					
1) Lease Rent:					
Armayesh Consultancy and Agencies Pvt. Ltd.	- (-)	- (-)	- (-)	508,200 (462,000)	508,200 (462,000)
Armayesh Embroideries Pvt. Ltd.	- (-)	- (-)	- (-)	301,200 (273,480)	301,200 (273,480)
2) Managerial Remuneration	- (-)	2,913,404 (3,185,904)	- (-)	- (-)	2,913,404 (3,185,904)
<b>Income:</b>					
Share of profit from Armayesh Enterprise LLP	- (-)	- (-)	159,161 (-)	- (-)	159,161 (-)
<b>Investment:</b>					
Armayesh Enterprise LLP	- (-)	- (-)	150,000 (-)	- (-)	150,000 (-)
<b>Other Transactions:</b>					
Repayment of Borrowings	- 2,350,001	- (-)	- (-)	- (-)	- 2,350,001
<b>Dividend paid:</b>					
Shapoorjee Chandabhoy Finvest Private Limited	2,630,693 (2,104,554)	- (-)	- (-)	- (-)	2,630,693 (2,104,554)
Adi F. Madan	- (-)	(201,308) (161,046)	- (-)	- (-)	(201,308) (161,046)
<b>Balances outstanding at the end of the year</b>					
<b>Security Deposits</b>					
Armayesh Consultancy and Agencies Pvt. Ltd.	- (-)	- (-)	- (-)	21,050 (21,050)	21,050 (21,050)
<b>Loans and Advances to Related Parties:</b>					
Armayesh Enterprise LLP	- (-)	- (-)	159,161 (-)	- (-)	159,161 (-)
<b>Managerial Remuneration Payable</b>	- (-)	171,187 (113,307)	- (-)	- (-)	171,187 (113,307)

**Note:** Figures in bracket relates to the previous year.

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS****38 Details of Leasing Arrangements****As Lessee**

The Company has acquired premises on lease, which are in the nature of cancellable operating lease as defined in Accounting Standard 19 "Leases". The future lease obligations payable within one year aggregate to NIL (Previous Year Nil). The lease rent paid and accounted during the year was ₹ 809,400/- (Previous year ₹ 735,480/-) as per the terms and conditions of the lease agreements and is charged to the Statement of Profit and Loss.

**39 Earning per Share**

Particulars	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
<b>Basic</b>		
<b>Total Operations</b>		
a) Net Profit for the year attributable to the Equity Shareholders	<b>32,839,964</b>	22,150,369
b) Weighted average number of Equity Shares basic and diluted	<b>4,923,340</b>	4,923,340
c) Earnings per Share - Basic and Diluted (Equity Share of face value of ₹ 10/- each)	<b>6.67</b>	4.50

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## ADDITIONAL INFORMATION TO THE FINANCIAL STATEMENTS

## 40 Deferred tax (Liability) / Asset

Particulars	As at March 31, 2014 ₹	As at March 31, 2013 ₹
<b>Tax effect of items constituting Deferred Tax Liability</b>		
On difference between book balance and tax balance of fixed assets	<b>5,778,261</b>	6,440,678
	<b>5,778,261</b>	6,440,678
<b>Tax effect of items constituting Deferred Tax Assets</b>		
Provision for compensated absences and gratuity	<b>413,870</b>	1,760,403
Provision for doubtful loans and advances and other current assets	<b>346,550</b>	184,326
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	<b>380,873</b>	378,967
	<b>1,141,293</b>	2,323,696
<b>Net Deferred Tax (Liability) / Asset</b>	<b>(4,636,968)</b>	(4,116,982)

41 The Company has not granted any loans / advances in the nature of loans as stipulated in the Clause 32 of the Listing Agreement with the Stock Exchanges. For this purpose, the loans to employees as per the Company's policy and security deposits paid towards premises taken on leave and license basis have not been considered.

42 Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors

**Arun S. Sanghi**

*Chairman*

**Adi F. Madan**

*Managing Director*

**Ajit P. Walwaikar**

**Armand N. Aga**

**Harish H. Shah**

**Ayesha K. DadyBurjor**

} *Directors*

**Asinkhan S. Baholu** *Company Secretary*

Mumbai,

Dated: 29<sup>th</sup> May, 2014.

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