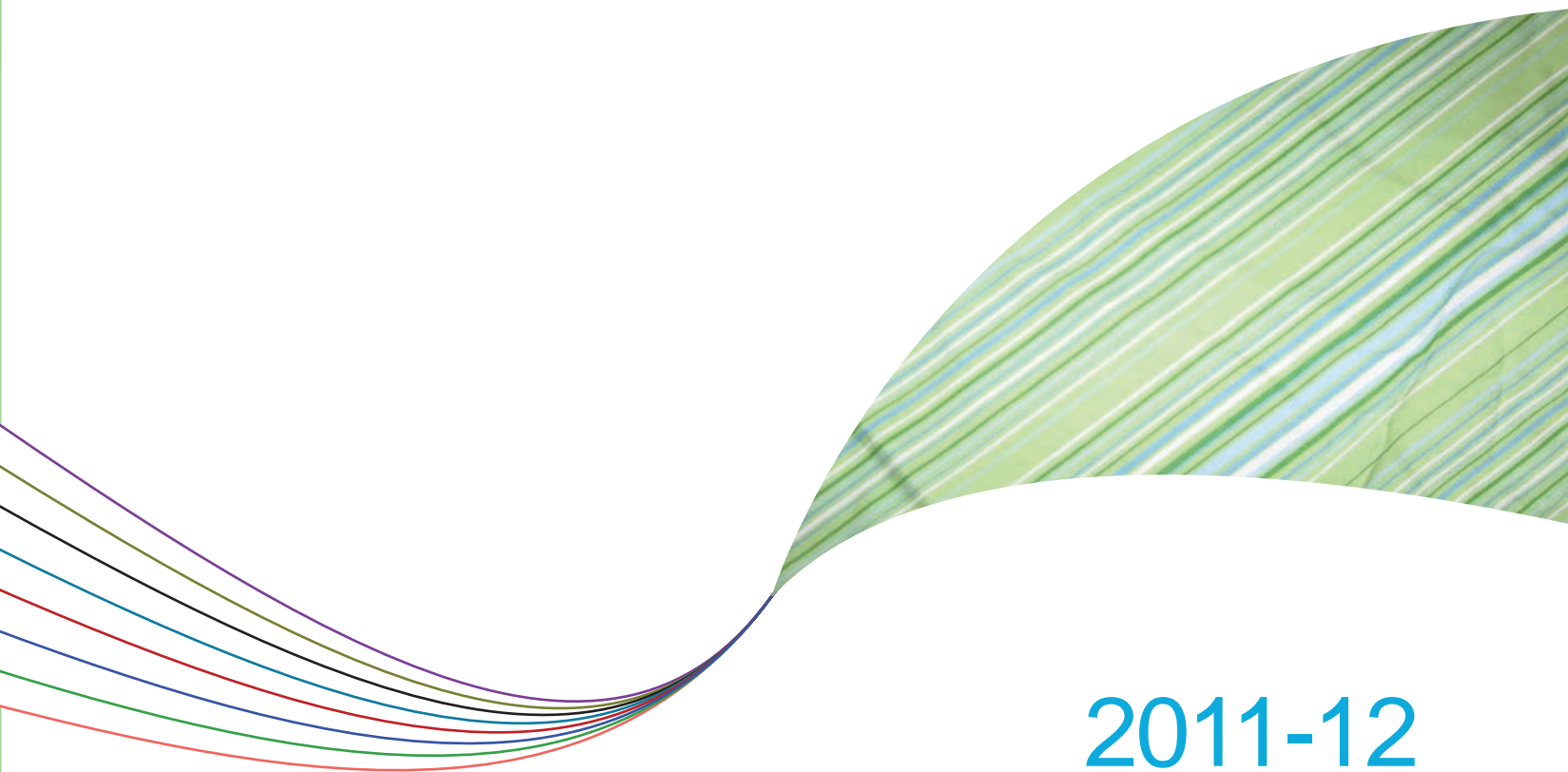


Growth  
Woven  
with Values



2011-12

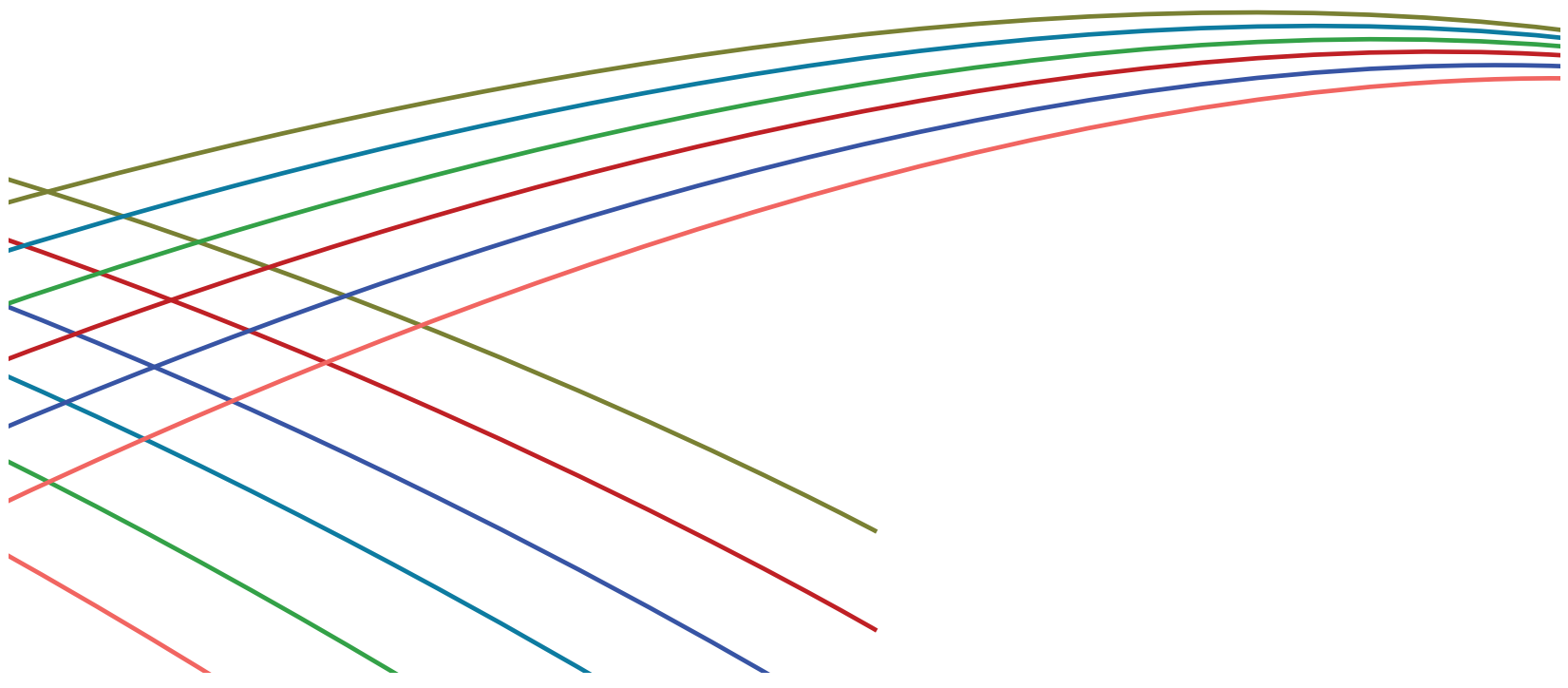
Annual Report

**INDO COUNT**  
INDUSTRIES LIMITED



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**M**an has woven fabric from cotton since times immemorial. Indeed, the fascinating textile process starts with spinning cotton into yarn, weaving yarn into fabric, dyeing and printing the fabric, and finally ends with a stitched Made Up. Textiles have come a long way since man first weaved cotton into fabric, and with the industrial revolution, the textile process was radically changed. It entered into a new era of rapid growth and expansion, giving rise to an industry that has been instrumental in defining progress and advancement of countries, cultures and economies.

At Indo Count, we are proud to be part of the textile industry, and of its glorious heritage and legacy. We have been spinning yarns, weaving fabrics and manufacturing textiles since 20 years. Brick by brick, we have been expanding our capacities and capabilities, thereby building steady growth.

At Indo Count, our core value is customer satisfaction and our unwavering focus on quality. Throughout the textile process – from cotton to made ups, our entire team, from manufacturing to marketing and from procurement to packaging, is committed to the core Indo Count values of customer satisfaction and quality. Like our yarns woven with strong fibres, our growth woven with values gives us a unique strength. It makes us resilient to recessionary phases, endure and overcome challenges, and grow. It is our values that have sustained and strengthened our growth.

At Indo Count, we have always pursued this philosophy.

## **GROWTH WOVEN WITH VALUES**



# Chairman's Message

“The Company successfully established a USA subsidiary INDO COUNT GLOBAL INC., during the year. It has a large showroom on Fifth Avenue in New York and has Warehousing & EDI operations.”



Dear Shareholders,

It is my privilege to present to you the Annual Report of Indo Count Industries Ltd. for the year 2011-12. Indo Count reported Net Sales of ₹ 777 crores as against ₹ 690 crores in the previous year, a growth of 13% on a year-on-year basis.

The year started out as a year full of opportunities with promise of plenty and changed course during the year in a position of uncertainty and challenges aplenty. The globe went through several unforeseen challenges on political, social and economical front. Amidst these challenging circumstances, the Company recorded a satisfactory performance.

The Spinning Division did well considering these challenging circumstances. Steep fluctuations in cotton prices resulted in unstable yarn prices. The margins came under severe pressure due to a high input costs thereby resulting in losses in the Yarn Division.



The Home Textiles Division continues its impressive performance and steady growth. It is one of the preferred suppliers to major retailers in USA, Canada, UK, Australia, South America. The Company achieved high service levels and customer satisfaction. There is a great deal of scope for improvement through expansion of buyers' basket with new products aimed at the 'Top of Bed' as well as Sheet Set offerings.

The Company will be investing further in balancing equipments that will result in utilising completely the installed capacity. The Home Textiles Division contributed significantly to the sales during the year and is expected to grow in the coming years.

The Company successfully established a USA subsidiary by the name of INDO COUNT GLOBAL INC., during the year. It manages a US Showroom on Fifth Avenue in New York and has Warehouse & EDI operations, thus enabling your Company to cater to new customers who require local servicing capability.

I am glad to inform that with our continued performance in US Market, your Company has been recognised as the 4th largest Bed Linen supplier in USA. The Company is also recognised by our Government approved Export Council as the 3rd largest Bed Linen manufacturer supplier out of India.

We are committed as a Company to work hard and efficiently to deliver improved results in time to come. We are confident of improved results as the industry conditions are improving.

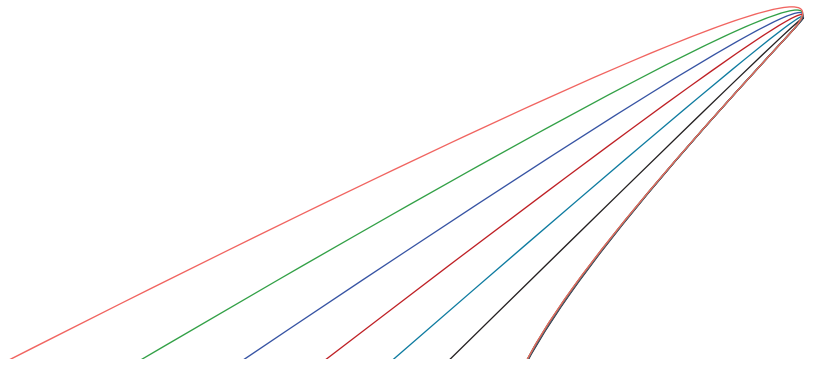
I take this opportunity to thank all our Bankers, Government of Maharashtra, Central Government, Customers, Suppliers, Employees and Stakeholders for their passionate involvement and contribution to our business initiatives and working resolutely to deliver value to our customers as always.

Thank you,

**Anil Kumar Jain**  
Chairman & Managing Director

**“The Company continues to be the third largest Bed Linen manufacturer supplier from India. Recently, the company was recognised as the fourth largest bed linen supplier into USA.”**

# Corporate Snapshot



## THE COMPANY

Incorporated in 1988.

Commenced production in July 1991.

Listed on Mumbai and National Stock Exchanges.

Certified for ISO 9001 Systems.

Recognised Trading House under EXIM Policy.

Net Foreign Exchange earner for the country.



## BUSINESS DIVISIONS

### Spinning Division

- ◆ Latest machines from Rieter, Schlafhorst, Murata, Luwa, Volkman, Mayer & Cie.
- ◆ Advanced and sophisticated Quality Control instruments from Zellweger Uster.
- ◆ 100% combed and carded cotton yarn, single and doubled of counts ranging from Ne 20 to Ne 100.

### Products Manufactured

- Combed & Cotton Grey / Dyed Yarns
- Knitted Grey Fabrics

### Product Accreditations

Amongst the few mills in the world using 'Rieter Yarn' mark.

'Uster Analysed' certification signifying consistent high quality of yarn. OKO-TEX Certification indicating free from harmful substances.



## Home Textile Division

- ◆ Built on a spacious 45 acre plot.
- ◆ First of its kind plant in Maharashtra.
- ◆ State of the art machinery imported from Benninger (Switzerland), Monforts (Germany), Osthoff (Germany).
- ◆ Air jet looms for wide width grey fabrics, processing (bleaching, mercerizing, dyeing, printing) capacity of 36 million meters per annum.
- ◆ Stitching facilities for made up : capable of producing a wide product range.

### Products Manufactured

- Bed Sheet Sets
- Pillow Cases
- Duvet Covers
- Bed Skirts
- Comforters
- Window Covering
- Institutional Linen



## Electronics Division

- ◆ Started in October 2004.
- ◆ Manufacture of Electronic goods.
- ◆ CTV/DVD/Air-Conditioners/Washing Machines/ Microwave/Mobile Hand Sets.



# Corporate Snapshot

## AWARDS, ACCOLADES

- ♦ Bronze Trophy for 4 consecutive years as highest exporter of Bed Linen from India for the year 2007-08, 2008-09, 2009-10 & 2010-11.
- ♦ Gold Trophy for Exports of other Made Up in the business in the year 2007-08.
- ♦ Silver Trophy for Exports of other Made Up in the business in the year 2008-09
- ♦ Gold Trophy for Special Achievement in export of Made Up in the business in the year 2009-10.





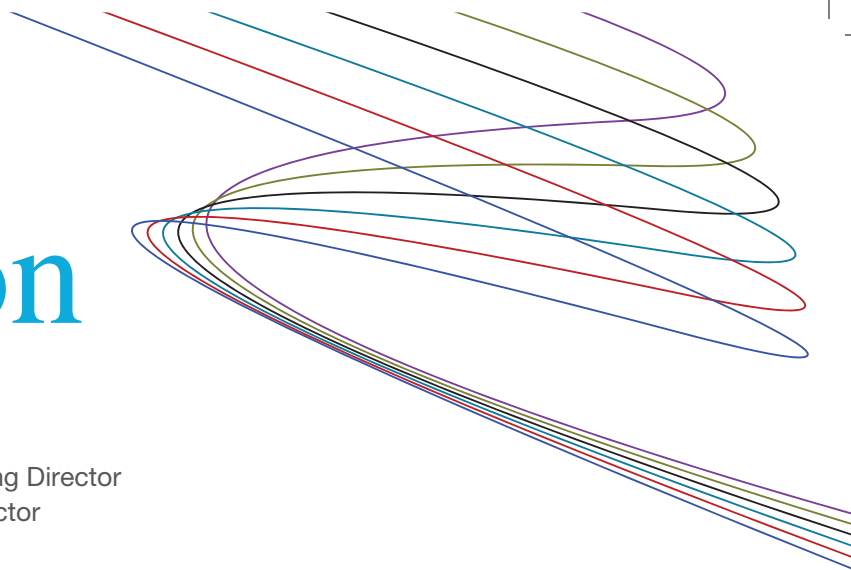


## DID YOU KNOW?

**We are the only integrated home textile manufacturing unit in Maharashtra.**

- ◆ We are the PRIDE OF MAHARASHTRA as our unit was supported by the Maharashtra Government under the MEGA PROJECT.
- ◆ We came into existence in the year 1991. Our sale during the current year is equal to sales generated during the first 11 years of the operations of the company. 1:11.
- ◆ We received for Exports - LARGE SCALE INDUSTRIES AWARD from The Government of Maharashtra for 2010 - 11 performance.
- ◆ We received GOLD, SILVER AND BRONZE award from TEXPROCIL continuously for the last 5 years.

# Corporate Information



## BOARD OF DIRECTORS

### EXECUTIVE DIRECTORS

Mr. Anil Kumar Jain	Chairman & Managing Director
Mr. R. N. Gupta	Joint Managing Director
Mr. K. R. Lalpuria	Executive Director
Mr. Kamal Mitra	Director (Works)

### INDEPENDENT DIRECTORS

Mr. R. Anand	Director
Mr. P. N. Shah	Director
Mr. Sushil Kumar Jiwrajka	Director
Mr. Dilip Thakkar	Director
Mr. Prem Malik	Director

### NOMINEE DIRECTORS

Mr. C. P. Ravindranath	Director (Exim Bank Nominee up to 21 <sup>st</sup> April 2011)
Mr. Nadeem Panjetan	Director (Exim Bank - Nominee wef 21 <sup>st</sup> April 2011)
Mr. R. G. Kelkar	Director (Union Bank of India - Nominee up to 20 <sup>th</sup> Jan 2012)
Mr. Vijay Kumar Jain	Director (Union Bank of India - Nominee wef 20 <sup>th</sup> Jan 2012)

### COMPANY SECRETARY

Mr. R. Sundaram	President Finance & Company Secretary
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### AUDITORS

B. K. Shroff and Co., Chartered Accountants,  
3/7-B, Asaf Ali Road, New Delhi - 110 00.

### WORKING CAPITAL BANKERS

Union Bank of India  
Bank of India  
Bank of Baroda  
Canara Bank

### TERM LENDING BANKERS:

Exim Bank of India  
Axis Bank of India  
State Bank of India  
State Bank of Patiala  
State Bank of Hyderabad

### REGISTERED OFFICE

Village : Alte, Taluka : Hatkanangale,  
Dist. Kolhapur - 416 109, Maharashtra.

### SPINNING AND ELECTRONIC UNITS

D-1, MIDC Industrial Area, Gokul Shirgaon,  
Kolhapur - 416 234, Maharashtra.

### HOME TEXTILE AND CONSUMER DURABLE GOODS UNITS

T - 3, Kagal - Hatkanangle, Five Star MIDC Area,  
At post : Talandge,  
Taluka : Hatkanangale,  
Kolhapur - 416 216, Maharashtra.

### HEAD OFFICE

301 & 1101, Arcadia,  
Nariman Point, Mumbai - 400 021.

### MARKETING OFFICE

# 23-25, Vardhaman Industrial Complex,  
Gokul Nagar,  
Thane (W) - 400 601.

### DELHI OFFICE

506, Pragati Tower,  
26, Rajendra Place,  
New Delhi - 110 008.

### KOLKATA OFFICE

1-B, Janki Shah Road,  
Hastings, Kolkata - 700 022.



# Notice

**NOTICE** is hereby given that the 23rd Annual General Meeting of **INDO COUNT INDUSTRIES LIMITED** will be held on Saturday, the 25<sup>th</sup> August, 2012 at 12.00 Noon, at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416 109, Maharashtra to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Accounts for the financial year ended 31<sup>st</sup> March 2012 and the Report of Directors' and Auditors' thereon.
2. To appoint a Director in place of Mr. R. N. Gupta, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. P. N. Shah, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Kamal Mitra, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint a Director in place of Mr. Kailash R Lalpuria, who retires by rotation and being eligible offers himself for re-appointment.
6. To appoint Auditors and fix their remuneration.

## SPECIAL BUSINESS

7. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution.

**“RESOLVED THAT** in supersession of the Resolution passed by the Shareholders at the Extra Ordinary General Meeting held on 26-03-2011 and in accordance with the provisions of Section 198, 269, 309, 310 and 311 read with Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded for payment of Remuneration to Mr. Kailash R Lalpuria, as an Executive Director with effect from 01-01-2011 to 31-12-2013, on the terms and conditions detailed as mentioned in the Explanatory Statement hereunder, with authority to the Remuneration Committee /Board of Directors (herein after referred to as “The Board” which term shall be deemed to include any Committee which the Board may constitute to exercise its powers conferred by this resolution) to alter and vary the terms and conditions of the remuneration within the limits specified in Schedule XIII to the Companies Act, 1956, including any Statutory Modification or Re-enactment thereof, for the time being in force or any amendments and/or modifications that

may hereafter be made thereto by the Central Government in that behalf from time to time, or any amendments thereto as may be agreed to between the Board and Mr. Kailash R Lalpuria.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary , proper or expedient to give effect to this resolution.”

8. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution.

**“RESOLVED THAT** pursuant to the provisions of section 309 and other applicable provisions, if any, of the Companies Act, 1956, (hereinafter referred to as “the said Act”) including any modification(s) or re-enactment(s) thereof for the time being in force, if any and subject to necessary permission/approval of the Central Government, the Consent of the Company be and is hereby accorded to the Board of Directors to waive off the recovery of remuneration paid to Mr. Anil Kumar Jain, the Chairman & Managing Director of the Company, which is in excess of the limits prescribed under the said Act, details whereof are given as under-

Particulars	[₹ in lac]
Total remuneration paid to Mr. Anil Kumar Jain during the Financial Year 2011-12	₹ 60.00
Maximum Remuneration permissible, in case of insufficient or in adequate profits as per the provisions of the Act i.e. as per Table (A), of Section – II, of Part – II of Schedule – XIII to the Companies Act, 1956	₹ 24.00
Excess Remuneration paid	₹ 36.00

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such steps as may be necessary , proper or expedient to give effect to this resolution.”

9. To consider and if thought fit, to pass with or without modification the following resolution as Special Resolution

**“RESOLVED THAT** pursuant to Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as “the Board” which term shall be deemed to include any Committee thereof) to create such Charges, Mortgages and Hypothecations in addition to the existing charges, mortgages and hypothecations created by the Company, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit,

# Notice

together with power to take over the management and concern of the Company in certain events in favour of Banks/Financial Institutions and other investing agencies to secure Rupee/foreign currency Loans and Working capital facilities availed or proposed to be availed by the Company, provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premia on pre-payment or on redemption, costs, charges, expenses and all other moneys payable by the Company in respect of the said Loans, shall not, at any time exceed the limit of ₹ 700 Crores.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to do all such acts, deeds and things, as well as to execute all such documents, instruments and writings as may be required in order to give effect to the above resolution”.

**By Order of the Board**

Place : Mumbai  
Date : 25th May 2012

**R. Sundaram**  
*Company Secretary*

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

### **Item No. 7**

On the recommendation of the Remuneration Committee meeting held on 18-05-2012, the Board of Directors at their meeting held on 25<sup>th</sup> May, 2012 have revised the remuneration of Mr. Kailash R Lalpuria, the Executive Director for a period from 01-01-2011 to 31-12-2013.

The details of remuneration payable to Mr. Kailash R Lalpuria as approved by a resolution passed by the Board at its meeting held on 25<sup>th</sup> May 2012 are as under:-

Particulars	Terms
Name	Kailash R Lalpuria
Designation	Executive Director
Period	01-01-2011 to 31-12-2013
Basic Salary	₹ 120,000/- p.m. with an annual increment upto ₹ 30,000/- p.m. in the Basic Salary. First increment payable on 01-01-2012 thereafter on 01 <sup>st</sup> April every year.
House Rent Allowance	Upto 50% of Basic Salary
Special Allowance	₹ 97,950/- p.m.

Conveyance Allowance	₹ 800/- p.m.
Medical Allowance	₹ 1,250/- p.m.
Bonus/Ex-Gratia	₹ 10,000/- p.m.
Leave Travel Assistance	₹ 10,000/- p. m.
Servant Allowance	₹ 3,500/- p.m.
Reimbursement of Fuel	At actual incurred in performance of office duties.
Reimbursement of Telephone bills	At actual incurred in performance of office duties.
Term of Office	Term of office shall be liable to determination by retirement of Directors by rotation.

The following Perquisites shall not be included in computation of the ceiling on the Remuneration as mentioned above:

- Contribution to Provident Fund, Superannuation fund or Annuity fund to the extent these either singly or put together, are not taxable under the Income Tax Act, 1961.
- Gratuity payable at a rate not exceeding half month's salary for each completed year of service.
- Encashment of leave as per rules of the Company.

### **MINIMUM REMUNERATION**

Notwithstanding anything hereinabove stated, where in any financial year, after aforesaid appointment, the Company incurs a Loss or has no Profits or its Profits are inadequate, the Company shall pay to Mr. Kailash R Lalpuria, the remuneration by way of Salary, HRA, Ex-gratia and other allowances, Perquisites as aforesaid as minimum remuneration.

The Remuneration Committee, at its Meeting held on 14th February 2011, has recommended to the Board, the terms of payment of Remuneration to Mr. Kailash R Lalpuria, with effect from 01-04-2011 to 31-03-2014, subject, however, to the approval of Members by a Special Resolution at the General Meeting.

The terms of Remuneration payable to Mr. Kailash R. Lalpuria, are within the limits as specified in the Schedule XIII to the Companies Act, 1956.

The above information may also be treated as an abstract of the Memorandum of interest of the Executive Director, Mr. Kailash R Lalpuria, pursuant to the provisions of Section 302 of the Companies Act, 1956.

Board recommends the resolution set out in item No. 7 of the Notice, for your approval.



Except, Mr. Kailash R Lalpuria, none of the Directors of the Company is, in any way, concerned or interested in the Resolution.

**DISCLOSURE REQUIRED TO BE MADE TO THE SHAREHOLDERS PURSUANT TO PARA B OF SECTION II OF PART II OF SCHEDULE XIII TO THE COMPANIES ACT, 1956, ALONGWITH NOTICE CALLING THE GENERAL MEETING:**

**I. General Information**

Sr No.	Particulars	Information
1	Nature of Industry	Engaged into manufacture of Combed Cotton Yarn, Knitted Fabric, Woven and Processed Farbric and Electronic Goods.
2	Date or Expected date of commencement of Commercial Production	Home Textile Division & Spinning Division in operation for over 7 years & 20 years respectively
3	In case of new companies, expected date of commencement of activities as per project approved by financial institution appearing in the prospectus	Not Applicable
4	Financial performance based on given indicators	Published financial results for 2011-12 is enclosed.
5	Export performance and net foreign exchange collaborations	FOB Value exports ₹ 496.90 crore for the year ended 31-03-2012, net foreign exchange earnings to the country of ₹ 486.40 crore.
6	Foreign investments or Collaborators, if any	Not Applicable

**II. INFORMATION ABOUT THE APPOINTEE**

1	Background details	Mr Kailash R. Lalpuria is the Executive Director & associated with the Company since 11th November 2010
2	Past Remuneration	₹ 303,500/- per month
3	Recognition or awards	<p>The Company has been conferred with Gold, Silver and Bronze awards for past 5 years by TEXPROCIL detailed as under:-</p> <ol style="list-style-type: none"><li>1) <b>BRONZE TROPHY</b> award under the Made-ups category based on the performance of <b>2010-11</b>. Even in the past the TEXPROCIL honoured the Company with the following awards:-</li><li>2) During the financial year <b>2009-10</b> for its outstanding performance in the exports:-<ol style="list-style-type: none"><li>a) <b>Gold Trophy</b> For Special Achievement award in Made Ups Category</li><li>b) <b>Bronze Trophy</b> For Highest export in Bed Linen/Bed Sheets/Quilts in Made Ups</li></ol></li><li>3) During the financial year <b>2008-09</b>:<ol style="list-style-type: none"><li>a) <b>SILVER TROPHY</b> for Second highest exports of other Cotton Made-ups</li><li>b) <b>BRONZE TROPHY</b> for Third highest exports of Bed Linen/Bed Sheets/Quilts</li></ol></li><li>4) <b>GOLD &amp; BRONZE TRPOHY</b> for its export performance During the year <b>2007-08</b>.</li></ol>

# Notice

		<p>5) <b>BRONZE TROPHY</b>, the third highest export award in the Manufacturer Exporter – Fabric Category for the financial year <b>2005-06</b>.</p> <p>The Government of Maharashtra has conferred <b>First Award</b> in the Large Scale Industries (LSI) Textile category for the Export Performance for the Year 2009-10</p>
4	Job profile and his suitability	Mr. Kailash R. Lalpuria, is Executive Director and responsible for operations of the Home Textile Division.
5	Remuneration proposed	₹ 303,500/- per month.
6	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details w.r.t. the country of his origin)	Mr Kailash R Lalpuria, the Executive Director is primarily responsible for entire operations of the Home Textiles Division of the Company and this Division has a Lion's share in the Turnover of the Company i.e ₹ 450.38 Crore for the year ended 31-03-2012. Considering this major responsibility a remuneration of ₹ 303,500/- per month is lower as compared to the peers in the Industry. Mr. Kailash R Lalpuria is and Indian origin, hence no other details are required to be given.
7	Pecuniary relationship directly or indirectly with the Company or the relationship with the managerial personnel, if any.	No direct or in direct pecuniary relationship with the company or the relationship with the managerial personnel.

### III. OTHER INFORMATION

1	Reason of loss or inadequate profits	During the financial year ended 31 <sup>st</sup> March 2012 the company has earned a Net profit before tax for ₹ 0.66 Crore. Inadequate profits were mainly on account of steep increase in the cost of raw material, Labour, power and fuel, lockout of Spinning Division for 52 days and increased derivative loss consequent to depreciation of INR vis-à-vis US\$.
2	Steps taken or proposed to be taken for improvement	<p>a) Derivative loss on account of earlier contracts will ceases to exist by October 2012.</p> <p>b) Balancing equipments have been installed in Home Textile Division to enhance the processing capacity so that the increased production will take spread of overheads and thereby resulting into encouraging bottom line.</p> <p>c) The Company has started subsidiary in USA which will enable to reach the retail customer there and will help the company in increasing the business volume and margins.</p> <p>d) Reduced percentage of Forward Cover/ Hedging to take advantage of spot rates of INR vis-à-vis US\$</p> <p>All these efforts are expected to bring down the input costs, increase the bottom line and enable to Company to retain the benefits of forward integration.</p>



3	Expected increase in productivity and profits in measurable terms	The EBIDTA for the year ending 31-03-2013 will increase from 8% to 11% in comparison with that of previous year. Profit Before Tax for the year ending 31-03-2013 will increase from 0.08% to 3% in comparison with that of the previous year.
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**IV. DISCLOSURES**

1	Remuneration package of the managerial personnel	For the year ended 31-03-2012 the details of remuneration paid to managerial persons under the Companies Act are as under: 1) Mr. Anil Kumar Jain – ₹ 64.32 lac 2) Mr. R N Gupta – ₹ 10.48 lac 3) Mr. Kailash R Lalpuria – ₹ 36.53 lac 4) Mr. Kamal Mitra – ₹ 12.71 lac
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**Following disclosures shall be mentioned in the Board of Directors’ Report under the heading “Corporate Governance”**

1	All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc of all the directors	Disclosed
2	Details of fixed component and performance linked incentive along with the performance criteria	No incentive is linked to performance and hence no disclosure thereof is required.
3	Service contracts, notice period, severance fees	Appointment has been made by a resolution and no severance fees is payable to the appointee in lieu of notice period.
4	Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable	The Company has not issued any shares to the managerial person under Stock Option Scheme and hence the same is Not Applicable.

**Item No. 8**

Considering insufficient/in adequate profits for the financial year ended 31-03-2012, as per the provisions of the Act i.e. as per Table (A), of Section – II, of Part – II of Schedule – XIII to the Companies Act, 1956, the Company is required to obtain necessary permission/approval of the Central Government for waiver of recovery of excess remuneration amounting to ₹ 36 lac paid to Mr. Anil Kumar Jain, the Chairman and Managing Director, during the said financial year.

Board recommends the resolution set out in item no. 8 of the notice, for your approval.

None of the Directors of the Company except Mr. Anil Kumar Jain, is in any way concerned or interested in the resolution.

**Item No. 9**

As per the provisions of Section 293(1)(a) of the Companies Act, 1956, the Board of Directors of a Public Company can not Sell, Lease or otherwise dispose of the whole or substantially the whole of the undertaking of the Company or where the Company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking with out the consent of the shareholders in the General Meeting.

Consequent to sanction of various working capital facilities and other term loan from time to time, the charges on the Assets will continue and the Company may create further Mortgage/Hypothecation or Charges on the present and Future Assets of the Company in favour of Banks/Financial Institutions or any other Lenders.

As the mortgage/Charge/Hypothecation by the Company on its Assets as aforesaid in favour of the Banks and Financial institutions may be regarded as disposal of the Company’s properties/undertaking in certain events of default, it is necessary for the members to pass a resolution under section 293(1)(a) of the Companies Act, 1956, for creation of said charge/mortgage/Hypothecation.

Board recommends the resolution set out in item no. 9 of the notice, for your approval.

None of the Directors of the Company is in any way concerned or interested in the resolution.

# Notice

## **Additional information: As required in terms of Para VI (A) of Clause 49 of the Listing Agreement**

### **Brief profile of Mr R N Gupta, who retires by rotation and is eligible for re-appointment**

Mr R N Gupta is a B. Text and has rich experience in textile industry for more than 45 years. Mr. Gupta has been associated with the Company since inception and has been on the Board of the Company since 27<sup>th</sup> November, 1995.

**Outside Directorship:** Nil

### **Committee Chairmanship/Membership:**

Name of the Company	Audit Committee	Share Transfer Committee	Shareholders' & Investgors' Grievances Committee
Indo Count Industries Ltd	Member	Member	Member

### **Brief profile of Mr P.N Shah, who retires by rotation and is eligible for re-appointment**

Mr P.N Shah is a Chartered Accountant by profession. Mr. Shah has been on the Board of the Company since 30<sup>th</sup> September, 1992.

**Outside Directorship :** a) P I Industries Ltd, b)Secure Meters Ltd., c) Wolkem India Ltd., d) Taparia Tools Lt., e) Pranavdaitya Spinning Mills Ltd.

### **Committee Membership/Chairmanship :**

Name of the Company	Audit Committee	Remuneration Committee
Indo Count Industries Ltd	Chairman	Member
P.I Industries Ltd	Chairman	Member
Wolkem India Ltd.	Chairman	—
Taparia Tools Ltd	Chairman	Member
Pranavadiya Spinning Mills Ltd	Member	—
Secure Meters Ltd	Chairman	Member

### **Brief profile of Mr Kamal Mitra, who retires by rotation and is eligible for re-appointment**

Mr Kamal Mitra, holds a Bachelor Degree in Textile Engineering and has rich experience for more than 33 years in the textile industry. Mr. Mitra has been associated with

the Company since December, 2003 and has been appointed on the Board of the Company since 1<sup>st</sup> October 2008.

**Outside Directorship:** Pranavadiya Spinning Mills Ltd.

### **Committee Chairmanship/Membership:**

Name of the Company	Audit Committee	Investors' Grievance Committee Shareholder Committee	Share Transfer Committee
Indo Count Industries Ltd	—	Member	Member
Pranavadiya Spinning Mills Ltd	Member	Member	Member

### **Brief profile of Mr. Kailash R Lalpuria, who retires by rotation and is eligible for re-appointment**

Mr. Kailash R Lalpuria, is a Chartered Accountant and is associated with Textile industry for about 27 years. Mr. Lalpuria is on the Board of the Company since 11<sup>th</sup> November 2011.

**Outside Directorship :** NIL

**Committee Chairmanship/Membership :** NIL

**By Order of the Board**

Place : Mumbai  
Date : 25th May 2012

**R. Sundaram**  
Company Secretary





**NOTES :**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.

The proxy form should be deposited at the Registered Office of the Company not later than 48 hours before the commencement of the aforesaid Meeting.

2. Register of Members and the Share Transfer Books of the Company will remain closed from 17-08-2012 to 25-08-2012 (both days inclusive).
3. Members are requested to:
  - (i) intimate, changes, if any, in their Registered Addresses immediately;
  - (ii) intimate about consolidation of folios if shareholdings are under multiple folios;
  - (iii) intimate for duplicate dividend warrants if they have not encashed their warrants for the previous year;

Pursuant to the provisions of section 205C of the Companies Act, 1956, all unpaid dividend upto financial year ended 2001-02 have been transferred to the Investor Education and Protection Fund (IEPF) of the Central Government. Once the unpaid amount is transferred to the IEPF, no claims shall lie against the IEPF or the company in respect of individual amounts which were unclaimed or unpaid.

- (iv) quote ledger Folio No./DPID/Client ID in all their correspondence; to the Company's Registrar & Transfer Agent:-  
M/s Link Intime India Pvt. Ltd  
A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area, Phase –II,  
Near Batra Banquet Hall, New Delhi 110028,  
Telephone Nos +91- 011- 41410592 – 95  
Fax No +91-011 -41410591

4. MEMBERS ARE ADVISED TO SEND ALL SHARE TRANSFERS AND RELATED CORRESPONDENCE TO THE REGISTRAR AND SHARE TRANSFER AGENT AT THE ABOVE ADDRESS.
5. Members/Proxies should bring the attendance slip duly filled in for attending the aforesaid meeting.
6. Shareholders intending to require information about accounts to be explained in the Meeting are requested to inform the Company at least 7 days in advance of the Annual General Meeting.

**By Order of the Board**

Place : Mumbai  
Date : 25th May 2012

**R. Sundaram**  
*Company Secretary*

# Directors' Report

To  
The Members,

The Directors of your Company are pleased to present the 23<sup>rd</sup> Annual Report, with the statement of audited accounts for the financial year that ended 31<sup>st</sup> March 2012 :

## Financial Results

(₹ in Crore)

Particulars	Current Year	Previous Year
<b>Total Income</b>	<b>776.78</b>	689.74
<b>Operating Profit</b> (before exceptional item)	<b>65.70</b>	67.50
Less: Interest	<b>35.01</b>	30.54
<b>Cash Profit before</b> exceptional items	<b>30.69</b>	36.96
Less: Depreciation	<b>17.68</b>	17.64
<b>Profit before Tax</b> (before exceptional items)	<b>13.01</b>	14.72
Less: Derivative Loss	<b>12.35</b>	4.60
Provision for Taxation	<b>0.53</b>	5.69
<b>Net Profit after Taxation</b>	<b>0.13</b>	9.03
Balance Brought Forward	<b>(25.24)</b>	(34.29)
<b>Deficit carried to Balance Sheet</b>	<b>(25.11)</b>	(25.24)

## Dividend

Your Directors intend to plough back available resources for financial requirements and express their inability to recommend any dividend for the year under review.

## Management Discussion and Analysis

Report on MDA is given in Annexure B forming part of this report.

## Operations

The financial year was a challenging one for the economy and especially for textile industry. Steep fluctuation in cotton prices and rupee depreciation has severely affected the revenue and margin. The above factors couple with derivative losses and lockout in spinning unit for 52 days has affected the spinning division revenue and margin. Due to integrated home textile unit your Company could withstand some of these pressures and achieve a decent growth in revenue and cash profit.

Overall during the year, with a strong focus on customer engagement, new products, customer specific solutions, cost control and effective resource management, your company continue to enhance value for its stakeholders. Your company has a strong focus on Customer, Cost and Cash. The Company could see a positive trend in the spinning industry during the last quarter of the financial year under review.

With available indications this positive trend should continue during the coming years. Substantial growth in Home Textile is planned.

The derivative contracts would cease to exist after October 2012. All these should result in generating decent growth and cash profit in the coming years. Your company will continue its need based investment plans and will focus on providing value added and efficient solutions to customers to support their growth plans.

Your company will strive to bring innovations to the core of everything it does to capture the growth opportunities. Company will continue to leverage its manufacturing facilities for the benefit of its customer and stay ahead of its competitors.

## Awards/Recognition

Your Directors are glad to inform that the TEXPROCIL an apex body in Textiles has conferred upon the Company during the year BRONZE TROPHY award under the Made-ups category based on the performance of 2010-11. Your company has consistently receiving various awards from TEXPROCIL every year for the past 6 years.

Your company continues to be the third largest exporter of Made ups from India and has created a niche for itself in the international market. Your company is also the fourth largest supplier of Made ups into United States of America

**Segment**

The Company is engaged in the manufacture and export of cotton yarn, grey knitted fabrics and cotton made ups, which are governed by the same set of risks and returns and as such are in the same segment. The performance of the Consumer Durable Goods/Electronic Division is reported as a separate segment. Segment reporting as per AS 17 has been complied with.

**Accounts**

The Company has recognized in its books of account Deferred Tax Asset arising on account of tax effects of timing differences between the income tax and book depreciation. Your Directors expect that adequate profits will accrue in the future years from Company's business which will utilize the tax asset fully.

**Internal control systems and their adequacy**

The Company has in place an elaborate internal control system to ensure proper authorization and accounting of transactions as also for safeguarding and protecting Company's assets against loss. The internal auditor's reports are periodically reviewed by the management and Audit Committee and necessary corrective actions are taken from time to time.

**Director's reply to the qualification by the auditors:****1) The Company has defaulted in repayment of dues to bank:**

The Company has three business divisions. Spinning division incurred huge losses due to industry scenario, government policies and lockout for 52 days which were beyond the control of the management. The cash profits generated in the other two business divisions was not sufficient to fulfill the repayment commitments to all the lenders. CDR guided cash waterfall mechanism did not permit the repayment of the loans to some bankers for part of the year.

There is a positive change in the spinning business division during the last quarter of the financial year and management hopes to generate sufficient cash during the coming years which could fulfill repayment obligations to all lenders.

**2) Excess payment of Remuneration to Executive Directors**

Due to inadequate profits for the year under review, read with schedule XIII to the Companies Act, 1956, there is an excess remuneration aggregating ₹ 48.54 lacs paid to (a) Mr. Anil Kumar Jain, the Chairman and Managing Director, of ₹ 36.00 lacs for which the Company will seek Central Government approval and (b) Mr. Kailash R Lalpuria, the Executive Director, of ₹ 12.54 lacs, for which the Company will seek Shareholders' approval, for waiver of excess payment.

**3) Utilization of Short terms funds to Long term needs:**

Losses in spinning division were beyond the control of the management. Being an integrated textile unit, the Company could generate Cash profit, before exceptional items, to the extent of ₹ 30.69 crores. However, major part of the cash profit was utilized to pay for the derivative losses of ₹ 12.35 crores. The resultant cash available was not sufficient to pay the all the term loan commitments. Repayments of loans were committed to term lenders as per CDR approved package and any default would have had a negative impact on the business of the company. Hence, considering the future business outlook and continued cooperation from the banks and term lenders the Company had no option but to utilize part of the short term resources to fulfill long term repayment commitment. With sufficient generation of cash expected in the coming years this excess amount will be brought back to short term uses.

**4) Observation of Auditors on MTM losses:**

The observations of Auditors on MTM losses on outstanding derivative contracts are suitably explained in the Notes on Accounts. It is pertinent to mention that these losses are notional until they crystallize on due dates. Your Directors feel that the Company can meet its obligations arising out of these contracts, which are purely hedges of its future receivables.

**Human Resources**

Spinning Plant at Gokulshirgaon declared a lock out in July 2011, due to some labor actions connected with renewal of the agreement. Negotiations resulted in lifting of the lock out after a period of 52 days. Apart from this, the labor relationship continued cordial for rest of the period. Home Textiles and Electronics units maintained a cordial labor relationship during the year.

Development of employee skills and imparting knowledge on social compliance audits, quality assurance are very important to the business, for which training is conducted regularly.

Particulars of employees in accordance with the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are not given, as none of the employees qualify for such disclosure.

**Corporate Governance**

The corporate governance report together with a certificate from the Company's auditors confirming compliance of guidelines are made part of this Report as per clause 49 of the listing agreement entered into with the stock exchanges.

**Directors' Responsibility Statement**

Pursuant to the requirement under section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

# Directors' Report

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- a) That in the preparation of the accounts for the financial year ended on 31<sup>st</sup> March 2012, the applicable accounting standards have been followed and there are no material departures.
- b) That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit of the Company for the year under review.
- c) That the Directors have 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.
- d) That the Directors have prepared the annual accounts ended on 31<sup>st</sup> March 2012 on a 'going concern' basis.

## Directors

In accordance with the provisions of the Companies Act, 1956, Mr. R. N. Gupta, Mr. P. N. Shah, Mr. Kamal Mitra and Mr. Kailash R Lalpuria retire by rotation and being eligible, offer themselves for reappointment.

During the year under review, Export Import Bank of India and Union Bank of India have replaced their nomination by appointing Mr. Nadeem Panjetan and Mr. V. K. Jain respectively.

## Auditors

M/s. B K Shroff and Co., Chartered Accountants, who are the Statutory Auditors of the Company, continue to hold office until the conclusion of this Annual General Meeting and offer themselves for reappointment. In terms of clause 41(1)h of the Listing Agreement, the statutory auditors of your Company are subjected to the Peer Review Process of the ICAI and hold a valid certificate issued by Peer Review Board of ICAI.

A certificate from the Auditors has been received to the effect that their reappointment, if made, would be within the limits prescribed under Section 224(1B) of the companies Act, 1956.

## Cost Auditor

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Companies Act, 1956, and subject to the approval of the Central Government, M/s A. G Anikhindi & Co., Cost Accountants, Kolhapur, have been appointed as Cost Auditor to conduct cost audit relating to the products manufactured by your Company. The cost audit is under process and the Company will submit the Cost Auditors' report to the Central Government in time.

## Company's Subsidiary

In accordance with the general circular issued by the Ministry of Corporate Affairs, Government of India, the Balance Sheet, Profit and Loss Account and other related documents of the subsidiary Company are not being attached with the

Balance Sheet of the Company. The Company will make available the Annual Accounts of the Subsidiary Companies and the related details, information to any member of the Company who may be interested in obtaining the same. The annual accounts of the Subsidiary Companies will also be kept open for inspection at the Registered Office of the Company. The Consolidated Financial Statements presented by the Company include the financial results of its subsidiary companies.

Energy Conservation, Technology Absorption & Foreign Exchange Earning & Outgo

Information as required to be disclosed under section 217 (1) (e) of The Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 are set out as an Annexure "A" forming part of this Report.

## Acknowledgements

The Board wishes to acknowledge and thank all stakeholders for their valuable sustained support and encouragement towards the conduct of the efficient operations of the Company. Your Board is particularly indebted to all Banks and Financial Institutions who have supported the Company at all times.

The Board wishes to place on record the support and cooperation rendered by all the departments by The Government of Maharashtra.

For and on behalf of the Board

**ANIL KUMAR JAIN**

Chairman &

Managing Director

Place : Mumbai

Dated : 25<sup>th</sup> May 2012



# Annexure to Directors' Report

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and Forming part of the Directors' Report for the financial year ended on 31<sup>st</sup> March 2012.

## A. CONSERVATION OF ENERGY

### Form - A

#### Form for Disclosure of particulars with respect to conservation of energy

Particulars	Current Year	Previous Year
a) Power and Fuel		
<b>ELECTRICITY</b>		
a) Purchased (Units)	47,808,498	572,41,999
Total amount (₹)	26,76,07,211	27,17,52,930
Rate/unit	5.62	4.75
b) Own generation:		
i) through diesel generator		
Unit	7,263	179,200
Unit/liter of diesel oil	3.10	3.37
Cost per unit	15.89	12.96
ii) Furnace oil		
Quantity (KL)	—	—
Amount ₹ in Lac	—	—
Average Rate (₹)	—	—
b) Electricity consumption		
per unit of production of :-		
i) yarn per kg (₹)	4.26	4.79
ii) Fabric processed per kg (₹)	2.83	3.33

## B. TECHNOLOGY ABSORPTION

### Form - B

#### Technology Absorption, Adaptation and Innovation

#### 1. Specific areas in which R & D was carried out by the Company

- Decolourisation of effluent.
- Installation of variable frequency drive (VFD) in boiler and thermo pack.
- Development of Bleach Free Printed Linen.

#### 2. Benefit derived from above R & D activities

- Cost control.
- Better quality product and Value addition.
- Wider acceptability of Product in International Markets.

#### 3. Future plan of action.

To develop new finishes to attain International Standard/quality.

Introduction of Micro CVC Product for International Market

## C. Expenditure on R & D

### 1 Capital – ₹ Nil

Recurring - Expenditure has been shown under different heads in Profit & Loss Account amounting to ₹ 54.91 lac Total R & D Expenditure as a percentage of total turnover 0.07%

### 2. Technology absorption, adaptation and innovation

The Company has not imported any technology since inception.

## D. FOREIGN EXCHANGE EARNINGS AND OUT-GO

Activity related to initiatives taken to increase export markets for products and services and export - plans.

Since inception, the Company has been a predominant exporter of its production and net foreign exchange earner.

Total foreign exchange used and earned

(₹ in Crore)

Particulars	2011-12	2010-11
Used	10.13	7.55
Earned (FOB value of export goods)	496.90	429.12

For and on behalf of Board

Place : Mumbai  
Dated : 25<sup>th</sup> May 2012

**ANIL KUMAR JAIN**  
Chairman &  
Managing Director

# Management Discussion and Analysis

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## Industry structure and developments

Indian textile industry contributes about 14% to India's industrial production, and 17% to the country's export earnings. It also contributes to 4% of the GDP. It is also the country's second largest employment provider by employing about 35 Million people in the sector. The opening up of economy gave the much needed thrust to the Indian Textile Industry, which has now successfully become one of the largest in the world.

Indian textile industry largely depends upon textile manufacturing and exports. It plays a major role in the economy of the country.

Indian Textile and Apparel Industry's output is expected to increase from USD 85 billion at present to USD 225 billion by 2020. In this, the Home Textile sector has an exponential growth potential.

Indian textile industry is a mix of organized and unorganized sectors, with a strong presence in spinning and weaving activities. Country's spindle age and loom age have been continuously being upgraded through investment under the Textile Upgradation Fund Scheme of the Government of India. However, there has been a dearth of good yarn/fabric processing facilities and to promote investment in this segment, government has announced capital subsidy.

The industry now boasts its presence in a complete range of value added operations from spinning to garmenting/made ups. Supplementing these activities is a mature textile machinery industry and expert labour force.

The Government of India has promoted number of export promotion policies for textile sector in the Union Budget 2012-13 and Foreign Trade Policy 2009-14, which includes 100% FDI under automatic route, health insurance coverage to workers, E-Marketing, Skill Development. This promotion policy also includes various incentives under focus market scheme and focus product scheme for textile products and extension of market linked focus product scheme etc. to increase Indian share in the global trade of textile and clothing.

Your Company has integrated facilities from spinning to made ups and is present in complete manufacturing value chain and this has attracted many international buyers for sourcing from your Company.

## Opportunities and threats

Most of the consumption of home textiles takes place in the developed countries such as USA, Canada, EU, Australia, etc. India has been among the top exporters of these goods to US and is a preferred source of supply. However, there is a competition in the international home textile market, as countries like China are able to provide cheaper products,

compared to Indian manufacturers. Therefore, it is not easy to compete in the international home textile market, although this is a good revenue model for growth and opportunity for exports, it is quite challenging and competitive. In the long run, the prospects for export of textile goods remain bright.

## Risks and concerns

India has always been considered as a competitive player in the international textile markets because of availability of best domestic cotton. However, last cotton season, saw exports of this basic raw material of about 30% of production, leaving the domestic consumers in quandary. Prices of cotton have turned extremely volatile. This is a serious concern and is likely have adverse impact on the local textile industry.

Uncertainties prevailing in Euro Zone have had impact on the volatility in the foreign currency; Indian exporters have resisted themselves from taking position in the forward cover and kept the position open to cover exports.

Besides the risks mentioned above, the Company is exposed to safety and foreign exchange risks, which are monitored continuously and proper de-risking strategy is drawn and acted upon.

## Outlook

From the reports available in public domain, it is believed that the global economic recovery is in its way. It is only hoped that the growth momentum gathers steam soon and fast. Indian textile industry is generally competitive and considering the positive business conditions developing, outlook for cotton textiles appears to be good.

## Internal Control Systems and their Adequacy

Your Company has a sound system of internal controls for financial reporting of various transactions, efficiency of operations and compliance with relevant laws and regulations. Internal audits are carried out by external audit firms. The internal audit firm is manned by qualified and experienced personnel.

Your Company's internal control system provides well documented policies/ guidelines, authorizations and approval procedures. Your Company has framed Internal Control Standard wherein each process and control has been described with clear responsibility and authority. The standards are designed to provide a reasonable minimum assurance regarding safeguarding of assets and reliability of operating and financial information.

The audit process and audit plan cover the key risks identified through the risk management program. Periodic audits at all locations based on the plan approved by the Audit Committee are carried out. The Audit Committee



regularly reviews the audit findings as well as the adequacy and effectiveness of the internal control measures. Based on their recommendations, your Company has implemented a number of control measures both in operational and accounting related areas. All significant audit observations and follow-up actions thereon are regularly reported to the Audit Committee.

### Human Resource

Your Company believes that people are the vital force of the organization and encourages employees to come up with innovative ideas and projects to showcase their skills. Your Company encourages a culture of ownership in everything it does and seeks to create an environment of fairness, transparency and mutual respect wherein the aspirations of employees and goals of the enterprise are aligned to achieve mutual benefit on a long term continual basis, thereby enabling us to be a preferred employer. The Company is creating a culture of knowledge sharing with a major thrust on creating a learning organization.

With a view to equip the employees with tools for systematic problem solving on a day to day basis and to make continuous improvement, programs such as Six Sigma, 5S and TPM are being applied for continuous improvement. Programs on Leadership Development are held to address the training needs of potential leaders of our organization.

After a brief lock out in the spinning plant, the year as a whole was another year of industrial harmony and peace.

### Cautionary Statement

*Statements in this report on Management's Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be "forward looking statements" within the meaning of applicable laws and regulations. These statements are based on certain assumptions and expectations of future events. Actual results could differ materially from those expressed or implied since the company's operations are influenced by many external and internal factors beyond the control of the Company. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Readers are cautioned that the risks outlined here are not exhaustive. Readers are requested to exercise their own judgment in assessing the risks associated with the Company.*

### CEO/CFO Certificate

We, Anil Kumar Jain, Chairman & Managing Director and R. Sundaram, President Finance & Company Secretary of Indo Count Industries Ltd, to the best of our knowledge and belief, certify that:

- a) We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:-
  - These statement do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - These statement together present a true and fair view of the Company's state of affairs and are in compliance with the existing accounting standards, applicable laws and regulations;
- b) There are to the best of our knowledge and belief, no transaction entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control system of the Company and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d) We have indicated to the Auditors and Audit Committee that there are no:-
  - 1) Significant changes in internal control during the year
  - 2) Significant changes in accounting policies during the year and
  - 3) Instances of significant fraud which we have become aware of, in which the management or an employee having significant role in the Company's internal control system is involved.

**ANIL KUMAR JAIN**  
Chairman & Managing Director

**R. SUNDARAM**  
President (Finance) &  
Company Secretary

Place : Mumbai  
Dated : 25<sup>th</sup> May 2012

# Corporate Governance

( Annexure to Directors' Report)

## PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Corporate Governance at Indo Count is a value-based framework to manage our Company affairs in a fair and transparent manner. Corporate Governance is the way by which companies demonstrate accountability to all of their stakeholders. Corporate Governance has evolved from being a mere compliance issue to an important element which delivers value to businesses which adopt the best governance practices.

Good Corporate Governance is not merely about transparency and accountability but also about commitment towards sustaining values and ethical business conduct. Your company's Corporate Governance is based on a philosophy of trusteeship, transparency, empowerment, accountability, consistency & ethical corporate behaviour. Indo Count believes that a high standard of Corporate Governance is key to ensure business success. Indo Count constantly reviews its systems and procedures to achieve the highest level of Corporate Governance in the overall interest of all the stakeholders. It has therefore, adopted practices mandated in listing agreement and established procedures and systems to be fully compliant with it.

The Corporate Governance Structure in the Company assigns responsibility and authority to Board of Directors, its committees and the executive management, senior management employees etc. The Company has three tiers of the governance pyramid:

- Strategic supervision by Board of Directors
- Strategic management by Management Team
- Executive management by the Business unit and functions

Each of the tiers operates within the given parameters as per prevailing laws and regulations or the practices prevalent in the industry.

The Company is in compliance with all the requirements of Corporate Governance as per Clause 49 of the Listing Agreement executed with the Stock Exchanges. The details of compliance are as follows :

## 1. BOARD OF DIRECTOR

The Board provides leadership, strategic guidance, objective and independent view to the Company management while discharging its fiduciary responsibilities, thereby ensuring that the management adheres to high standards of ethics, transparency and disclosures. The day to day business is conducted by the Executives and business heads of the Company under the direction of the Board led by the Managing Director. The Managing Director interacts with Non-Executive Directors to enable them to freely express their view on various matters concerning the business of the Company.

### a) Composition of the Board

Managing Director looks after the day to day affairs of the Company. The Board of Directors monitors Company's performance and approves, review policies/strategies and evaluate the management performance. The Board ensures legal and ethical conduct of business and accurate financial reporting.

The Company presently has Eleven Directors of which Managing Director, Joint Managing Director, Executive Director and Director (Works) are Executive Directors.

Promoter is the Executive Managing Director of the Company and Joint Managing Director, Executive Director and Director (Works) are Non-Promoter Executive Directors.

Of the remaining Seven Directors, five are independent Directors who are professionals/industrialist with experience in their respective profession and general corporate management, one is a nominee of EXIM Bank of India and another is a nominee of Union Bank of India.

The Board of Directors meets at least once a quarter to review the Company's performance and financial results. The Board of Directors do meet at a short notice, to transact other important business.

### b) Number of Board Meetings:

During the financial year ended 31<sup>st</sup> March 2012, 5 Board meetings were held viz. 17-05-2011, 27-06-2011, 12-08-2011, 09-11-2011 and 10-02-2012.

The maximum interval between any two Board Meetings was less than 4 months as stipulated in Clause 49 of the Listing Agreement.

The 22<sup>nd</sup> Annual General Meeting was held on 2<sup>nd</sup> August 2011.





**c) Directors Attendance record and directorship held as under:**

Name of the Director	Designation	5 Number of Board Meetings were held during the year	Attended last AGM	No of Other		
				Directorship	Committee Chairman - ship	Committee Member - ship
<b>EXECUTIVE</b>		<b>Attended</b>				
Mr. Anil Kumar Jain	Chairman & Managing Director	4	Yes	3	3	4
Mr. R N Gupta	Jt. Managing Director	5	Yes	—	—	2
Mr. Kailash R Lalpuria	Executive Director	5	No	—	—	—
Mr. Kamal Mitra	Director (Works)	3	Yes	1	—	3
<b>NON EXECUTIVE INDEPENDENT</b>						
Mr. P N Shah	Director	5	No	5	4	6
Mr. R Anand	Director	4	No	3	0	3
Mr. Sushilkumar Jiwarajka	Director	2	No	3	—	—
Mr. R G Kelkar **	UBI Nominee	3	No	NA	NA	NA
Mr. V.K. Jain ##	UBI Nominee	1	NA	—	—	—
Mr. Dilip Thakkar	Director	1	No	13	5	10
Mr. C P Ravindranth @@	EXIM Nominee Director	NA	NA	NA	NA	NA
Mr. Nadeem Panjetan \$\$	EXIM Nominee Director	5	No	3	—	2
Mr. Prem Malik	Director	2	No	4	—	2

\*\* Withdrawal of nomination since 20-01-2012

## Appointed since 20-01-2012

@@ Withdrawal of nomination from 21-04-2011

\$\$ Appointed with effect from 21-04-2011

Chairmanship/Membership of every Director is within limits specified.

The Board has laid down and adopted the Code of Conduct for all the Board Members and Senior Management personnel of the Company at its meeting held on 31<sup>st</sup> January 2006.

No remuneration, other than sitting fees has been paid for attending the Board/Committee meeting detailed as under:-

Sr. No.	Name of Director	Sitting Fees Amt ₹	Sr. No.	Name of Directo	Sitting Fees Amt ₹
1	Mr. P. N. Shah	65,000/-	6	Mr. Nadeem Panjetan (Nominee EXIM Bank)	35,000/-
2	Mr. R. Anand	55,000/-	7	Mr. R.G. Kelkar (Nominee Union Bank of India)	15,000/-
3	Mr. Sushilkumar Jiwarajka	10,000/-	8	Mr. Prem Malik	10,000/-
4	Mr. Dilip J Thakkar	20,000/-	9	Mr. V.K. Jain (Nominee Union Bank of India)	5,000/-
5	Mr. C.P. Ravindranath (Nominee EXIM Bank)	5,000/-			

# Corporate Governance

( Annexure to Directors' Report)

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## d) Information supplied to the Board:

A detailed agenda is sent to each Director sufficiently in advance of Board and Committee meetings. At every Board meeting the Chairman briefs the members on the overall performance of the company.

Apart from the matters statutorily requiring the Board approval, all major decisions related to investments, capital expenditure, modernization programs, mobilization of resources and planning thereof are considered by the Board.

As per SEBI's code of Corporate Governance, the following information is regularly placed before the Board:-

1. Annual operating plans and budgets and any updates.
2. Capital budgets and any updates.
3. Quarterly results for the company and its operating divisions or business segments.
4. Minutes of meetings of audit committee and other committees of the board.
5. The information on recruitment and remuneration of senior officers just below the board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
6. Show cause, demand, prosecution notices and penalty notices which are materially important
7. Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
8. Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
9. Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
10. Details of any joint venture or collaboration agreement.
11. Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
12. Significant labor problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
13. Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
14. Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
15. Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

## e) Independent Audit Committee:

The Company has constituted Audit Committee in accordance with the requirements of Clause 49 of the Listing Agreement with qualified, independent and non-executive members of the Board of Directors of the Company. The broad terms of reference of the Audit Committee are:-

1. 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.
2. 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.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
  - a. 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
  - b. Changes, if any, in accounting policies and practices and reasons for the same
  - c. Major accounting entries involving estimates based on the exercise of judgment by management



- d. Significant adjustments made in the financial statements arising out of audit findings
  - e. Compliance with listing and other legal requirements relating to financial statements
  - f. Disclosure of any related party transactions
  - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
  7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
  8. 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.
  9. Discussion with internal auditors any significant findings and follow up there on.
  10. 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.
  11. 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.
  12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
  13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.

14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
15. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee comprises 3 non-executive, independent directors and 1 executive director viz. Mr. P N Shah, Mr. R Anand Mr. Nadeem Panjetan (from 21-04-2011) and Mr. R N Gupta, Jt. Managing Director of the Company.

The Company Secretary is the Secretary of the Committee. The Audit Committee meetings are attended by Internal Auditors. Statutory/Cost Auditors are invited as and when required by the Committee.

The Chairman of the Committee Mr. P N Shah, a Non-Executive Director, is a Chartered Accountant by profession.

5 Audit Committee meetings were held during the current accounting year ended 31<sup>st</sup> March, 2012, on the following dates viz: 21-04-2011, 17-05-2011, 13-09-2011, 03-10-2011 and 31-01-2012. The attendance of each member is as under:-

Name of the Member	Position	No. of meetings	
		Held	Attended
Mr. P N Shah	Chairman	5	5
Mr. R Anand	Member	5	4
Mr. R N Gupta	Member	5	5
Mr. C. P. Ravindranath \$\$	Member	5	1
Mr. Nadeem Panjetan**	Member	5	2

\$\$ Nomination withdrawn since 21-04-2011

\*\* Nominated as Director since 21-04-2011

**f) Remuneration Committee:**

Though the formation of the Remuneration Committee is non-mandatory in nature, as a concern of good Corporate Governance, the Board has constituted Remuneration Committee at its meeting held on 25<sup>th</sup> October 2002, and modified from time to time. The present Remuneration Committee comprises 3 independent and non-executive members of the Board of Directors of the Company. The broad terms of reference of the Remuneration Committee are:-

# Corporate Governance

## ( Annexure to Directors' Report)

- To frame a remuneration policy and consider specific remuneration package for its executive directors including pension rights and compensation payments.
- To review remuneration policy and remuneration paid to the executive directors from time to time.
- To approve the remuneration paid/payable to the executive directors and relatives of Directors as require by the Companies Act, 1956 and/or Listing guidelines.

### Composition:

The Committee comprises 3 Non-Executive, independent members of the Board of Directors, viz

Name of the Member	Position	No of meetings	
		Held	Attended
Mr. R Anand	Chairman	2	2
Mr. Dilip Thakkar	Member	2	2
Mr. P N Shah	Member	2	2

The Company Secretary is the Secretary of the Committee. The meetings were held on 17-05-2011 and 24-06-2011.

The remuneration paid to Executive Directors has been fixed by the resolution passed at the Board meeting, followed by approval of shareholders in the General Meeting.

Name of the Director	Date of resolution	Salary & Perquisites [₹ in Lac]
Mr. Anil Kumar Jain	14-02-2011	64.32
Mr. R N Gupta	14-02-2011	10.48
Mr. K. R. Lalpuria	14-02-2011	36.53
Mr. Kamal Mitra	27-06-2011	12.71
	<b>TOTAL</b>	<b>124.04</b>

No remuneration, other than sitting fees for attending the Board/Committee meetings, is paid to the non-executive directors.

### g) Investors' Grievance Committee/Shareholders' Committee:

The Board has constituted the "Shareholder/Investor Grievances Committee" in accordance with the requirements of the Clause 49 of the Listing Agreement. The objective of the Committee is to attend to the investors' complaints pertaining to transfer/transmission/demat/remat of shares, on receipt of

dividend warrants/share certificates etc and any other matter related thereto.

The committee functions under the Chairmanship of Mr. Anil Kumar Jain. The other members are Mr. R N Gupta and Mr. Kamal Mitra. The Committee meets once in a quarter.

### h) Compliance Officer:

The Company Secretary has been designated as Compliance Officer.

Status of the Complaints received for the period 1<sup>st</sup> April 2011 to 31<sup>st</sup> March 2012, is as under:-

Sr No	Nature of Complaint	Number of complaints			
		Received		Resolved	
		SEBI	Others	SEBI	Other
1	Non receipt of share certificates	—	5	—	5
2	Non receipt of dividend warrants	—	—	—	—
3	Non receipt of Annual Reports	—	6	—	6
4	Revalidation of dividend warrants	—	—	—	—
5	Stop transfer	—	—	—	—
6	Demat/Remat of Share Certificates	—	—	—	—
7	Loss of Share Certificates	—	—	—	—

### i) Share Transfer Committee:

The Board has also constituted Share Transfer Committee comprising three Directors viz. Mr. Anil Kumar Jain, Mr. R N Gupta, and Mr. Kamal Mitra and the Committee is chaired by Mr. Anil Kumar Jain, the Company Secretary is the Secretary of the Committee. The Committee meetings were held once in fortnight.

### j) Project Management Committee:

The Board has also constituted Project Management Committee comprising three Non Executive Directors viz. Mr. Sushil Kumar Jiwaraika, Mr. R Anand and Mr. Kamal Mitra and Committee is chaired by Mr. R Anand, and the Company Secretary is the Secretary of the Committee.

In case of Projects implemented, it is the policy to meet once a month to monitor the progress.

**3. MANAGEMENT****a) Management Discussion and Analysis:**

Management Discussion and Analysis forms part of the Directors' Report.

**b) Disclosure by the management to the Board:**

All details relating to financial and commercial transactions where Director may have a potential interest are disclosed to the Board, and the interested Directors neither participate in the discussions, nor do they vote on such matters.

**4. SHAREHOLDERS****a) Annual General Meetings:**

Details of General Meetings of the shareholders are as under:-

Year	AGM/EGM	Location	Date	Time
2009-10	EGM	Village Alte, Tal. Hatkanangale, Kolhapur 416 109	25-03-2010	3.00 p.m.
2010-11	AGM	— do —	31-07-2010	11.00 a.m.
2010-11	EGM	— do —	26-03-2011	12.00 noon
2011-12	AGM	— do —	02-08-2011	12.30 p.m.

There were no special resolutions passed by the Company through postal ballot during 2011-12, however, following special resolutions were passed for:-

- Appointment of M/s Unic Consultants on a revised terms of remuneration and
- Revision in terms of Salary payable to Ms. G. D. Jain, Export Executive, Ms. Shikha Jain, Marketing Executive and Ms. Neha Jain, Fashion Designer.

**b) Disclosures:****I) Disclosure on materially significant related transactions i.e. transaction of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large:**

There is no material transaction with any related party which may have potential conflict with the interests of the Company at large. However, the Company has annexed to the accounts, a list of related parties as per the Accounting Standard 18 and the transactions entered into with them.

**II) Disclosure of Accounting treatment, if different from that prescribed in Accounting Standards with explanation:**

All the accounting treatments done are in consonance with Accounting Standards.

**III) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:**

Neither any non-compliance with any of the legal provisions of law has been made by the Company nor has any penalty, stricture has been imposed by the stock exchange or SEBI or any statutory authority, on any matter related to capital market, during the last three years.

**IV) Whistle Blower policy and affirmation that no personnel has been denied access to the Audit Committee:**

The Company does not have whistle blower policy, as the same is not mandatory in nature.

**c) Means of Communication:**

The Company is publishing its financial results in leading newspapers viz., Free Press Journal and Nav Shakti, on a quarterly basis. The results are also displayed on the corporate website [indocount.com](http://indocount.com)

The Annual Report is posted to every shareholder of the Company.

The Company has not made any presentation to the institution, investors/analysts.

# Corporate Governance

( Annexure to Directors' Report)

## d) General Shareholders' Information:

<b>Annual General Meeting:</b>	
Day, Date, Time and Venue	Saturday, the 25 <sup>th</sup> August 2012, at 12.00 Noon, at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416 109, Maharashtra
<b>Financial Calendar 2012-13</b>	
Financial reporting for the quarter ending 30-06-2012	Latest by Tuesday the 14-08-2012
Financial reporting for the quarter ending 30-09-2012	Latest by Wednesday the 14-11-2012
Financial reporting for the quarter ending 31-12-2012	Latest by Thursday the 14-02-2013
Financial reporting for the quarter ending 31-03-2013	Latest by Thursday the 30-05-2013
<b>Book closure dates</b>	17-08-2012 to 25-08-2012 (both days inclusive)
<b>Listing on the Stock Exchange</b>	The equity shares of the Company are listed on the Bombay and National Stock Exchange. The Company has paid the listing fees to The Mumbai Stock Exchange and National Stock Exchange for the period from 01-04-2012 to 31-03-2013
<b>Address of the Stock Exchange</b>	The Stock Exchange, Mumbai, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001  Scrip code: 521016  National Stock Exchange of India Ltd., Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai 400 051  Scrip code: ICIL
Code in respect of company's shares traded in a DEMAT form for both NSDL and CDSL : ISIN – INE483B01018	

### AUDITORS' CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

#### To the shareholders of Indo Count Industries Ltd.

We have examined the compliance of conditions of corporate governance by Indo Count Industries Limited, for the year ended on 31<sup>st</sup> March, 2012, as stipulated in clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned listing agreement.

We state that no investor grievance is pending for a period exceeding one month against the Company as per the records maintained by the shareholders / investors grievance committee.

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 **B. K. Shroff and Co.**  
Chartered Accountants  
Reg. No. 302166E

Place : Mumbai  
Date : 25th May, 2012

**O. P. Shroff**  
Partner  
Membership No. 6329

**5. STOCK PRICE DATA FOR THE PERIOD FROM 01-04-2011 TO 31-03-2012**

Month	High (₹)	Low (₹)	Volume	Index #
April 2011	15.80	13.34	57,794	19,135.96
May 2011	14.45	10.20	44,345	18,503.28
June 2011	14.24	10.76	36,636	18,845.87
July 2011	13.74	10.26	47,974	18,197.20
August 2011	12.10	8.77	28,500	16,676.75
September 2011	11.15	8.77	37,108	16,453.76
October 2011	10.78	9.00	18,604	17,705.01
November 2011	10.60	7.87	21,825	16,123.46
December 2011	9.90	6.91	26,709	15,454.92
January 2012	8.43	6.90	51,620	17,193.55
February 2012	8.55	6.76	114,012	17,752.68
March 2012	7.25	5.06	190,722	17,404.20

# Represents Sensex at the close of the last trading day of the month.

**6. REGISTRAR & SHARE TRANSFER AGENT****Link Intime India Pvt Ltd.**

A-40, Naraina Industrial Area,  
Phase-II, 2nd Floor,  
Near Batra Banquet Hall  
New Delhi - 110 028.  
Phone: +911141410592,41410593 & 41410594  
Fax - +911141410591,

**Share Transfer System**

Share Transfer Committee approves the transfer/transmission/split/consolidation/ remat/demat of share certificates at its meeting held every fortnight.

**7. DISTRIBUTION OF SHAREHOLDING AS AT 31-03-2012**

No. of equity shares	No of Shareholders	% of Shareholders	No of shares held	% of shareholding
Upto – 500	22326	93.32	2642107	7.45
501 – 1000	877	3.66	711751	2.00
1001 – 2000	335	1.40	519421	1.46
2001 – 3000	108	0.45	276949	0.78
3001 – 4000	60	0.25	216261	0.61
4001 – 5000	48	0.20	227634	0.64
5001 – 10000	70	0.29	529508	1.49
Above 10001	101	0.43	30358003	85.57
<b>Total</b>	<b>23925</b>	<b>100.00</b>	<b>35481634</b>	<b>100.00</b>

# Corporate Governance

( Annexure to Directors' Report)

## 8. DEMATERIALISATION OF SHARES AND LIQUIDITY:

As at 31<sup>st</sup> March 2012, 336,23,014 equity shares being 94.76% of total equity share capital is held in electronic mode with two DPs viz. National Securities Depository LTD (NSDL) and Central Depository Services Ltd (CDSL). The Company's shares have to be compulsorily traded in the electronic form. Requests for dematerialization of shares are processed and confirmed within 15 to 20 days if receipt to NSDL and CDSL.

## 9. OUTSTANDING ADRS/GDRS/WARRANTS/OTHER CONVERTIBLE INSTRUMENTS, CONVERSION DATE AND LIKELY IMPACT ON THE EQUITY:

As at 31<sup>st</sup> March 2012, there is no outstanding ADRs/GDRs/Warrants/Other Convertible instrument which has impact on the equity of the Company.

## 10. OTHER OFFICES OF THE COMPANY:

<b>Registered Office:</b> Village Alte, Taluka Hatkanangale, P B No 3. Dist Kolhapur 416 109 Maharashtra	<b>Spinning Division</b> D-1, Gokulshirgaon, MIDC Industrial Area, Kolhapur 416 234 Maharashtra	<b>Home Textile Division</b> T – 3, Five Star MIDC, Kagal-Hatkanangale, At. Post: Talandge, Taluka Hatkanangale, Dist. Kolhapur 416 216 Maharashtra
<b>Consumer Durable Goods Division</b> T – 3, Five Star MIDC, Kagal-Hatkanangale, At. Post: Talandge, Taluka Hatkanangale, Dist. Kolhapur 416 216 Maharashtra	<b>Head Office</b> 301 and 1101, Arcadia, Nariman Point, Mumbai 400 021	<b>Delhi Office</b> 506, Pragati Tower, 26, Rajendra Place, New Delhi 110 008
<b>For Communication</b> Indo Count Industries Ltd., 301 and 1101, Arcadia, Nariman Point, Mumbai 400 021	<b>Kolkata Office</b> 1 – B, Janki Shah Road Hastings Kolkatta 700 001	<b>Marketing Office</b> 25, Vardhaman Industrial Complex, Gokul Nagar, Thane (West) 400 601 Maharashtra





# Auditors' Report

To

The Members of

## Indo Count Industries Limited

1. We have audited the attached Balance Sheet of Indo Count Industries Limited as at 31st March, 2012 and the Profit & Loss Account for the year ended on that date annexed thereto and the cash flow statement for the year ended on that date. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the accounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order 2003 and the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
  - iii) The Balance Sheet, the Profit & Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, subject to our observation in para v) below the Balance Sheet, the Profit & Loss Account and the Cash Flow Statement comply

with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

- v) Attention is drawn to Note No.29(a) to the accounts regarding the non provision of MTM loss in the financial statements as AS 30 is not mandatory.
- vi) On the basis of written representations received from the directors and taken on record by the board of directors, we report that as on 31<sup>st</sup> March, 2012 none of the directors is disqualified from being appointed as a director in terms of clause (g) of sub section (1) of section 274 of the Companies Act, 1956.

Subject to the above in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a. in the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2012;
- b. in the case of the Profit & Loss Account, of the profit for the year ended on that date; and
- c. in the case of cash flow statement of the cash flows for the year ended on that date.

For **B. K. Shroff & Co.**,  
Chartered Accountants  
Reg. No. 302166E

**O. P. Shroff**  
Partner

Place : Mumbai  
Date : 25<sup>th</sup> May, 2012

Membership No. 6329

# Annexure to Auditors' Report

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## Referred to in paragraph 3 of our report of even date

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) All the fixed assets have been physically verified by the management according to a regular program, which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies with respect to book records were noticed on such verification.
- (c) During the year, the company has not disposed off any substantial part of its fixed assets. Therefore, it has not affected the going concern concept of the company.
- (ii) (a) Physical verification of inventory (except material in transit ) has been conducted by the management at reasonable intervals. In our opinion, the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
- (c) The company is maintaining proper records of inventory. Discrepancies noticed on verification of inventory as compared to book records were not material.
- (iii) The company has neither granted nor taken loans, secured or unsecured to / from companies firms or other parties covered in the register maintained under section 301 of the Act and as such clauses (iii) (b), (iii) (c) and (iii) (d) of the Order are not applicable to the company.
- (iv) In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for sale of goods and services. During the course of our audit, no major weakness has been noticed in the internal control system.
- (v) Transactions that need to be entered in the register maintained under section 301 of the Companies Act, 1956.
- (a) Based upon the audit procedures applied by us and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, have been entered in the register required to be maintained under the section.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of ₹ 5.00 lac in respect of any party during the year, have been made at prices which are reasonable, having regard to prevailing market prices at the relevant time.
- (vi) According to the information and explanation given to us, the Company has not accepted any deposit from the public. Therefore, the provisions of clause 4 (vi) of the Order are not applicable to the Company.
- (vii) In our opinion, the company has an adequate internal audit system commensurate with the size and the nature of its business.
- (viii) We have broadly reviewed the books of account maintained by the company pursuant to the order made by the Central Government for the maintenance of cost records under section 209(1) (d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such accounts and records.
- (ix) (a) The company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax, wealth tax, sales tax, service tax, custom duty, excise duty, cess and other statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, service tax, customs duty, excise duty and cess were outstanding as at 31<sup>st</sup> March, 2012 for a period of more than six months from the date they became payable.
- (x) The accumulated losses of the company as at 31<sup>st</sup> March, 2012 do not exceed fifty percent of its net worth at the end of the said financial year. The company has not incurred cash losses during the financial year.



(xi) The company has defaulted in repayment of dues to banks as under-

<b>Nature of Loan</b>	<b>Delay in number of days</b>	<b>Amount (₹ in Lac)</b>
<b>1.Late Payments:</b>		
Rupee Term loans		
-Principal	0-30 days	631.09
Working Capital Term loans		
-Principal	0-30 days	45.90
Demand term Loan		
-Principal	60-90 days	55.92
<b>2.Non Payments:</b>		
Demand Term Loan		
-Principal	0-30 days	98.18
	61-90 days	42.26
-Interest	0-30 days	26.73
	31-60 days	25.42
	61-90days	26.23
	91-120days	10.95

- (xii) According to the information and explanations given to us, the company has not granted any loan and advance on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is neither a chit fund nor nidhi / mutual benefit fund / society and hence clause 4 (xiii) of the Order is not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments and accordingly, the provisions of clause 4 (xiv) of the Order is not applicable to the company.
- (xv) In our opinion, the company has not given guarantee for loans taken by others from banks or financial institutions.
- (xvi) In our opinion, the term loans have been applied for the purposes for which they were obtained.
- (xvii) According to the information and explanation given to us and on overall examination of the Balance Sheet of the company, we are of the opinion that the company has utilized ₹ 1,727.12 lac during the year raised on short term basis for long term purposes.
- (xviii) During the year the company has made a preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
- (xix) According to the information and explanations given to us, the company has not issued debentures during the year.
- (xx) According to the information and explanations given to us, during the year the company has not raised any money by public issue.
- (xxi) According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For **B. K. Shroff & Co.**,  
Chartered Accountants  
Reg. No. 302166E

**O. P. Shroff**  
Partner  
Membership No. 6329

Place : Mumbai  
Date : 25th May, 2012

# Balance Sheet

as at 31st March, 2012

	NOTE		As at 31-03-2012 [₹ in lac]	As at 31-03-2011 [₹ in lac]
<b>I EQUITY AND LIABILITIES</b>				
<b>(1) SHAREHOLDERS' FUNDS</b>				
(a) Share Capital	2		3,798.16	3,548.16
(b) Reserves & Surplus	3		12,401.86	13,490.89
<b>(2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>				
			—	250.00
<b>(3) NON - CURRENT LIABILITIES</b>				
(a) Long Term Borrowings	4		17,544.24	20,988.37
(b) Other Long Term Liabilities	5		280.92	238.16
<b>(4) CURRENT LIABILITIES</b>				
(a) Short Term Borrowings	6		14,104.24	12,789.11
(b) Trade Payables	7		10,745.90	8,945.71
(c) Other Current Liabilities	8		6,826.02	5,783.10
(d) Short Term Provisions	9		0.34	246.50
			<b>65,701.68</b>	<b>66,280.00</b>
<b>II ASSETS</b>				
<b>(1) NON CURRENT ASSETS</b>				
<b>(a) FIXED ASSETS</b>				
(i) Fixed Assets	10	33,704.82		36,099.30
(ii) Capital Work in Progress	11	486.02	34,190.84	205.32
<b>(b) Non - Current Investments</b>				
	12		1,953.94	1,810.79
<b>(c) Deferred Tax Assets (NET)</b>				
	13		2,024.34	2,052.19
<b>(d) Long Term loans and advances</b>				
	14		307.39	268.59
<b>(2) CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
(a) Inventories	15	12,898.64		12,455.04
(b) Trade Receivables	16	6,808.47		5,261.43
(c) Cash and cash equivalents	17	591.42		1,426.61
(d) Short Term Loans & Advances	18	4,981.98		4,479.95
(e) Other Current Assets	19	1,944.66	27,225.17	2,220.78
			<b>65,701.68</b>	<b>66,280.00</b>

See accompanying notes to the financial statements

As per our report of even date annexed  
For B. K. Shroff & Co.,  
Chartered Accountants  
Reg. No. 302166E

O. P. Shroff  
Partner  
Membership No. 6329

Place : Mumbai  
Date : 25th May, 2012

Anil Kumar Jain  
Chairman & Managing Director  
Din No. 00086106

R. Sundaram  
Company Secretary

R. N. Gupta  
Joint Managing Director  
Din No. 00865491

# Profit & Loss Account

for the year ended on 31st March, 2012



**Indo Count Industries Limited**

	Note	year ended 31-03-2012 [₹ in lac]	year ended 31-03-2011 [₹ in lac]
I Revenue from operations	21	74,925.10	66,459.91
II Other Income	22	2,752.76	2,513.80
<b>III TOTAL REVENUE</b>		<b>77,677.86</b>	<b>68,973.71</b>
<b>IV EXPENSES</b>			
Cost of materials consumed	23	51,571.62	46,563.33
Purchase of stock in Trade		672.52	30.24
Changes in Inventories of finished goods, Work in Process and Stock in Trade	24	(217.11)	(1,494.00)
Employee Benefits	25	3,667.56	3,176.92
Finance Charges	26	3,501.16	3,054.29
Depreciation and amortisation expense	27	1,768.59	1,764.39
Other Expenses	28	15,412.98	13,946.27
<b>TOTAL EXPENSES</b>		<b>76,377.32</b>	<b>67,041.44</b>
<b>V Profit before Exceptional and Extraordinary items and Taxation</b>		<b>1,300.54</b>	<b>1,932.27</b>
<b>VI Exceptional Items</b>	29	<b>1,234.90</b>	<b>460.11</b>
<b>VII Profit Before extraordinary items and tax</b>		<b>65.64</b>	<b>1,472.16</b>
<b>VIII Tax expense:</b>			
Income Tax for earlier years		25.14	—
Deferred Tax Asset ( Net )		27.85	568.55
MAT Credit Entitlement		—	—
Wealth Tax		—	—
<b>IX Profit for the year</b>		<b>12.65</b>	<b>903.61</b>
<b>X EARNING PER SHARE</b>	32		
Basic and dilutive [₹]		<b>0.04</b>	<b>2.60</b>

See accompanying notes to the financial statements

As per our report of even date annexed  
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R. N. Gupta  
Joint Managing Director  
Din No. 00865491

# Cash Flow Statement

for the year ended on 31st March, 2012

Particulars	For the year ended 31 <sup>st</sup> March ,2012		For the year ended 31 <sup>st</sup> March ,2011	
	[₹ in lac]	[₹ in lac]	[₹ in lac]	[₹ in lac]
<b>A) CASH FLOW FROM OPERATING ACTIVITIES:</b>				
Net Profit/(Loss) before extraordinary item and tax		<b>65.64</b>		1,472.15
<b>Adjustments for:-</b>				
Depreciation and amortisation		1,768.59		1,764.39
(Profit)/Loss on sale /write off of assets		—		0.16
Finance Cost		2,969.60		2,583.09
Interest income		(37.87)		(26.96)
Insurance Claim		—		(12.53)
Rental Income from operating lease		(22.97)		(18.65)
Liabilities /provision no longer required written back		(76.29)		(35.20)
Provision for diminution in value of investments written back		—		(2.25)
Provisions for doubtful trade and other receivables		17.02		—
Exceptional Items		1,234.90		460.12
<b>Operating profit before working capital changes</b>		<b>5,918.62</b>		<b>6,184.33</b>
<b>Changes in working capital :</b>				
<b>Adjustment for (increase )/decrease in operating assets</b>				
Inventories	(443.60)		(4,378.76)	
Trade Receivables	(1,564.07)		(258.35)	
Short term loan and advances	(502.03)		3,208.85	
Long term loan advances	(38.82)		9.71	
Other current assets	250.99		(504.50)	
Other non-current assets	—	<b>(2,297.51)</b>	—	(1,923.05)
<b>Adjustment for increase /(decrease)in operating liabilities</b>				
Trade payable	1,800.19		(2,096.57)	
Other current liabilities	1,119.21		2,716.99	
Other long term liabilities	42.76		49.53	
Short-term provisions	(246.16)		(1.06)	
Long -term provisions	—	<b>2,716.00</b>	—	668.88
<b>Net Cash flow from/(used in) operating activities(A)</b>		<b>6,337.11</b>		<b>4,930.16</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES:</b>				
Capital expenditure on fixed assets,including capital advances		(762.64)		(210.71)
Proceeds from sale of fixed assets		6.15		—
<b>Purchase of long term investments</b>				
-Subsidiaries		(143.15)		—
<b>Interest Received</b>				
-Others		37.87		26.96
Rental Income from operating lease		22.97		18.65
Cash Flow from Exceptional items		(1,234.90)		(460.12)
<b>Net Cash flow from/(used in) investing activities( B)</b>		<b>(2,073.70)</b>		<b>(625.22)</b>



Particulars	For the year ended 31 <sup>st</sup> March ,2012		For the year ended 31 <sup>st</sup> March ,2011	
	[₹ in lac]	[₹ in lac]	[₹ in lac]	[₹ in lac]
<b>C) CASH FLOW FROM FINANCING ACTIVITIES.:</b>				
Proceeds from issue of equity shares		—		216.67
Proceeds from issue of Preference shares		250.00		—
Proceeds from Insurance Claims		—		12.53
Share application money utilised against Preference shares		(250.00)		(75.00)
Increase in Security Premium		—		108.33
Repayment of long term borrowings		(3,444.14)		(5,391.47)
Net increase/(Decrease) working capital borrowings		1,315.14		4,303.02
Finance Cost		(2,969.60)		(2,583.09)
<b>Net Cash flow from/(used in) financing activities ( C)</b>		<b>(5,098.60)</b>		<b>(3,409.01)</b>
<b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b>		<b>(835.19)</b>		<b>895.93</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,426.61</b>		<b>530.68</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>591.42</b>		<b>1,426.61</b>
<b>Reconciliatin of cash and cash equivalents with the balance sheet :</b>				
<b>Cash and cash equivalents as per Balance sheet</b>		<b>591.42</b>		<b>1,426.61</b>
Less:Bank balance not considered as cash and cash equivalents		—		—
<b>Net Cash and cash equivalents</b>		<b>591.42</b>		<b>1,426.61</b>
Add:Current investment considered as a part of cash and cash equivalents		—		—
<b>Cash and cash equivalents at the end of the year</b>		<b>591.42</b>		<b>1,426.61</b>
<b>Comprises of:</b>				
(a) cash on hand		8.60		6.22
(b) balance with banks				
i) In Current accounts		452.41		1,330.09
(ii) In earmarked Accounts		130.41		90.30

Notes: Previous years figures have been regrouped/reclassified wherever applicable.

As per our report of even date annexed  
For B. K. Shroff & Co.,  
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Reg. No. 302166E

O. P. Shroff  
Partner  
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Place : Mumbai  
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Anil Kumar Jain  
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R. N. Gupta  
Joint Managing Director  
Din No. 00865491

# Notes on Accounts

for the year ended 31st March, 2012

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## 1. Significant Accounting Policies :

### (a) Method of Accounting

- i) The accounts are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.
- ii) Accounting policies not significantly referred to are consistent with generally accepted accounting principles.

### (b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

### (c) Fixed Assets

Fixed assets are stated at cost except for land, plant & machinery (other than of electronics division ) and buildings which have been shown at revalued amount. Cost is inclusive of inward freight, duties & taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational, start-up and trial run expenses form part of the value of the assets capitalised. As per practice, expenses incurred on modernisation / debottlenecking / relocation / relining of plant & equipment are capitalised. Fixed assets, other than leasehold land, acquired on lease are not treated as assets of the company and lease rentals are charged off as revenue expenses.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

### (d) Capital Work-in Progress

All expenditure including interest cost incurred during the project construction period are accumulated and disclosed as capital work-in-progress until the assets are ready for commercial use. Assets under construction are not depreciated. Income earned from investment of surplus borrowed

funds during construction/trial run period is reduced from capital work-in-progress. Expenditure/ income arising during trial run is added to/ reduced from capital work-in-progress.

### (e) Investments

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

Current investments are stated at lower of cost and quoted / fair value.

### (f) Inventories

Inventories are valued at lower of cost or net realizable value except for waste.

Cost is determined using the first-in-first-out (FIFO) basis except for inventories of home textiles division where cost is determined at weighted average.

Finished goods and stock in process include cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Wastage and rejections are valued at estimated realizable value.

Obsolete, defective and unserviceable stocks are duly provided for.

The closing stock of units partly comprises of such materials lying in finished or semi-finished stage. The mode of valuation referred to 'Weighted Average Cost' represents cost worked out by taking into account the price charged by such units.

### (g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

### (h) Excise Duty

Provision for excise duty is made on waste and finished goods lying in bonded warehouse and meant for sale in domestic tariff area. CENVAT benefit is accounted for by reducing the purchase cost of the material / Fixed assets.

### (i) Retirement and other employee related benefits

- i) Short term Employee Benefits  
All employee benefits payable only within twelve months of rendering the service are classified as short-term employee benefits. Benefits such





as salaries, wages, etc. and the expected cost of bonus, exgratia, incentives are recognized in the period during which the employee renders the related service.

ii) Post employment Benefits

a) Defined Contribution Plans

State Government Provident Fund Scheme is a defined contribution plan. The contribution paid/payable under the scheme is recognized in the profit & loss account during the period in which the employee renders the related service.

b) Defined Benefit Plans

The employee Gratuity Fund Scheme and Leave Encashment Scheme managed by different trusts are defined benefit plans. The present value of obligation under such defined benefit plans are determined based on actuarial valuation under the projected unit credit method which recognizes each period of service as giving rise to additional unit of employees benefits entitlement and measures each unit separately to build up the final obligation.

The obligations are measured at the present value of future cash flows. The discount rates used for determining the present value having maturity periods approximated to the returns of related obligations.

Actuarial gains and losses are recognized immediately in the profit & loss account.

In case of funded plans, the fair value of the planned assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

**(j) Research and Development**

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research & development is shown as an addition to fixed assets.

**(k) Depreciation**

Depreciation is calculated on fixed assets on straight-line method in accordance with Schedule XIV to the Companies Act 1956. Leasehold assets are depreciated over the lease period. Software system is amortized over a period of five years. Depreciation on amount of additions made to cost of fixed assets on account of foreign exchange fluctuation is provided prospectively over the residual life of the fixed assets.

Depreciation on revalued assets is calculated on straight line method over the residual life of the respective assets as estimated by the valuer. The additional charge for depreciation on account of revaluation is withdrawn from the revaluation reserve and credited to the profit & loss account.

**(l) Foreign Currency Transactions, Derivatives instruments and hedge accounting:**

Transactions in foreign currency other than those covered by forward contracts are accounted for at the prevailing conversion rates at the close of the year and difference arising out of the settlement are dealt with in the Profit & Loss account. Outstanding export documents when covered by foreign exchange forward contracts are translated at contracted rates. Foreign currency loans availed for acquisition of fixed assets are restated at the exchange rate prevailing at year end and exchange rate difference arising on such transactions are adjusted to the cost of fixed assets. Other foreign currency current assets and liabilities outstanding at the close of the year are valued at the year end exchange rates. The fluctuations are reflected under the appropriate revenue head.

The company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 'Financial Instruments: Recognition and Measurement' (AS-30).

Changes in the fair value of derivatives financial instruments that do not qualify for hedge accountings are recognized in profit & loss account as they arise.

Hedging instruments are initially measured at fair value. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss is recognized in profit & loss account for the year.

**(m) Revenue Recognition**

Sales are accounted for ex-factory on despatch and do not include excise duty.

**(n) Claims & Benefits**

Claims recoverable and export incentives / benefits are accounted on accrual basis to the extent

# Notes on Accounts

for the year ended 31st March, 2012

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considered recoverable. Export incentives / benefits include premium on import licence, sales tax, etc.

**(o) Subsidy**

Subsidy is recognized when there is reasonable assurance that the subsidy will be received and conditions attached to it are complied with.

Government subsidy in the nature of promoter's contribution is credited to capital reserve. Subsidy received against a specific asset is reduced from the cost of the asset.

**(p) Income from Investment / Deposits**

Income from investments / deposits is credited to revenue in the year in which it accrues. Income is stated in full with the tax thereon being accounted for under income tax deducted at source.

**(q) Taxation**

Provision for current tax is made by applying the applicable tax rates and tax laws. Deferred Taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future. Deferred tax benefits are recognized in the financial statements only when such benefits are reasonably expected to be realizable in the near future.

**(r) Earnings per share**

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the year.

Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of equity share outstanding during the year adjusted for the effects of dilutive options.

**(s) Segment Information**

The company is currently organized into two business-operating segments viz: Textile and consumer durable / electronic goods. In line with the global trend, the company has viewed yarn, fabrics and textiles as one integrated business. Therefore, all these products have been considered as part of a single business segment. Yarn, covers production of basic cotton yarn over a wide range of counts, which besides being primarily exported, is also used for further value addition in fabrics

and textiles. While, fabrics cover value added activity relating to knitting and weaving, textiles cover value added activity relating to processed fabrics. The company also manufactures electronic / consumer durable goods.

The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments. Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable or allocable on a reasonable basis to that segment. Certain corporate level revenue and expenses, besides financial costs and taxes are not allocated to operating segments and are included under the head as "unallocable".

Assets and Liabilities represent assets employed in operations and liabilities owed to third parties that are individually identifiable or allocable on a reasonable basis to that segment. Assets and Liabilities excluded from allocation to operating segments such as investments, corporate debt and taxes etc. are classified as "unallocable".

Segment assets employed in the company's various business segments are all located in India. Capital expenditure includes expenditure incurred during the period of acquisition of segment fixed assets.

The company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, revenues are bifurcated based on sales in India and outside India.

**(t) Operating Leases**

Operating lease receipts and payments are recognized as income or expense in the profit & loss account on a Straight - line basis over the lease term.

**(u) Events occurring after balance date**

Events occurring after the balance sheet date have been considered in the preparation of the financial statements.

**(v) Contingent Liabilities**

Contingent liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

# Notes to the Balance Sheet

as at 31st March, 2012



Indo Count Industries Limited

## 2. SHARE CAPITAL

Particulars	No. of Shares		[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
<b>a) Authorised</b>				
<b>Equity Shares of ₹ 10/- each</b>				
At the beginning of the period	55,000,000	55,000,000	5,500.00	5,500.00
<b>At the end of the period</b>	<b>55,000,000</b>	55,000,000	<b>5,500.00</b>	5,500.00
<b>Preference Shares of ₹ 10/- each</b>				
At the beginning of the period	5,000,000	5,000,000	5,000.00	5,000.00
<b>At the end of the period</b>	<b>5,000,000</b>	5,000,000	<b>5,000.00</b>	5,000.00
<b>TOTAL</b>	<b>60,000,000</b>	60,000,000	<b>6,000.00</b>	6,000.00
<b>b) Issued, Subscribed and Paid up</b>				
<b>Equity Shares of ₹ 10/- each</b>				
At the beginning of the period	35,481,634	35,481,634	3,548.16	3,548.16
<b>At the end of the period</b>	<b>35,481,634</b>	35,481,634	<b>3,548.16</b>	3,548.16
<b>Preference Shares of ₹ 10/- each fully paid up *</b>				
At the beginning of the period	—	—	—	—
Add: Additions during the period	25,000,00	—	250.00	—
<b>At the end of the period</b>	<b>25,000,00</b>	—	<b>250.00</b>	—
<b>TOTAL</b>	<b>37,981,634</b>	35,481,634	<b>3,798.16</b>	3,548.16

\* 4 % Non Cumulative Redeemable Preference shares, to be redeemed on or before 12-09-2021 at par.

Details of equity shares in the company held by each shareholder holding more than 5% of shares is as under:

Name of the Shareholder	No. of Shares			
	As at 31-03-2012	percentage	As at 31-03-2011	percentage
Indocount Securities Limited	5,270,777	14.85%	5,270,777	14.85%
Sandridge Investments Limited	12,400,491	34.95%	12,400,491	34.95%

Details of preference shares in the company held by each shareholder holding more than 5% of shares is as under:

Name of the Shareholder	No. of Shares			
	As at 31-03-2012	percentage	As at 31-03-2011	percentage
Tozai Enterprises Pvt. Ltd.	25,000,000	100.00%	25,000,000	100.00%

# Notes to the Balance Sheet

as at 31st March, 2012

## 3. RESERVES & SURPLUS

Particulars		[₹ in lac]	
		As at 31-03-2012	As at 31-03-2011
<b>Capital Reserve</b>			
At the beginning of the period		198.81	198.81
<b>At the end of the period</b>	<b>A</b>	<b>198.81</b>	<b>198.81</b>
<b>Share Premium</b>			
At the beginning of the period		1,443.59	1,335.26
Add: Transferred from Profit & Loss Account		—	108.33
<b>At the end of the period</b>	<b>B</b>	<b>1,443.59</b>	<b>1,443.59</b>
<b>Debenture Redemption Reserve</b>			
At the beginning of the period		750.00	750.00
<b>At the end of the period</b>	<b>C</b>	<b>750.00</b>	<b>750.00</b>
<b>Revaluation Reserve</b>			
At the beginning of the period		13,622.47	14,724.16
Less: Reduction during the period		1,101.69	1,101.69
<b>At the end of the period</b>	<b>D</b>	<b>12,520.78</b>	<b>13,622.47</b>
<b>Profit &amp; Loss Account</b>			
At the beginning of the period		(2,523.97)	(3,427.58)
Add: Profit / Loss for the period		12.65	903.61
<b>At the end of the period</b>	<b>E</b>	<b>(2,511.32)</b>	<b>(2,523.97)</b>
<b>TOTAL ( A + B + C + D + E)</b>		<b>12,401.86</b>	<b>13,490.89</b>

## 4. LONG TERM BORROWINGS (Secured)

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
<b>1) Debentures (b)</b>		
10 % 300 Secured redeemable non convertible debentures of ₹ 10,00,000/ each (reduced by installments paid till date ₹ 966.00 lac (previous year ₹ 546.00 lac))	2,034.00	2,454.00
<b>2) Term Loan</b>		
<b>Rupee loans</b>		
From Banks ( b )	8,485.20	10,079.63
From Financial Institutions ( b )	2,627.29	3,169.79
3) Working Capital Term Loan ( b )	2,075.83	2,481.54
4) Demand Term Loan ( c )	2,315.16	2,793.24
5) Hire Purchase Finance ( d )	6.76	10.17
<b>TOTAL</b>	<b>17,544.24</b>	<b>20,988.37</b>



- a) Based on reference of Union Bank of India, the Lead Bank, a financial restructuring package was approved by Empowered Group of Corporate Debt Restructuring (CDR-EG).

While the company had given effect of the restructuring package in its books of account, banks have continued to raise demand notices for interest payment at the rate of interest charged prior to the sanction of restructuring package.

The company has taken up the matter with the banks and accordingly the resultant difference in interest (which is still under reconciliation / determination) between the demand notice received from banks and as per company's books of account, has not been provided, as the liability is not payable.

- b) Secured inter se on pari-passu basis by way of mortgage of all immovable properties and hypothecation of all movable properties (save and except stocks and book debts and moveables of electronic division) both present and future. Loans (including current maturities of long term debts) of ₹ 18,339.53 lacs (previous year ₹ 20,745.38 lacs) are additionally secured by personal guarantee of the Managing Director.
- c) Secured against third charge on the fixed assets of the company. Loans (including current maturities of long term debts) of ₹ 2,793.25 lacs (previous year ₹ 3,185.97 lacs) are additionally secured by personal guarantee of the Managing Director.
- d) Secured against hypothecation of Vehicles acquired under Auto Loan Schemes.
- e) The term loans are further secured by way of first / second charge on the existing fixed assets of a subsidiary company. Further, the company has pledged 72,16,512 equity shares held by it in a subsidiary company, as per CDR stipulation. However, the company has complied all the stipulations of CDR terms and the pledged shares are yet to be released.

### Long Term Loans Repayment Schedule

Particulars	Maturity Profile [₹ in lac]				
	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5-6 Years
10 % Secured redeemable non convertible Debentures	450.00	450.00	390.00	354.00	390.00
<b>TERM LOAN</b>					
<b>Rupee loans</b>					
From Banks	1,858.48	1,858.48	1,609.95	1,609.95	1,548.36
From Financial Institutions	581.25	581.25	503.75	503.75	457.29
Working Capital Term Loan	450.00	450.00	390.00	390.00	395.83
Demand Term Loan	512.25	512.25	443.95	443.95	402.75
Hire Purchase Finance	3.53	3.24	—	—	—
<b>Total</b>	<b>3,855.50</b>	<b>3,855.21</b>	<b>3,337.65</b>	<b>3,301.65</b>	<b>3,194.23</b>

# Schedules to the Balance Sheet

as at 31st March, 2012

The company has defaulted in repayment of Loans and interest in respect of the following:

Particulars	As at 31-03-2012		As at 31-03-2011	
	Period of Default	[₹ in lac]	Period of Default	[₹ in lac]
<b>Demand Term Loans:</b>				
<b>- ICICI Bank</b>				
Principle	0- 30 days	42.26	—	—
	61-90 days	42.26	—	—
Interest	0-30 days	11.78	—	—
	31-60 days	11.53	—	—
	61-90 days	11.53	—	—
	91-120 days	10.95	—	—
<b>- IDBI Bank-</b>				
Principle	0- 30 days	55.92	—	—
Interest	0-30 days	14.95	—	—
	31-60 days	13.89	—	—
	61-90 days	14.70	—	—

In terms of master restructuring agreement dated 30-03-2009, if the company commits a default in payment or repayment of three consecutive installment of principal amounts of the facilities or interest thereon or any combination thereof, then, the lenders shall have the right to convert, at their option, the whole of the outstanding amount of the facilities and /or 20% of rupee equivalent of the defaulted amount into fully paid-up equity shares of the company, at par, in the manner specified in a notice in writing to be given by the lenders to the company prior to the date on which the conversion is to take effect, which date shall be specified in the said notice.

## 5. OTHER LONG TERM LIABILITIES

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Employee Benefits	280.92	238.16
<b>Total</b>	<b>280.92</b>	<b>238.16</b>

## 6. SHORT TERM BORROWINGS ( Secured)

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
<b>Loans repayable on Demand From Banks (a)</b>		
- In Rupees	13,053.25	11,467.93
- In Foreign Currency	1,050.99	1,321.18
<b>Total</b>	<b>14,104.24</b>	<b>12,789.11</b>

Secured by hypothecation of Raw materials, Semi finished goods, Finished goods, Stores and Spares, Goods in transit and Book Debts of Spinning and Home textile divisions, and further secured by second charge on Fixed Assets both present and future and personally guaranteed by the Managing Director.

**7. TRADE PAYABLES**

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Total outstanding dues of Micro Enterprises and Small Enterprises ( a, b )	2.93	2.93
Others ( c )	10,742.97	8,942.78
<b>Total</b>	<b>10,745.90</b>	<b>8,945.71</b>

(a) The names of small scale industrial undertakings to whom the company owes any sum together with interest and outstanding for more than thirty days: Saikrupa Industries

Payments against supplies from small-scale industries are made in accordance with agreed terms. Besides, there are no claims from the parties for interest on overdue payments.

(b) The company has not received any intimation from other suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

(c) Includes amount payable to a subsidiary ₹ 0.04 lac(previous year ₹ 0.04 lac ).

**8. OTHER CURRENT LIABILITIES**

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Current Maturities of Long Term Debts	3,738.95	2,956.03
Interest accrued and due on borrowings	140.36	70.66
Security deposit	43.42	36.68
Advance from Customers	124.82	280.72
Other Payables *	2,778.47	2,439.00
<b>Total</b>	<b>6,826.02</b>	<b>5,783.10</b>

\* Includes amount to be credited to Investor Education & Protection Fund-

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
a) Unpaid Dividend	—	—
b) Unpaid application money received for allotment of securities and due for refund	—	—
c) Unpaid matured deposits	—	—
d) Unpaid matured debentures	—	—
e) Interest accrued on (a) to (d) above	—	—

**9. SHORT TERM PROVISIONS**

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Provision for Income Tax	—	246.41
Provision for Wealth Tax	0.34	0.09
<b>Total</b>	<b>0.34</b>	<b>246.50</b>

# Schedules to the Balance Sheet

as at 31st March, 2012

[₹ in lac]

## 10. FIXED ASSETS

PARTICULARS	G R O S S B L O C K				D E P R E C I A T I O N		N E T B L O C K	
	As at 1-04-2011	Additions	Sales / Adjustment	As at 31-03-2012	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011	
	<b>TANGIBLE:</b>							
<b>a) At cost</b>								
Land - Leasehold	273.11	—	—	273.11	8.93	264.18	264.68	
Buildings *	5,865.71	189.46	—	6,055.17	1,708.77	4,346.40	4,350.76	
Plant & Machinery	30,807.54	135.48	—	30,943.02	14,711.61	16,231.41	17,601.27	
Furniture & Fixtures	238.05	10.60	—	248.65	165.00	83.65	100.02	
Factory & Office Equipments	269.88	100.07	0.59	369.35	190.19	179.16	106.12	
Vehicles #	—	—	—	—	—	—	—	
	165.35	8.66	5.56	168.45	118.36	50.09	53.97	
<b>b) At revalued cost</b>								
Land - Leasehold	774.72	—	—	774.72	12.52	762.20	765.78	
Buildings	1,489.46	—	—	1,489.46	151.81	1,337.65	1,381.03	
Plant & Machinery	14,066.17	—	—	14,066.17	3,645.24	10,420.93	11,475.66	
<b>INTANGIBLE:</b>								
Software	—	32.38	—	32.38	3.24	29.14	—	
<b>TOTAL</b>	<b>53,950.00</b>	<b>476.64</b>	<b>6.15</b>	<b>54,420.49</b>	<b>20,715.67</b>	<b>33,704.82</b>	<b>36,099.30</b>	
Previous Year	53,882.18	68.30	0.49	53,950.00	17,850.70			

### Includes

- (i) 10 shares of ₹ 50/- each of Arcadia Premises Co-operative Society Ltd.
- \* One vehicle costing ₹ 38.45 lac, is in the name of the Managing Director as a nominee of the Company.
- The company revalued its land, buildings and plant & machinery (except for electronics division and 2 D.G. sets of spinning division) as on 01-10-2008 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by ₹ 15,092.28 lac, increase in depreciation upto 31-03-2012 on revaluation by ₹ 3,500.17 lac and thereby net revaluation reserve as at 31-03-2012 is ₹ 11,592.11 lac.
- Revaluation of 2 D.G. sets of spinning division was carried out on 01-04-2009 by an approved valuer. The revaluation resulted in a gross increase in the value of assets over their original cost by ₹ 1,238.07 lac. increase in depreciation up to 31-03-2012 on revaluation by ₹ 309.40 lac and thereby net revaluation reserve as at 31-03-2012 is ₹ 928.67 lac.

## 11. CAPITAL WORK IN PROGRESS

Capital work in progress does not include capital advances ₹ 54.10 lac (previous period ₹ 13.15 lac).





**12. NON CURRENT INVESTMENTS**

Particulars		No. of Shares		[₹ in lac]			
		As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011		
<b>- Quoted</b> <b>Non - Trade Investments - Long Term</b> <b>In fully paid up equity shares of ₹ 10 each</b> <b>Subsidiary Company</b> Pranavaditya Spinning Mills Limited <b>Trade Investments - Long Term</b> <b>Others</b> Margo Finance Limited Less : Provision for Diminution <b>Sub Total</b>	<b>A</b>	18041280	18041280	1,804.13	1,804.13		
		154902	209902	15.49	20.99		
				8.49	14.34		
				<b>1,811.13</b>	<b>1,810.78</b>		
		<b>- Unquoted</b> <b>Non - Trade Investments - Long Term</b> <b>Subsidiary Company</b> Indocount Global Inc, USA <b>Others</b> Indo Count Textile Ventures Pvt. Ltd. Shiva Services Limited Less : Provision for Diminution <b>Sub Total</b>	<b>B</b>	300	—	142.80	—
				100	100	0.01	0.01
				10000	10000	1.00	1.00
						1.00	1.00
						<b>142.81</b>	<b>0.01</b>
		<b>Total</b>	<b>A+B</b>			<b>1,953.94</b>	<b>1,810.79</b>
<b>Aggregate value of :</b>							
Quoted investments				1,811.13	1,810.78		
Unquoted investments				142.81	0.01		
Market value of Quoted investments				1,883.29	1,522.12		

**13. DEFERRED TAX ASSETS**

As required under Accounting Standard (AS-22), 'Accounting for taxes on income' issued by the Institute of Chartered Accounts of India, the Company is required to account for deferred taxation while preparing its accounts. The details of deferred tax assets / liabilities are as under:

Particulars		[₹ in lac]				
		As at 31-03-2010	Tax effect for the period	As at 31-03-2011	Tax effect for the period	As at 31-03-2012
<b>Deferred Tax liability</b> Fixed Assets	<b>A</b>	(3,635.12)	73.18	(3,561.95)	38.57	(3,523.38)
		(3,635.12)	73.18	(3,561.95)	38.57	(3,523.38)
<b>Deferred Tax Assets</b> Loss Others	<b>B</b>	6,193.20	(686.89)	5,506.31	(142.41)	5,363.90
		62.66	45.17	107.83	75.99	183.82
		6,255.86	(641.72)	5,614.14	(66.42)	5,547.72
<b>Net Deferred Tax Assets/(Liability)</b>	<b>A-B</b>	2,620.74	(568.55)	2,052.19	(27.85)	<b>2,024.34</b>

# Schedules to the Balance Sheet

as at 31st March, 2012

## 14. LONG TERM LOANS & ADVANCES

Particulars		[₹ in lac]	
		As at 31-03-2012	As at 31-03-2011
<b>(Unsecured-considered good)</b>			
Capital Advances		54.10	13.15
Security Deposits		72.16	88.24
Loans and Advances to Subsidiary Company		181.13	167.20
<b>Sub-total</b>	<b>A</b>	<b>307.39</b>	<b>268.59</b>
<b>(Unsecured-considered doubtful)</b>			
Others ( considered doubtful)		43.12	35.13
Less : Provision for doubtful advances		43.12	35.13
<b>Sub-total</b>	<b>B</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>A+B</b>	<b>307.39</b>	<b>268.59</b>

## 15. INVENTORIES

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Stores & Spares *	1,320.37	799.64
Raw Materials **	3,228.80	3,656.27
Dyes and Chemicals ***	388.07	254.84
Waste	23.76	99.26
Work in Progress	6,478.61	5,011.79
Finished Goods	1,459.03	2,633.24
<b>Total</b>	<b>12,898.64</b>	<b>12,455.04</b>

\* includes goods in transit ₹ 14.89 lac (Previous year ₹ 36.25 lac)

\*\* includes goods in transit ₹ 328.69 lac (Previous year ₹ 402.29 lac )

\*\*\* includes goods in transit ₹ 2.25 lac (previous year ₹ 13.36 lac )

## 16. TRADE RECEIVABLES

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Exceeding Six Months	81.89	24.13
Less : Provision for doubtful debts	27.63	18.60
<b>Sub - Total</b>	<b>54.26</b>	<b>5.53</b>
Others	6,754.21	5,255.90
<b>Total</b>	<b>6,808.47</b>	<b>5,261.43</b>

## 17. CASH & CASH EQUIVALENTS

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Cash in hand	8.60	6.22
<b>Balances with Banks</b>		
In Current Accounts *	452.41	1,330.09
Held as margin / Fixed deposits **	130.41	90.30
<b>Total</b>	<b>591.42</b>	<b>1,426.61</b>



\* Includes balance in current account with The Kolhapur Urban Co-operative Bank Ltd. ₹ 4.82 lac (previous year ₹ 0.88 lac ) maximum amount outstanding anytime during the year ₹ 5.49 lac (previous year ₹ 4.06 lac) and The Shamrao Vittal Co-operative Bank ₹ 2.83 lac (previous year ₹ 2.08 lac) , maximum amount outstanding anytime during the year ₹ 3.63 lac (previous year ₹ 3.95 lac)

\*\* Includes receipts for ₹ 0.01 lac ( previous year ₹ 0.01 lac ) lodged with Sales Tax Department

## 18. SHORT TERM LOANS & ADVANCES

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Advance Income Tax (including tax deducted at source)	270.05	427.60
Loan to related parties	0.78	0.05
Advance to Subsidiary	83.13	86.27
Others ( considered good)	4,628.02	3,966.03
<b>Total</b>	<b>4,981.98</b>	<b>4,479.95</b>

## 19. OTHER CURRENT ASSETS (Unsecured-considered good)

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Mat Credit entitlement	148.35	148.35
Export Incentives / Claims recoverable	1,795.81	2,071.16
Interest accrued on Loans & Deposits	0.50	1.27
<b>Total</b>	<b>1,944.66</b>	<b>2,220.78</b>

## 20. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

### (a) Contingent Liabilities

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
i) Amount outstanding in respect of export bills discounted under Export Letters of Credit ( Since realised ₹ 3,152 lac, previous year ₹ 2,901.56 lac)	3,328.23	4,103.98
ii) Bank Guarantees *	697.04	673.92
iii) Claims against the company not acknowledged as debts	12.38	11.10
iv) Income Tax / Custom duty demands disputed in appeals	—	21.13
v) Corporate guarantee given to a bank for securing financial assistance to subsidiary company	200.00	100.00

\* The Company has given bank guarantee for ₹ 4.11 lac to DGFT on behalf of Pranavaditya Spinning Mills Limited, subsidiary company for duty free import of machines.

(b) In terms of EPCG Licence issued, the company has undertaken an export obligation for ₹ 30,510.02 lac, which is to be fulfilled over a period of 8 years. The company has completed the obligation to the extent of ₹ 26,857.99 lac and necessary application for redemption of license against which obligation is completed has been made to DGFT.

(c) In terms of advance license obtained for import of raw cotton the company has undertaken an export obligation for ₹ 1,702.62 lac which is to be fulfilled over a period of 2 years. The company has completed the obligation to the extent of ₹ 1,669.33 lac

# Schedules to the Balance Sheet

as at 31st March, 2012

(d) Under the package scheme of incentives of Government of Maharashtra for Mega Projects , the company is eligible for VAT and Electricity duty refund benefits for its home textiles and consumer durable goods divisions However, if it contravenes any of the conditions of the scheme or eligibility certificate or certificate of entitlement or agreement, it shall repay forthwith the entire benefits drawn / availed along with interest thereon together with costs, charges and expenses thereon

## (e) Commitments

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
a) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	505.32	—
b) Letter of credits opened for which the material has not yet been shipped	619.48	320.57

## 21. REVENUE FROM OPERATIONS

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Gross Sales of Products ( a )	74,102.91	65,192.58
Less: Excise Duty	2,744.49	1,867.03
<b>Net Sales</b>	<b>71,358.42</b>	63,325.55
Sale of Services ( b )	278.60	190.06
Export Incentives / Benefits	3,288.08	2,944.30
<b>Revenue from Operations</b>	<b>74,925.10</b>	66,459.91

a) Includes sale to subsidiary companies ₹ 2,332.42 lac (previous year ₹ 6.74 lac)

b) Includes tax deducted at source ₹ 1.67 lac ( previous year ₹ 3.79 lac)

## 22. OTHER INCOME

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Interest Banks *	3.92	5.81
Interest Others **	33.95	21.15
VAT Refund	2,573.52	1,837.67
Lease rent income ( a )	22.97	18.65
Miscellaneous Receipts and Incomes	7.91	109.58
Insurance claim received	—	12.53
Provision for diminution in value of investments/written back	—	2.25
Exchange rate difference	—	421.98
Rent received	0.48	0.48
Previous year's income	6.69	2.14
Interest Short / Excess Paid	—	27.75
Sundry balances / Excess provision written back (Net)	27.03	18.61
Liability no longer payable	76.29	35.20
<b>Total</b>	<b>2,752.76</b>	2,513.80



\* Includes tax deducted at source ₹ 0.35 lac ( previous year ₹ 1.01 lac)

\*\* Includes tax deducted at source ₹ 2.08 lac, ( previous year ₹ 2.79 lac)

**(a) Includes operating lease:**

i. The company has entered into lease arrangements , for renting specified machinery at a rent of ₹ 2.23 lac per month for a period of 120 months and are renewable at the option of the lessee after the end of the term.

ii. Disclosure in respect of assets given on operating lease:

Particulars	[₹ in lac]	
	2011-12	2010-11
Gross Carrying amount of assets	310.57	227.12
Accumulated Depreciation	229.12	203.70
Depreciation for the year	10.86	22.56

**23. COST OF MATERIALS CONSUMED**

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
<b>Raw material &amp; Components consumed</b>		
Opening Stock	3,253.98	868.02
Add : Purchases *	51,217.74	48,949.29
	<b>54,471.72</b>	49,817.31
Less : Closing Stock	2,900.10	3,253.98
<b>Cost of Sales</b>	<b>51,571.62</b>	46,563.33

\* Includes purchased from a subsidiary company ₹ 549.39 lac (previous year ₹ 526.31 lac)

**24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE**

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
<b>Closing Stock</b>		
Finished Goods	1,459.03	2,633.24
Stock in Process	6,478.61	5,011.79
Waste	23.76	99.26
<b>Sub - total</b>	<b>7,961.40</b>	7,744.29
<b>Less : Opening Stock</b>		
Finished Goods	2,633.24	2,636.13
Stock in Process	5,011.79	3,588.89
Waste	99.26	25.27
<b>Sub - total</b>	<b>7,744.29</b>	6,250.29
<b>(Increase) / Decrease in Stock</b>	<b>(217.11)</b>	(1,494.00)

# Schedules to the Balance Sheet

as at 31st March, 2012

## 25. EMPLOYEE BENEFITS EXPENSE

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Salaries & Wages	3,169.13	2,804.84
Directors' Remuneration *	118.61	62.66
Contribution to Provident & Other Funds	194.98	171.51
Gratuity	103.32	72.92
Staff Welfare Expenses	71.17	53.72
Recruitment & Training expenses	10.35	11.27
<b>Total</b>	<b>3,667.56</b>	<b>3,176.92</b>

\* Includes a sum of ₹ 96.54 lac paid to Managing Director and Executive Director as per sanction of shareholders. It exceeds by ₹ 48.54 lac as per Schedule XIII of Companies Act 1956 due to inadequacy of profit. The company is in the process of applying to Company Law Board / shareholders for approval of the excess remuneration paid .

## EMPLOYEE POST RETIREMENT BENEFITS

Particulars	[₹ in lac].			
	For the period 01-04-2011 to 31-03-2012		For the period 01-04-2010 to 31-03-2011	
<b>During the year, the following contribution have been made under defined contribution plans:-</b>				
Employer's Contribution to Provident Fund	76.14		88.95	
Employer's Contribution to Employees Pension Scheme	89.87		56.74	
Employer's Contribution to Employees State Insurance	2.52		2.56	
<b>Defined Benefit Plans</b>	<b>Gratuity</b>	<b>Leave Benefit</b>	<b>Gratuity</b>	<b>Leave Benefit</b>
<b>i) Assumptions</b>				
Discount Rate	8%	8%	8%	8%
Salary Escalation	4%	4%	4%	4%
<b>ii) Table showing changes in present value of obligations</b>				
Present value of obligation as at beginning of the year	365.76	55.86	292.10	74.72
Interest cost	29.26	4.47	23.37	5.98
Current Service Cost	36.82	15.05	28.33	12.17
Benefits Paid	(14.55)	(3.34)	(8.61)	(5.99)
Actuarial (gain)/loss on obligation	39.41	38.36	30.57	(31.09)
Present value of obligations as at end of year	456.70	110.40	365.76	55.79
<b>iii) Table showing changes in the present value of planned assets</b>				
Fair value of plan assets at the beginning of year	141.32	46.17	137.32	44.90
Expected return on plan assets	16.39	4.56	12.41	4.18
Contributions	85.77	9.86	194.99	2.98
Benefits paid	(14.55)	(3.34)	(8.61)	(5.90)
Actuarial gain / (Loss) on plan assets	—	—	—	—
Fair value of plan assets at the end of year	228.93	57.25	141.32	46.17
<b>iv) Table showing fair value of planned assets</b>				
Fair value of plan assets at the beginning of year	141.32	46.17	137.32	44.90
Actual return on planned assets	16.39	4.56	12.41	4.18
Contributions	85.77	9.86	0.19	2.98



Benefits paid	(14.55)	(3.34)	(8.61)	(5.90)
Actuarial (gain)/loss on plan asset	—	—	—	—
Fair value of planned assets at the end of year	228.93	57.25	141.32	46.17
Funded status	(227.77)	(53.15)	(224.44)	(9.62)
<b>v) Actuarial Gain / Loss recognized</b>				
Actuarial (gain) / Loss for the year – obligation	(39.41)	(38.36)	30.57	(31.09)
Actuarial (gain)/Loss for the year – plan assets	—	—	—	—
Total (gain) / Loss for the year	(39.41)	(38.36)	30.57	(31.09)
Actuarial (gain / Loss recognized in the year	(39.41)	(38.36)	30.57	(31.09)
<b>vi) The amounts to be recognized in the balance sheet and statements of Profit &amp; loss</b>				
Present value of obligations as at the end of year	456.70	110.40	365.76	55.86
Fair value of plan assets as at the end of the year	228.93	57.25	141.32	46.17
Funded status	(227.77)	(53.15)	(224.44)	(9.69)
Net Asset / (Liability) recognized in balance sheet	227.77	53.15	224.44	9.62
<b>vii) Expenses recognized in statement of Profit &amp; Loss</b>				
Current services cost	36.82	15.05	28.33	12.15
Interest cost	29.26	4.47	23.37	5.98
Expected return on plan assets	(16.39)	(4.56)	(12.41)	(4.18)
Net Actuarial (gain)/Loss recognized in the year	39.41	38.36	30.57	(31.09)
Expenses recognized in statement of P&L	89.09	53.32	69.85	(17.15)

The Estimates of rate of future salary increase takes account inflation, seniority, promotion and other relevant factors on long term basis.

The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of liability. The above information is certified by the actuary.

## 26. FINANCE COSTS

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
<b>Interest Expense</b>		
-On Debentures	278.10	302.10
-On Term Loans	946.25	1,136.57
-On Working Capital Term Loans	265.73	300.11
-Others	1,479.52	844.31
Bank Charges	452.52	444.65
Finance procurement charges	79.04	26.55
<b>Total</b>	<b>3,501.16</b>	3,054.29

## 27. DEPRECIATION & AMORTISATION EXPENSE

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Depreciation	2,870.28	2,866.08
Less : Transfer to Revaluation Reserve	1,101.69	1,101.69
<b>Total</b>	<b>1,768.59</b>	1,764.39

# Schedules to the Balance Sheet

as at 31st March, 2012

## 28. OTHER EXPENSES

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Consumption of Stores/Dyes and Packing Materials	4,679.28	5,104.96
Jobwork Charges	1,773.53	1,360.89
Power & Fuel	4,096.54	3,801.17
Rent ( a)	77.95	76.94
Rates, Taxes & Fees	27.92	23.92
Insurance	231.80	197.98
Repairs to Machinery	147.14	127.10
Repairs to Buildings	11.20	22.93
Commission & Brokerage	1,015.48	1,193.93
Miscellaneous expenses ( b)	3,352.14	2,036.45
<b>Total</b>	<b>15,412.98</b>	<b>13,946.27</b>

### (a) Including operating lease

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
A) The total of future minimum lease payments under non-cancelable operating leases for each of the following years:		
i) Not latter than one year	—	—
ii) Later than one year and not later than five years,	105.48	81.04
iii) Later than five years,	—	—
B) The total of future minimum sub-lease payments expected to be received under non cancelable sub leases at the balance sheet date,	—	—
C) Lease payments recognized in the statement of profit & loss	66.28	39.28

(b) Includes payment to auditors

### Details of Auditors remuneration

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
As Statutory Audit Fees	5.50	3.00
As Quarterly Audit / Limited Review Fees	4.95	2.40
As Tax Audit Fees	1.55	0.90
For Tax Representations	0.55	0.50
For Certification Work	0.02	0.08
In Other Capacity	0.65	0.48
For Reimbursement of Expenses	1.24	0.66
<b>Total</b>	<b>14.46</b>	<b>8.02</b>



**29. FORWARD CONTRACTS**

a) The company has outstanding foreign currency related derivative contracts in the form of options for helping its business related exposure which are not speculative in nature. The contracts have long dated tenor with multiple contingent / uncertain events. As such ascertainment of fair value of these contracts is not feasible. However, banks estimate the total mark to market (MTM) of all outstanding contracts at approx. ₹ 2,409 lacs as at 31-03-2012, ( previous year ₹ 607 lac). The management is of the opinion that the determination and crystallisation of liability is dependant upon the outcome of uncertain future events or actions, not wholly within the control of the Company. As adoption of AS-30 is presently not mandatory, the estimated MTM loss of ₹ 2,409 lac for the year ended 31-03-2012 (previous year ₹ 607 lac) has not been provided.

b) Outstanding derivatives instruments as at 31-03-2012 entered by the Company :-

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in Lac)	Buy/Sell
US \$/INR	3	US \$ 8 Mn	3,240	Sell
Previous Year (US\$ / INR)	(3)	(US \$ 19 Mn)	(7,695)	(Sell)

c) Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31-03-2012 are as under :-

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in Lac)	Buy/Sell
US \$/INR	112	US \$ 53.20 Mn	26,444	Sell
Previous Year (US\$ / INR)	(85)	(US \$ 36.50 Mn)	(17,193)	(Sell)

**30. RELATED PARTY DISCLOSURES:**

Related party disclosures as required by AS - 18 "Related Party Disclosures" are given below: -

**A. Relationship****(i) Key management personnel**

1. Shri Anil Kumar Jain - Chairman and Managing Director
2. Shri R. N. Gupta - Joint Managing Director
3. Shri K. K. Lalpuria - Executive Director
4. Shri Kamal Mitra - Director (Works)

**(ii) Relatives of key management personnel**

1. Smt. G. D. Jain
2. Smt. Shikha Jain
3. Ms. Neha Jain
4. Shri Mohit Jain

**(iii) Parties where control exists****A. Subsidiary**

1. Pranavadiya Spinning Mills Ltd.
2. Indocount Global Inc. (USA)

# Schedules to the Balance Sheet

as at 31st March, 2012

## B. Associates

1. Margo Finance Ltd.
2. Indocount Securities Ltd.
3. Rini Investment and Finance Pvt. Ltd.
4. Sky Rise Properties Pvt. Ltd.
5. Unic Consultants
6. Yarntex Exports Ltd.
7. A. K. Jain HUF

[₹ in lac]

Particulars	Associates / Subsidiary	Relatives of Key Management Personnel	Key Management Personnel	Total
Remuneration paid	—	12.49	124.05	136.54
	—	(4.61)	(66.26)	(70.87)
Consultancy Fees	9.63	—	—	9.63
	(1.08)	(-)	(-)	(1.08)
Rent Received	0.48	—	—	0.48
	(0.48)	(-)	(-)	(0.48)
Expenses Reimbursed	42.40	—	—	42.40
	(32.13)	(-)	(-)	(32.13)
Sales	2,332.42	—	—	2,332.42
	(6.74)	(-)	(-)	(6.74)
Interest Income	13.92	—	—	13.92
	(13.81)	(-)	(-)	(13.81)
Lease Rental Income	22.97	—	—	22.97
	(18.65)	(-)	(-)	(18.65)
Lease Rent Paid	39.28	—	—	39.28
	(37.62)	(-)	(-)	(37.62)
Purchase of Goods	549.39	—	—	549.39
	(526.31)	(-)	(-)	(526.31)
Balance outstanding at the end of year				
a) Investments	1,962.42	—	—	1,962.42
	(1,825.12)	(-)	(-)	(1,825.12)
b) Loan to Subsidiary	181.13	—	—	181.13
	(167.10)	(-)	(-)	(167.10)
b) Sundry Creditors	0.04	—	—	0.04
	(88.93)	(-)	(-)	(88.93)
c) Sundry Debtors	1,665.04	—	—	1,665.04
	(86.26)	(-)	(-)	(86.26)
d) Other Payables	—	—	—	—
	(7.71)	(-)	(-)	(7.71)

Previous Year figures are given in bracket.


**31. Segment data :-**
**A. Primary segment**

[₹ in lac]

Particulars	Textiles (including Yarn, Fabrics & Home Textiles)	Electronic / Consumer Durable Goods	Total
Segment revenue	58,529.64	16,395.46	74,925.10
	(54,789.93)	(11,669.98)	(66,459.91)
Other income	178.34	2,574.42	2,752.76
	(679.97)	(1,833.83)	(2,513.80)
Total income	58,707.98	18,969.88	77,677.86
	(55,469.89)	(13,503.82)	(68,973.71)
Operating profit	5,705.15	865.15	6,570.30
	(6,080.47)	(670.47)	(6,750.94)
Financial costs	3,493.11	8.06	3,501.17
	(3,047.38)	(6.91)	(3,054.29)
Taxes	52.98	—	52.98
	(568.55)	(-)	(568.55)
<b>Net profit</b>	(825.81)	838.47	12.66
	(258.73)	(644.87)	(903.61)
Segment Assets	61,346.10	3,637.18	64,983.28
	(62,605.10)	(3,464.68)	(66,069.77)
Segment Liabilities	30,890.72	1,066.70	31,957.42
	(26,248.54)	(1,754.03)	(28,002.57)
Capital employed	18,685.79	2,570.48	21,256.27
	(22,922.94)	(1,732.02)	(24,654.96)
Capital expenditure	751.19	—	751.19
	(188.85)	(21.37)	(210.22)
Depreciation	1,749.97	18.62	1,768.59
	(1,745.70)	(18.69)	(1,764.39)
Exceptional Items	1,234.90	—	1,234.90
	(460.12)	(-)	(460.12)
NonCash expenditure	12,520.78	—	12,520.78
	(13,622.47)	(-)	(13,622.47)

**B. Secondary Segment – Geographical -**

The company's operating facilities are located in India

Particulars	[₹ in lac]	
	Current Year	Previous Year
Domestic revenues	21,814.14	7,538.46
Export revenues	53,110.96	58,921.45
<b>Total</b>	<b>74,925.10</b>	<b>66,459.91</b>

# Schedules to the Balance Sheet

as at 31st March, 2012

## 32. EARNING PER SHARE (EPS)

Particulars		For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
<b>Basic Earnings Per Share</b>			
Profit after tax as per profit & loss account [₹ in lac]		12.65	903.61
Profit available for shareholders [₹ in lac]	A	12.65	903.61
Number of equity shares	B	35,481,634	34,816,794
<b>Basic / dilutive earning Per Share (₹)</b>	<b>(A/B)</b>	<b>0.04</b>	<b>2.60</b>

33. Figures for the previous year have been regrouped / rearranged wherever considered necessary.
34. In the opinion of the management, the current assets, loans and advances are expected to realise at least the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.
35. Figures have been rounded off to the nearest rupees in lac.
36. Additional Information (Pursuant to the provisions of Part II and Part IV of Schedule VI to the Companies Act 1956  
a) The Ministry of Corporate Affairs, Government of India vide its General Notification No. S.O.301 ( E) dated 8th February,2011 issued under Section 211 (3) of the Companies Act,1956 has exempted certain classes of companies from disclosing certain information in their profit and loss account.The Company being an 'export oriented company' is entitled to the exemption. Accordingly, disclosures mandated by paragraph 3(i)(a), 3(ii)(b) and 3(ii)(d) of Part II, Schedule VI to the Companies Act,1956 have not been provided.

## b) Value of imported / indigenous Raw materials, Stores/Dyes and Packing Materials consumed

Class of Goods	For the period 01-04-2011 to 31-03-2012		For the period 01-04-2010 to 31-03-2011	
	Percentage	[₹ in lac]	Percentage	[₹ in lac]
<b>Raw Materials</b>				
Imported	0.05%	26.06	—	—
Indigenous	99.95%	51,545.56	100%	46,563.33
	<b>100%</b>	<b>51,571.62</b>	<b>100%</b>	<b>46,563.33</b>
<b>Stores/ Dyes and Packing Materials</b>				
Imported	7.51%	351.62	1.19%	60.59
Indigenous	92.49%	4,327.66	98.81%	5,044.36
	<b>100%</b>	<b>4,679.28</b>	<b>100%</b>	<b>5,104.95</b>

## c) Other Informations

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
<b>CIF value of Imports</b>		
Capital goods	17.14	30.03
Raw materials	26.06	156.98
Stores/ Dyes and Packing Materials	415.98	60.59
<b>Expenditure in Foreign Currency</b>		
Travelling	104.11	69.69
Selling Commission / Claims	890.46	639.54
Others	60.59	45.93
<b>Earnings in Foreign Currency</b>		
FOB value of exports	49,689.66	42,911.80

**d) Remittance in Foreign Currency on account of dividend to non-resident shareholders**

No. of Shareholders	Current Year		Previous Year		
	Shares held	Net Amount of Dividend	No. of Shareholders	Shares held	Net Amount of Dividend
1	12,400,491	[₹]	1	12,400,491	[₹]
		NIL			NIL

**See accompanying notes to the financial statements**

**As per our report of even date annexed**  
**For B. K. Shroff & Co.,**  
**Chartered Accountants**  
**Reg. No. 302166E**

**O. P. Shroff**  
*Partner*  
Membership No. 6329

Place : Mumbai  
Date : 25th May, 2012

**Anil Kumar Jain**  
*Chairman & Managing Director*  
Din No. 00086106

**R. Sundaram**  
*Company Secretary*

**R. N. Gupta**  
*Joint Managing Director*  
Din No. 00865491





# Consolidated Auditors' Report

THE BOARD OF DIRECTORS OF  
INDO COUNT INDUSTRIES LIMITED on the Consolidated Financial Statements of Indo Count Industries and its Subsidiaries Namely PRANAVADITYA SPINNING MILLS LIMITED AND INDOCOUNT GLOBAL INC.USA.

We have examined the attached consolidated balance sheet of Indo Count Industries Limited and its subsidiaries as at 31<sup>st</sup> March, 2012 and the Consolidated Profit & Loss Account and the Consolidated Cash Flow Statement for the year ended on that date.

These financial statements are the responsibility of the Indo Count Industries Limited management. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with generally accepted auditing standards in India. These standards require that we plan and perform the audit to obtain reasonable assurance that whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements. We believe that our audit provides a reasonable basis for our opinion.

In respect of the subsidiary companies viz. Pranavaditya Spinning Mills Limited and Indo Count Global Inc.USA (audited by other auditors), the financial statements for the year 1<sup>st</sup> April, 2011 to 31<sup>st</sup> March, 2012 have been audited and we have relied upon the audited financial statements as given by the management. The details of assets and revenues in respect of the subsidiaries to the extent to which they are reflected in the consolidated financial statements are given below: -

	(₹ in lac)	
	Total assets	Total revenue
Indian Subsidiary	4675.42	4802.34
Foreign Subsidiary	1709.67	1153.70

We report that the consolidated financial statements have been prepared by the company in accordance with the requirements of Accounting Standards (AS) 21, Consolidated Financial Statements, issued by the Institute of Chartered Accountants of India and on the basis of the separate audited financial statements of Indo Count Industries Limited, and its subsidiaries, namely Pranavaditya Spinning Mills Limited and Indo Count Global Inc.USA included in the Consolidated Financial Statements.

Attention is drawn to Note No. 29(a) to the accounts regarding the non provision of MTM loss in the financial statements as AS 30 is not mandatory.

Subject to the above, on the basis of the information and explanation given to us and on the consideration of separate audit reports on individual audited financial statements of Indo Count Industries Limited and its subsidiaries, we are of the opinion that:

- a) the consolidated Balance Sheet gives a true and fair view of the consolidated state of affairs of Indo Count Industries Limited and its subsidiaries as at 31<sup>st</sup> March 2012.
- b) the consolidated Profit & Loss Account gives a true and fair view of the consolidated results of operations of Indo Count Industries Limited and its subsidiaries for the year then ended on 31<sup>st</sup> March 2012; and
- c) the consolidated Cash Flow statements gives a true and fair view of the consolidated Cash Flow of Indo Count Industries Limited and its subsidiaries for the year ended on at 31<sup>st</sup> March 2012.

For **B. K. Shroff & Co.**,  
Chartered Accountants  
Reg. No. 302166E

**O. P. Shroff**  
*Partner*

Place: Mumbai  
Date : 25th May, 2012

Membership No. 6329

# Consolidated Balance Sheet

as at 31st March, 2012

	NOTE		As at 31-03-2012 [₹ in lac]	As at 31-03-2011 [₹ in lac]
<b>I EQUITY AND LIABILITIES</b>				
<b>(1) SHAREHOLDERS' FUNDS</b>				
(a) Share Capital	2		3,798.16	3,548.16
(b) Reserves & Surplus	3		14,089.90	15,552.26
<b>(2) SHARE APPLICATION MONEY PENDING ALLOTMENT</b>				
			—	250.00
<b>(3) MINORITY INTEREST</b>				
			114.21	127.36
<b>(4) NON - CURRENT LIABILITIES</b>				
(a) Long Term Borrowings	4		17,552.68	21,000.01
(b) Other Long Term Liabilities	5		335.21	293.50
<b>(5) CURRENT LIABILITIES</b>				
(a) Short Term Borrowings	6		14,243.27	12,988.16
(b) Trade Payables	7		11,198.96	9,041.45
(c) Other Current Liabilities	8		6,958.16	5,861.28
(d) Short Term Provisions	9		0.34	246.50
			<b>68,290.89</b>	<b>68,908.68</b>
<b>II ASSETS</b>				
<b>(1) NON CURRENT ASSETS</b>				
<b>(a) FIXED ASSETS</b>				
(i) Fixed Assets	10	36,509.97		38,844.02
(ii) Capital Work in Progress	11	486.02	36,995.99	212.12
				39,056.14
<b>(b) Non - Current Investments</b>				
	12		7.17	6.82
<b>(c) Deferred Tax Assets (NET)</b>				
	13		2,643.85	2,538.98
<b>(d) Long Term loans and advances</b>				
	14		212.59	148.60
<b>(2) CURRENT ASSETS, LOANS &amp; ADVANCES</b>				
(a) Inventories	15	14,804.83		13,277.35
(b) Trade Receivables	16	5,855.95		5,646.88
(c) Cash and cash equivalents	17	714.10		1,529.30
(d) Short Term Loans & Advances	18	5,061.27		4,483.83
(e) Other Current Assets	19	1,995.14	28,431.29	2,220.78
			<b>68,290.89</b>	<b>68,908.68</b>

See accompanying notes to the financial statements

As per our report of even date annexed  
For B. K. Shroff & Co.,  
Chartered Accountants  
Reg. No. 302166E

O. P. Shroff  
Partner  
Membership No. 6329

Anil Kumar Jain  
Chairman & Managing Director  
Din No. 00086106

R. N. Gupta  
Joint Managing Director  
Din No. 00865491

Place : Mumbai  
Date : 25th May, 2012

R. Sundaram  
Company Secretary



# Consolidated Profit & Loss Account



Indo Count Industries Limited

for the year ended on 31st March, 2012

	NOTE	year ended 31-03-2012 [₹ in lac]	year ended 31-03-2011 [₹ in lac]
I Revenue from operations	21	77,971.28	70,818.04
II Other Income	22	2,742.38	2,502.72
III TOTAL REVENUE		<b>80,713.66</b>	<b>73,320.76</b>
IV EXPENSES			
Cost of materials consumed	23	54,573.21	49,456.69
Purchase of stock in Trade		672.52	41.62
Changes in Inventories of finished goods, Work in Process and Stock in Trade	24	(1,422.83)	(1,716.13)
Employee Benefits	25	4,087.18	3,521.38
Finance Charges	26	3,518.57	3,064.00
Depreciation and amortisation expense	27	1,859.67	1,956.50
Other Expenses	28	16,501.49	14,789.14
TOTAL EXPENSES		<b>79,789.81</b>	<b>71,113.20</b>
V Profit before Exceptional and Extraordinary items and Taxation		<b>923.85</b>	<b>2,207.56</b>
VI Exceptional Items	29	1,234.90	460.12
VII Profit Before extraordinary items and tax		<b>(311.05)</b>	<b>1,747.44</b>
Viii Tax expense:			
Income Tax for earlier years		25.14	1.80
Deferred Tax Asset ( Net )		(104.87)	679.62
IX Profit for the year		<b>(231.32)</b>	<b>1,066.02</b>
Share of Profit/Loss transferred to Minority Interest		(13.15)	10.13
Profit for the year (after adjustment for Minority Interest)		<b>(218.17)</b>	<b>1,055.89</b>
X EARNING PER SHARE	31		
Basic and dilutive [₹]		<b>(0.61)</b>	<b>3.03</b>

See accompanying notes to the financial statements

As per our report of even date annexed  
For B. K. Shroff & Co.,  
Chartered Accountants  
Reg. No. 302166E

O. P. Shroff  
Partner  
Membership No. 6329

Place : Mumbai  
Date : 25th May, 2012

Anil Kumar Jain  
Chairman & Managing Director  
Din No. 00086106

R. Sundaram  
Company Secretary

R. N. Gupta  
Joint Managing Director  
Din No. 00865491

# Consolidated Cash Flow Statement

for the year ended on 31st March, 2012

Particulars	For the year ended 31 <sup>st</sup> March, 2012		For the year ended 31 <sup>st</sup> March, 2011	
	[₹ in lac]	[₹ in lac]	[₹ in lac]	[₹ in lac]
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>				
Net Profit/(Loss) before extraordinary item and tax		(311.05)		1,747.44
<b>Adjustments for:-</b>				
Depreciation and amortisation		1,859.67		1,956.50
(Profit)/Loss on sale /write off of assets		—		(8.41)
Finance Cost		2,969.60		2,587.74
Interest income		(33.59)		(19.90)
Insurance Claim		—		(12.53)
Effect of Exchange rate change		(92.99)		—
Liabilities /provision no longer required written back		(76.30)		(35.22)
Provisions for dimunition in value of investment written back		—		(2.25)
Exceptional Items		1,234.90		460.12
<b>Operating profit before working capital changes</b>		<b>5,550.24</b>		<b>6,673.53</b>
<b>Changes in working capital :</b>				
<b>Adjustment for (increase )/decrease in operating assets</b>				
Inventories	(1,527.48)		(4,802.98)	
Trade Receivables	(209.07)		(417.91)	
Short term loan and advances	(577.44)		(4,144.38)	
Long term loan advances	(63.99)		7,374.35	
Other current assets	200.50		(491.79)	
Other non-current assets	—	(2,177.48)	—	(2,482.71)
<b>Adjustment for increase/(decrease) in operating liabilities</b>				
Trade payable	2,157.51		(1,965.79)	
Other current liabilities	1,173.17		2,732.65	
Other long term liabilities	41.71		293.50	
Short-term provisions	(246.16)		(239.10)	
Long -term provisions	—	3,126.23	—	821.26
<b>Net Cash flow from /(used in) operating activities(A)</b>		<b>6,498.99</b>		<b>5,012.08</b>
<b>B) CASH FLOW FROM INVESTING ACTIVITIES</b>				
Capital expenditure on fixed assets,including capital advances		(970.00)		(407.69)
Proceeds from sale of fixed assets		6.15		23.37
<b>Purchase of long term investments</b>				
-Associates		(0.35)		—
<b>Interest Received</b>				
-Others		33.59		19.90
Cash Flow from Exceptional items		(1,234.90)		(460.12)
<b>Net Cash flow from/(used in) investing activities ( B)</b>		<b>(2,165.51)</b>		<b>(824.53)</b>



Particulars	For the year ended 31 <sup>st</sup> March, 2012		For the year ended 31 <sup>st</sup> March, 2011	
	[₹ in lac]	[₹ in lac]	[₹ in lac]	[₹ in lac]
<b>C) CASH FLOW FROM FINANCING ACTIVITIES</b>				
Proceeds from issue of equity shares		—		216.67
Proceeds from issue of Preference shares		250.00		—
Changes in Security Premium		—		108.33
Share application money received /(refunded)		(250.00)		(75.00)
Reduction in minority interest		13.15		—
Repayment of long term borrowings		(3,447.34)		(5,381.72)
Net increase/(Decrease) working capital borrowings		1,255.11		4,367.80
Proceeds from Insurance claim		—		12.57
Finance Cost		(2,969.60)		(2,587.74)
<b>Net Cash flow from /(used in) financing activities ( C)</b>		<b>(5,148.68)</b>		<b>(3,339.09)</b>
<b>Net Increase /(decrease) in cash and cash equivalents (A+B+C)</b>		<b>(815.20)</b>		<b>848.46</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>1,529.30</b>		<b>680.84</b>
<b>Cash and cash equivalents at the end of the year</b>		<b>714.10</b>		<b>1,529.30</b>
<b>Reconciliatin of cash and cash equivalents with the balance sheet</b>				
<b>Cash and cash equivalents as per Balance sheet</b>		<b>714.10</b>		<b>1,529.30</b>
Less : Bank balance not considered as cash and cash equivalents		—		—
<b>Net Cash and cash equivalents</b>		<b>714.10</b>		<b>1,529.30</b>
Add : Current investment considered as a part of cash and cash equivalents				
<b>Cash and cash equivalents at the end of the year</b>		<b>714.10</b>		<b>1,529.30</b>
<b>Comprises of:</b>				
(a) cash on hand		8.72		7.30
(b) balance with banks				
i) In Current accounts		548.74		1,370.89
ii) In EEFC accounts				
(iii) In earmarked accounts		156.64		151.11
(c) Others				

Notes: Previous years figures have been regrouped/reclassified wherever applicable.

As per our report of even date annexed  
For B. K. Shroff & Co.,  
Chartered Accountants  
Reg. No. 302166E

O. P. Shroff  
Partner  
Membership No. 6329

Place : Mumbai  
Date : 25th May, 2012

Anil Kumar Jain  
Chairman & Managing Director  
Din No. 00086106

R. Sundaram  
Company Secretary

R. N. Gupta  
Joint Managing Director  
Din No. 00865491

# Notes on Consolidated Accounts

for the year ended 31st March, 2012

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## 1. Significant Accounting Policies:

### 1. Basis of consolidation

- (i) The accounts have been prepared to comply with all material aspects applicable to accounting policies of Indo Count Industries Limited. Goodwill arising on investments made in subsidiary company has been treated as intangible asset and capital reserve arising on investments made in subsidiary company has been treated as reserve and surplus.
- (ii) The consolidated accounts have been prepared based on a line by line consolidation of the profit & loss account and balance sheet of Indo Count Industries Limited and its subsidiary. For the purpose of consolidation, adjustments have been made in respect of shareholdings in subsidiary company, amounts owed from/to company within group and in respect of intra group transactions, as per Accounting Standard (AS-21) "Consolidated Financial Accounts".
- (iii) The financial statements of the subsidiaries used in the consolidation are drawn up to the same reporting date as that of the holding company.
- (iv) Indo Count Industries Limited holds 93.76 % shareholding in Pranavaditya Spinning Mills Limited (PSML) . PSML is incorporated in India and is engaged in the business of manufacture of cotton yarn.
- (v) Indo Count Industries Limited holds 100 % shareholding in Indo Count Global Inc USA.(ICG).ICG is incorporated in USA and is engaged in the business of selling Home Textile Products.

## 2. Significant Accounting Policies:

### (a) Method of Accounting

- i) The accounts are prepared under the historical cost convention using the accrual method of accounting unless otherwise stated hereinafter.
- ii) Accounting policies not significantly referred to are consistent with generally accepted accounting principles.

### (b) Use of Estimates

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

### (c) Fixed Assets

Fixed assets are stated at cost except for land, plant & machinery (other than of electronics division) and buildings which have been shown at revalued amount. Cost is inclusive of inward freight, duties & taxes and incidental expenses related to acquisition. In respect of major projects involving construction, related pre-operational, start-up and trial run expenses form part of the value of the assets capitalised. As per practice, expenses incurred on modernisation / debottlenecking / relocation / relining of plant & equipment are capitalised. Fixed assets, other than leasehold land, acquired on lease are not treated as assets of the company and lease rentals are charged off as revenue expenses.

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.

### (d) Capital Work-in Progress

All expenditure including interest cost incurred during the project construction period are accumulated and disclosed as capital work-in-progress until the assets are ready for commercial use. Assets under construction are not depreciated. Income earned from investment of surplus borrowed funds during construction/trial run period is reduced from capital work-in-progress. Expenditure/ income arising during trial run is added to/ reduced from capital work-in-progress.



**(e) Investments**

Long term investments are stated at cost. Provision for diminution in the value of long term investments is made only if such a decline is other than temporary in the opinion of the management.

Current investments are stated at lower of cost and quoted / fair value.

**(f) Inventories**

Inventories are valued at lower of cost or net realizable value except for waste.

Cost is determined using the first-in-first-out (FIFO) basis except for inventories of home textiles division where cost is determined at weighted average .

Finished goods and stock in process includes cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Wastage and rejections are valued at estimated realizable value.

Obsolete, defective and unserviceable stocks are duly provided for.

The closing stock of units partly comprises of such materials lying in finished or semi-finished stage. The mode of valuation referred to 'Weighted Average Cost' represents cost worked out by taking into account the price charged by such units.

**(g) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

**(h) Excise Duty**

Provision for excise duty is made on waste and finished goods lying in bonded warehouse and meant for sale in domestic tariff area. CENVAT benefit is accounted for by reducing the purchase cost of the material / Fixed assets.

**(i) Retirement and other employee related benefits**

i) Short term Employee Benefits

All employee benefits payable only within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as salaries, wages etc and the expected cost of bonus, exgratia, incentives are recognized in the period during which the employee renders the related service.

ii) Post employment Benefits

a) Defined Contribution Plans

State Government Provident Fund Scheme is a defined contribution plan. The contribution paid/payable under the scheme is recognized in the profit and loss account during the period in which the employee renders the related service.

b) Defined Benefit Plans

The employee Gratuity Fund Scheme and Leave Encashment Scheme managed by different trusts are defined benefit plans. The present value of obligation under such defined benefit plans are determined based on actuarial valuation under the projected unit credit method which recognizes each period of service as giving rise to additional unit of employees benefits entitlement and measures each unit separately to build up the final obligation.

The obligations are measured at the present value of future cash flows. The discount rates used for determining the present value having maturity periods approximated to the returns of related obligations.

Actuarial gains and losses are recognized immediately in the profit & loss account.

In case of funded plans, the fair value of the planned assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

# Notes on the Consolidated Accounts

for the year ended 31st March, 2012

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**(k) Research and Development**

Revenue expenditure on research and development is charged against the profit of the year in which it is incurred. Capital expenditure on research & development is shown as an addition to fixed assets.

**(l) Depreciation**

Depreciation is calculated on fixed assets on straight-line method in accordance with Schedule XIV to the Companies Act, 1956. Leasehold assets are depreciated over the lease period. Software system is amortized over a period of five years. Depreciation on amount of additions made to cost of fixed assets on account of foreign exchange fluctuation is provided prospectively over the residual life of the fixed assets.

Depreciation on revalued assets is calculated on straight line method over the residual life of the respective assets as estimated by the valuer. The additional charge for depreciation on account of revaluation is withdrawn from the revaluation reserve and credited to the profit and loss account.

**(m) Foreign Currency Transactions, Derivatives instruments and hedge accounting:**

Transactions in foreign currency other than those covered by forward contracts are accounted for at the prevailing conversion rates at the close of the year and difference arising out of the settlement are dealt with in the Profit and Loss account. Outstanding export documents when covered by foreign exchange forward contracts are translated at contracted rates. Foreign currency loans availed for acquisition of fixed assets are restated at the exchange rate prevailing at year end and exchange rate difference arising on such transactions are adjusted to the cost of fixed assets. Other foreign currency current assets and liabilities outstanding at the close of the year are valued at the year end exchange rates. The fluctuations are reflected under the appropriate revenue head.

The company uses foreign currency forward contracts and currency options to hedge its risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The company designates these hedging instruments as cash flow hedges applying the recognition and measurement principles set out in the Accounting Standard 30 'Financial Instruments: Recognition and Measurement' (AS-30).

Changes in the fair value of derivatives financial instruments that do not qualify for hedge accountings are recognized in profit and loss account as they arise.

Hedging instruments are initially measured at fair value. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss is recognized in profit and loss account for the year.

**(n) Revenue Recognition**

Sales are accounted for ex-factory on despatch and do not include excise duty.

**(o) Claims & Benefits**

Claims recoverable and export incentives / benefits are accounted on accrual basis to the extent considered recoverable. Export incentives / benefits include premium on import licence, sales tax, etc.

**(p) Subsidy**

Subsidy is recognized when there is reasonable assurance that the subsidy will be received and conditions attached to it are complied with.

Government subsidy in the nature of promoter's contribution is credited to capital reserve. Subsidy received against a specific asset is reduced from the cost of the asset.

**(q) Income from Investment / Deposits**

Income from investments / deposits is credited to revenue in the year in which it accrues. Income is stated in full with the tax thereon being accounted for under income tax deducted at source.

**(r) Taxation**

Provision for current tax is made by applying the applicable tax rates and tax laws. Deferred Taxation is provided using the liability method in respect of the taxation effect arising from all material timing differences between the accounting and tax treatment of income and expenditure which are expected with reasonable probability to crystallize in the foreseeable future. Deferred tax benefits are recognized in the financial statements only when such benefits are reasonably expected to be realizable in the near future.



**(s) Earnings per share**

Basic earning per share is calculated by dividing the net profit for the period attributable to equity shareholders by the weighted average number of equity share outstanding during the year.

Diluted earning per share is calculated by dividing the net profit attributable to equity shareholders by the weighted average number of equity share outstanding during the year adjusted for the effects of dilutive options.

**(t) Segment Information**

The company is currently organized into two business-operating segments viz: Textile and consumer durable / electronic goods. In line with the global trend, the company has viewed yarn, fabrics and textiles as one integrated business. Therefore, all these products have been considered as part of a single business segment. Yarn, covers production of basic cotton yarn over a wide range of counts, which besides being primarily exported, is also used for further value addition in fabrics and textiles. While, fabrics cover value added activity relating to knitting and weaving, textiles cover value added activity relating to processed fabrics. The company also manufactures electronic / consumer durable goods.

The accounting principles used in preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments. Revenue and direct expenses in relation to segments are categorized based on items that are individually identifiable or allocable on a reasonable basis to that segment. Certain corporate level revenue and expenses, besides financial costs and taxes are not allocated to operating segments and are included under the head “unallocable”.

Assets and Liabilities represent assets employed in operations and liabilities owed to third parties that are individually identifiable or allocable on a reasonable basis to that segment. Assets and Liabilities excluded from allocation to operating segments such as investments, corporate debt and taxes etc. are classified as “unallocable”.

Segment assets employed in the company’s various business segments are all located in India. Capital expenditure includes expenditure incurred during the period of acquisition of segment fixed assets.

The company has considered geographical segment as secondary reporting segment for disclosure. For this purpose, revenues are bifurcated based on sales in India and outside India.

**(u) Operating Leases**

Operating lease receipts and payments are recognized as income or expenses in the profit and loss account on a Straight - line basis over the lease term.

**(v) Events occurring after balance date**

Events occurring after the balance sheet date have been considered in the preparation of the financial statements.

**(w) Contingent Liabilities**

Contingent liabilities as defined in Accounting Standard-29 are disclosed by way of notes to accounts. Provision is made if it becomes probable that an outflow of future economic benefit will be required for an item previously dealt with as a contingent liability.

# Notes to the Consolidated Balance Sheet

as at 31st March, 2012

## 2. SHARE CAPITAL

Particulars	No. of Shares		[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
<b>a) Authorised</b>				
<b>Equity Shares of ₹ 10/- each</b>				
At the beginning of the period	55,000,000	55,000,000	5,500.00	5,500.00
<b>At the end of the period</b>	<b>55,000,000</b>	55,000,000	<b>5,500.00</b>	5,500.00
<b>Preference Shares of ₹ 10/- each</b>				
At the beginning of the period	5,000,000	5,000,000	500.00	500.00
<b>At the end of the period</b>	<b>5,000,000</b>	5,000,000	<b>500.00</b>	500.00
<b>TOTAL</b>	<b>60,000,000</b>	60,000,000	<b>6,000.00</b>	6,000.00
<b>b) Issued, Subscribed and Paid up</b>				
<b>Equity Shares of ₹ 10/- each</b>				
At the beginning of the period	35,481,634	35,481,634	3,548.16	3,548.16
<b>At the end of the period</b>	<b>35,481,634</b>	35,481,634	<b>3,548.16</b>	3,548.16
<b>Preference Shares of ₹ 10 /-each fully paid up *</b>				
At the beginning of the period	—	—	—	—
Add: Additions during the period	25,000,00	—	250.00	—
<b>at the end of the period</b>	<b>25,000,00</b>	—	<b>250.00</b>	—
<b>TOTAL</b>	<b>37,981,634</b>	35,481,634	<b>3,798.16</b>	3,548.16

\* 4 % Non Cumulative Redeemable Preference shares, to be Redeemed on or before 12-09-2021 at par.

Details of equity shares in the company held by each shareholder holding more than 5% of shares is as under:

Name of the Shareholder	No. of Shares			
	As at 31-03-2012	percentage	As at 31-03-2011	percentage
Indocount Securities Limited	5,270,777	14.85%	5,270,777	14.85%
Sandridge Investments Limited	12,400,491	34.95%	12,400,491	34.95%

Details of preference shares in the company held by each shareholder holding more than 5% of shares is as under:

Name of the Shareholder	No. of Shares			
	As at 31-03-2012	percentage	As at 31-03-2011	percentage
Tozai Enterprises Pvt. Ltd.	25,000,000	100.00%	25,000,000	100.00%




**3. RESERVES & SURPLUS**

Particulars		[₹ in lac]	
		As at 31-03-2012	As at 31-03-2011
<b>Capital Reserve</b>			
At the beginning of the period		198.81	198.81
<b>At the end of the period</b>	<b>A</b>	<b>198.81</b>	<b>198.81</b>
<b>Share Premium</b>			
At the beginning of the period		1,443.59	1,335.26
Add: Transferred from Profit & Loss Account		—	108.33
<b>At the end of the period</b>	<b>B</b>	<b>1,443.59</b>	<b>1,443.59</b>
<b>Debenture Redemption Reserve</b>			
At the beginning of the period		750.00	750.00
<b>At the end of the period</b>	<b>C</b>	<b>750.00</b>	<b>750.00</b>
<b>Revaluation Reserve</b>			
At the beginning of the period		15,501.28	16,712.42
Less: Reduction during the period		1,164.33	1,211.14
<b>At the end of the period</b>	<b>D</b>	<b>14,336.95</b>	<b>15,501.28</b>
<b>Transitional Reserve</b>			
At the beginning of the period		—	—
Add: Creation during the period for Balance Sheet items		71.48	—
Add: Creation during the period for Profit and Loss items		(75.67)	—
<b>At the end of the period</b>	<b>E</b>	<b>(4.19)</b>	<b>—</b>
<b>Profit &amp; Loss Account</b>			
At the beginning of the period		(2,341.42)	(3,396.23)
Add: Profit / (Loss) for the period		(218.17)	1,055.89
Less: Transferred to Transitional Reserve		(75.67)	—
Less: Transferred from General Reserve		—	1.08
<b>At the end of the period</b>	<b>F</b>	<b>(2,635.26)</b>	<b>(2,341.42)</b>
<b>TOTAL ( A + B + C + D + E + F )</b>		<b>14,089.90</b>	<b>15,552.26</b>

**4. LONG TERM BORROWINGS (Secured)**

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
<b>1) Debentures (b)</b>		
10 % 300 Secured redeemable non convertible debentures of ₹ 10,00,000/ each (reduced by installments paid till date ₹ 966.00 lac (previous year ₹ 546.00 lac))	2,034.00	2,454.00
<b>2) TERM LOAN</b>		
<b>Rupee loans</b>		
From Banks ( b )	8,485.20	10,079.63
From Financial Institutions ( b )	2,627.29	3,169.79
<b>3) Working Capital Term Loan ( b )</b>	2,075.83	2,481.54
<b>4) Demand Term Loan ( c )</b>	2,315.15	2,793.25
<b>5) Hire Purchase Finance ( d )</b>	15.21	21.80
<b>Total</b>	<b>17,552.68</b>	<b>21,000.01</b>

# Notes to the Consolidated Balance Sheet

as at 31st March, 2012

- a) Based on reference of Union Bank of India, the Lead Bank, a financial restructuring package was approved by Empowered Group of Corporate Debt Restructuring (CDR-EG).

While the company had given effect of the restructuring package in its books of account, banks have continued to raise demand notices for interest payment at the rate of interest charged prior to the sanction of restructuring package.

The company has taken up the matter with the banks and accordingly the resultant difference in interest (which is still under reconciliation / determination) between the demand notice received from banks and as per company's books of account, has not been provided, as the liability is not payable.

- b) Secured inter se on pari-passu basis by way of mortgage of all immovable properties and hypothecation of all movable properties (save and except stocks and book debts and moveables of electronic division) both present and future. Loans (including current maturities of long term debts) of ₹ 18,339.53 lacs (previous year ₹ 20,745.38 lacs) are additionally secured by personal guarantee of the Managing Director.
- c) Secured against third charge on the fixed assets of the company. Loans (including current maturities of long term debts) of ₹ 2793.25 lacs (previous year ₹ 3185.97 lacs) are additionally secured by personal guarantee of the Managing Director.
- d) Secured against hypothecation of Vehicles acquired under Auto Loan Schemes.
- e) The term loans are further secured by way of first / second charge on the existing fixed assets of a subsidiary company. Further, the company has pledged 72,16,512 equity shares held by it in a subsidiary company, as per CDR stipulation. However, the company has complied all the stipulations of CDR terms and the pledged shares are yet to be released.

## Long Term Loans Repayment Schedule

Particulars	Maturity Profile [₹ in lac]				
	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5-6 Years
10 % Secured redeemable non convertible Debentures	450.00	450.00	390.00	354.00	390.00
<b>TERM LOAN</b>					
<b>Rupee loans</b>					
From Banks	1,858.48	1,858.48	1,609.95	1,609.95	1,548.36
From Financial Institutions	581.25	581.25	503.75	503.75	457.29
Working Capital Term Loan	450.00	450.00	390.00	390.00	395.83
Demand Term Loan	512.25	512.25	443.95	443.95	402.75
Hire Purchase Finance	7.05	7.11	1.03	-	-
<b>Total</b>	<b>3,859.03</b>	<b>3,859.09</b>	<b>3,338.68</b>	<b>3,301.65</b>	<b>3,194.23</b>



The company has defaulted in repayment of Loans and interest in respect of the following:

Particulars	As at 31-03-2012		As at 31-03-2011	
	Period of Default	[₹ in lac]	Period of Default	[₹ in lac]
<b>Demand Term Loans:</b>				
<b>- ICICI Bank</b>				
Principle	0- 30 days	42.26	—	—
	61-90 days	42.26	—	—
Interest	0-30 days	11.78	—	—
	31-60 days	11.53	—	—
	61-90 days	11.53	—	—
	91-120 days	10.95	—	—
<b>- IDBI Bank-</b>				
Principle	0- 30 days	55.92	—	—
Interest	0-30 days	14.95	—	—
	31-60 days	13.89	—	—
	61-90 days	14.70	—	—

In terms of master restructuring agreement dated 30-03-2009, if the company commits a default in payment or repayment of three consecutive installment of principal amounts of the facilities or interest thereon or any combination thereof, then, the lenders shall have the right to convert, at their option, the whole of the outstanding amount of the facilities and /or 20% of rupee equivalent of the defaulted amount into fully paid-up equity shares of the company, at par, in the manner specified in a notice in writing to be given by the lenders to the company prior to the date on which the conversion is to take effect, which date shall be specified in the said notice.

#### 5. OTHER LONG TERM LIABILITIES

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Employee Benefits	335.21	293.50
<b>Total</b>	<b>335.21</b>	<b>293.50</b>

#### 6. SHORT TERM BORROWINGS ( Secured )

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
<b>Loans repayable on Demand From Banks (a)</b>		
- In Rupees	13,192.28	11,666.98
- In Foreign Currency	1,050.99	1,321.18
<b>Total</b>	<b>14,243.27</b>	<b>12,988.16</b>

Secured by hypothecation of Raw materials, Semi finished goods, Finished goods, Stores and Spares, Goods in transit and Book Debts of Spinning and Home textile divisions, and further secured by second charge on Fixed Assets both present and future and personally guaranteed by the Managing Director.

# Notes to the Consolidated Balance Sheet

as at 31st March, 2012

## 7. TRADE PAYABLES

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Total outstanding dues of Micro Enterprises and Small Enterprises ( a, b )	2.93	2.93
Others	11,196.03	9,038.52
<b>Total</b>	<b>11,198.96</b>	<b>9,041.45</b>

- (a) The names of small scale industrial undertakings to whom the company owes any sum together with interest and outstanding for more than thirty days: Saikrupa Industries  
Payments against supplies from small-scale industries are made in accordance with agreed terms. Besides, there are no claims from the parties for interest on overdue payments.
- (b) The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the said Act have not been given.

## 8. OTHER CURRENT LIABILITIES

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Current Maturities of Long Term Debts	3,742.23	2,959.95
Interest accrued and due on borrowings	140.36	70.66
Security deposit	43.75	36.98
Advance from Customers	125.39	282.16
Other Payables *	2,906.43	2,511.53
<b>Total</b>	<b>6,958.16</b>	<b>5,861.28</b>

\* Includes amount to be credited to Investor Education & Protection Fund-

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
a) Unpaid Dividend	—	—
b) Unpaid application money received for allotment of securities and due for refund	—	—
c) Unpaid matured deposits	—	—
d) Unpaid matured debentures	—	—
e) Interest accrued on (a) to (d) above	—	—

## 9. SHORT TERM PROVISIONS

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Provision for Income Tax	—	246.41
Provision for Wealth Tax	0.34	0.09
<b>Total</b>	<b>0.34</b>	<b>246.50</b>



[₹ in lac]

10. FIXED ASSETS

PARTICULARS	G R O S S B L O C K				D E P R E C I A T I O N		N E T B L O C K	
	As at 1-04-2011	Additions	Sales / Adjustment	As at 31-03-2012	As at 31-03-2012	As at 31-03-2012	As at 31-03-2012	As at 31-03-2011
<b>TANGIBLE:</b>								
a) At cost								
Land - Freehold	28.75	—	—	28.75	—	—	28.75	28.75
Land - Leasehold	273.11	—	—	273.11	8.93	8.93	264.18	264.68
Buildings *	6,318.30	192.68	—	6,510.99	1,888.53	1,888.53	4,622.46	4,625.16
Plant & Machinery	33,941.20	271.44	—	34,212.63	17,444.90	17,444.90	16,767.73	17,942.10
Furniture & Fixtures	291.78	84.80	—	376.58	248.37	248.37	128.21	106.11
Factory & Office								
Equipments	372.91	100.84	0.59	473.15	284.02	284.02	189.13	116.42
Vehicles #	197.78	8.66	5.56	200.88	129.30	129.30	71.58	78.01
b) At revalued cost								
Land - Freehold	817.46	—	—	817.46	—	—	817.46	817.46
Land - Leasehold	774.72	—	—	774.72	12.52	12.52	762.20	765.78
Buildings	2,029.93	—	—	2,029.93	178.24	178.24	1,851.69	1,912.69
Plant & Machinery	14,749.75	—	—	14,749.75	3,854.38	3,854.38	10,895.37	12,102.50
Factory & Office								
Equipments	13.63	—	—	13.63	3.41	3.41	10.23	12.50
<b>INTANGIBLE:</b>								
Goodwill	71.84	—	—	71.84	—	—	71.84	71.84
Software	—	32.38	—	32.38	3.24	3.24	29.14	—
<b>TOTAL</b>	<b>59,881.16</b>	<b>690.79</b>	<b>6.15</b>	<b>60,565.80</b>	<b>24,055.83</b>	<b>24,055.83</b>	<b>36,509.97</b>	<b>38,844.02</b>
Previous Year	59,870.29	258.48	247.62	59,881.16	21,037.14	21,037.14		

**Includes**

- a) \* (i) 10 shares of ₹ 50/- each of Arcadia Premises Co-operative Society Ltd.
- b) # One vehicle costing ₹ 38.45 lacs, is in the name of the Managing Director as a nominee of the Company.
- c) The holding company revalued its land, buildings and plant & machinery (except for electronics division and 2 D.G. sets of spinning division) as on 01-10-2008 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by ₹ 15,092.28 lac, increase in depreciation upto 31-03-2012 on revaluation by ₹ 3,500.17 lac and thereby net revaluation reserve as at 31-03-2012 is ₹ 11,592.11 lac.
- d) Revaluation of 2 D.G. sets of spinning division of the holding company was carried out on 01-04-2009 by an approved valuer. The revaluation resulted in a gross increase in the value of assets over their original cost by ₹ 1,238.07 lac. increase in depreciation up to 31-03-2012 on revaluation by ₹ 309.40 lac and thereby net revaluation reserve as at 31-03-2012 is ₹ 928.67 lac.
- e) The Indian subsidiary company revalued its land, building and plant & machinery as on 01-04-2009 based on the valuation made by an approved valuer. Accordingly, the original cost of such assets resulted in gross increase in the value of assets over their original cost by ₹ 2,055.14 lac, increase in depreciation upto 31-03-2012 on revaluation by ₹ 238.97 lac and thereby net revaluation reserve as at 31-03-2012 is ₹ 1,816.17 lac.

**11. CAPITAL WORK IN PROGRESS**

Capital work in progress does not include capital advances ₹ 61.61 lac (previous period ₹ 13.15 lac).

# Notes to the Consolidated Balance Sheet

as at 31st March, 2012

## 12. NON CURRENT INVESTMENTS

Particulars		No. of Shares		[₹ in lac]	
		As at 31-03-2012	As at 31-03-2011	As at 31-03-2012	As at 31-03-2011
<b>- Quoted</b>					
<b>Trade Investments - Long Term</b>					
<b>Others</b>					
<b>In Fully paid up Equity Shares of ₹ 10 each</b>					
Margo Finance Limited		154902	209902	15.49	20.99
Less : Provision for Diminution				8.49	14.34
<b>Sub Total</b>				<b>7.00</b>	<b>6.65</b>
<b>-Unquoted</b>					
<b>Non-Trade Investments - Long Term</b>					
<b>Others</b>					
Indo Count Textile Ventures Pvt. Ltd.		100	100	0.01	0.01
Shiva Services Limited		10000	10000	1.00	1.00
Shri Datta Nagari Sahakari Pat Sanstha Ltd.		1050	1050	0.11	0.11
Choudeshwari Co-op Bank Ltd.		200	200	0.05	0.05
Less : Provision for Diminution				1.00	1.00
<b>Sub Total</b>				<b>0.17</b>	<b>0.17</b>
<b>Total</b>		<b>A+B</b>		<b>7.17</b>	<b>6.82</b>
<b>Aggregate value of</b>					
- Quoted Investments				7.00	6.65
- Unquoted Investments				0.17	0.17
<b>Market value of Quoted Investments</b>				<b>7.00</b>	<b>6.65</b>

## 13. DEFERRED TAX ASSETS

As required under Accounting Standard (AS) 22, 'Accounting for taxes on income' issued by the Institute of Chartered Accounts of India, the Company is required to account for deferred taxation while preparing its accounts. The details of deferred tax assets / liabilities are as under:

Particulars		[₹ in lac]				
		As at 31-03-2010	Tax effect for the period	As at 31-03-2011	Tax effect for the period	As at 31-03-2012
<b>Deferred Tax liability</b>						
Fixed Assets		(3,793.93)	110.50	(3,683.43)	44.93	(3,638.50)
		(3,793.93)	110.50	(3,683.43)	44.93	(3,638.50)
<b>Deferred Tax Assets</b>						
Loss		6,946.13	(854.00)	6,092.13	(19.24)	6,072.89
Others		66.40	63.88	130.28	79.18	209.46
		7,012.53	(790.12)	6,222.41	59.94	6,282.35
<b>Net Deferred Tax Assets/(Liability)</b>		<b>A-B</b>		<b>2,538.98</b>	<b>104.87</b>	<b>2,643.85</b>



**14. LONG TERM LOANS & ADVANCES**

Particulars		[₹ in lac]	
		As at 31-03-2012	As at 31-03-2011
<b>(Unsecured-considered good)</b>			
Capital Advances		61.61	13.15
Security Deposits to Others		150.98	135.45
<b>Sub-total</b>	<b>A</b>	<b>212.59</b>	<b>148.60</b>
<b>(Unsecured-considered doubtful)</b>			
Others (considered doubtful)		35.13	35.13
Less : Provision for doubtful advances		35.13	35.13
<b>Sub-total</b>	<b>B</b>	<b>—</b>	<b>—</b>
<b>Total</b>	<b>A+B</b>	<b>212.59</b>	<b>148.60</b>

**15. INVENTORIES**

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Stores & Spares *	1,338.40	817.07
Raw Materials **	3,590.53	4,140.44
Dyes and Chemicals ***	388.07	254.84
Waste	38.74	110.15
Work in Progress	6,630.27	5,191.18
Finished Goods	2,818.82	2,763.67
<b>Total</b>	<b>14,804.83</b>	<b>13,277.35</b>

\* includes goods in transit ₹ 14.89 lac (previous year ₹ 36.25 lac)

\*\* includes goods in transit ₹ 328.69 lac (previous year ₹ 402.29 lac)

\*\*\* includes goods in transit ₹ 2.25 lac (previous year ₹ 13.36 lac)

**16. TRADE RECEIVABLES**

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Exceeding Six Months	93.10	34.69
Less : Provision for doubtful debts	35.62	18.60
<b>Sub - Total</b>	<b>57.48</b>	<b>16.09</b>
Others	5,798.47	5,630.79
<b>Total</b>	<b>5,855.95</b>	<b>5,646.88</b>

**17. CASH & CASH EQUIVALENTS**

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Cash on hand	8.72	7.30
<b>Balances with Banks</b>		
In Current Accounts *	548.74	1,370.89
Held as margin / Fixed deposits **	156.64	151.11
<b>Total</b>	<b>714.10</b>	<b>1,529.30</b>

# Notes to the Consolidated Balance Sheet

as at 31st March, 2012

\* Includes balance in current account with The Kolhapur Urban Co-operative Bank Ltd. ₹ 4.82 lac ( previous year ₹ 0.88 lac) maximum amount outstanding anytime during the year ₹ 5.49 lac (previous year ₹ 4.06 lac) and The Shamrao Vittal Co-operative Bank ₹ 2.83 lac (previous year ₹ 2.08 lac), maximum amount outstanding anytime during the year ₹ 3.63 lac, (previous year ₹ 3.95 lac)

\*\* Includes receipts for ₹ 0.01 lac ( previous year ₹ 0.01 lac ) lodged with Sales Tax Department

## 18. SHORT TERM LOANS & ADVANCES

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Advance Income Tax (including tax deducted at source)	282.05	439.05
Loan to related parties	0.78	5,035
Others ( considered good)	4,778.44	4,044.73
<b>Total</b>	<b>5,061.27</b>	<b>4,483.83</b>

## 19. OTHER CURRENT ASSETS (Unsecured-considered good)

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
Mat Credit entitlement	148.35	148.35
Export Incentives / Claims recoverable	1,846.30	2,071.17
Interest accrued on Loans & Deposits	0.49	1.26
<b>Total</b>	<b>1,995.14</b>	<b>2,220.78</b>

## 20. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)

### ( a ) Contingent Liabilities

Particulars	[₹ in lac]	
	As at 31-03-2012	As at 31-03-2011
i) Amount outstanding in respect of export bills discounted under Export Letters of Credit ( Since realised ₹ 3,152 lac, previous year ₹ 2,901.56 lac)	3,328.23	4,103.98
ii) Bank Guarantees *	701.16	673.92
iii) Claims against the company not acknowledged as debts	12.38	11.10
iv) Income Tax / Custom duty demands disputed in appeals	—	21.13
v) Corporate guarantee given to a bank for securing financial assistance to subsidiary company	200.00	100.00

\* The Company has given bank guarantee for ₹ 4.11 lac to DGFT on behalf of Pranavaditya Spinning Mills Limited, subsidiary company for duty free import of machines.

(b) In terms of EPCG Licence issued, the company has undertaken an export obligation for ₹ 30,510.02 lac, which is to be fulfilled over a period of 8 years. The company has completed the obligation to the extent of ₹ 26,857.99 lac and necessary application for redemption of license is being made to DGFT.





(c) In terms of advance license obtained for import of raw cotton the company has undertaken an export obligation for ₹ 1,702.62 lac which is to be fulfilled over a period of 2 years. The company has completed the obligation to the extent of ₹ 1,669.33 lac

(d) Under the package scheme of incentives of Government of Maharashtra for Mega Projects, the company is eligible for VAT and Electricity duty refund benefits for its home textiles and consumer durable goods divisions. However, if it contravenes any of the conditions of the scheme or eligibility certificate or certificate of entitlement or agreement, it shall repay forthwith the entire benefits drawn / availed along with interest thereon together with costs, charges and expenses thereon

**(e) Commitments**

Particulars	[₹ in lac]	
	As at 31.03.2012	As at 31.03.2011
a) Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	519.21	—
b) Letter of credits opened for which the material has not yet been shipped	619.48	320.57

**21. REVENUE FROM OPERATIONS**

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Gross Sales of Products	77,108.16	69,548.66
Less: Excise Duty	2,744.49	1,867.03
Net Sales	<b>74,363.67</b>	67,681.63
Sale of Services *	278.60	190.07
Export Incentives / Benefits	3,329.01	2,946.34
<b>Revenue from Operations</b>	<b>77,971.28</b>	70,818.04

\* Includes tax deducted at source ₹ 167,016 (previous year ₹. 379,362)

**22. OTHER INCOME**

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Interest Banks *	11.53	9.78
Interest Others **	22.06	10.12
VAT Refund	2,573.52	1,837.67
Miscellaneous Receipts and Incomes	8.07	109.58
Insurance claim received	—	12.53
Provision for diminution in value of investments/written back	—	2.25
Exchange rate difference	10.16	423.08
Profit on sale of fixed assets	—	11.66
Rent received	0.48	0.48
Previous year's income	6.69	2.15
Interest Short / Excess Paid	—	27.75
Sundry balances / Excess provision written back (Net)	33.58	20.47
Liability no longer payable	76.29	35.20
<b>Total</b>	<b>2,742.38</b>	2,502.72

# Notes to the Consolidated Balance Sheet

as at 31st March, 2012

\* Includes tax deducted at source ₹ 1.08 lac ( previous year ₹ 1.37 lac)

\*\* Includes tax deducted at source ₹ 0.89 lac ( previous year ₹ 1.53 lac)

## Operating Lease:

### In respect of the Parent Company:

- The company has entered into lease arrangements , for renting specified machinery at a rent of ₹ 2.23 lac per month for a period of 120 months and are renewable at the option of the lessee after the end of the term.
- Disclosure in respect of assets given on operating lease:

Particulars	[₹ in lac]	
	2011-12	2010-11
Gross Carrying amount of assets	310.57	227.12
Accumulated Depreciation	229.12	203.70
Depreciation for the year	10.86	22.56

## 23. COST OF MATERIALS CONSUMED

Particulars	[₹ in lac]	
	For the period 01-04.2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
<b>Raw material &amp; Components consumed</b>		
Opening Stock	3,738.14	1,148.28
Add : Purchases	54,096.91	52,046.55
	<b>57,835.05</b>	53,194.83
Less : Closing Stock	3,261.84	3,738.14
<b>Cost of Sales</b>	<b>54,573.21</b>	49,456.69

## 24. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
<b>Closing Stock</b>		
Finished Goods	2,818.82	2,763.67
Stock in Process	6,630.27	5,191.18
Waste	38.74	110.15
<b>Sub - total</b>	<b>9,487.83</b>	8,065.00
<b>Less : Opening Stock</b>		
Finished Goods	2,763.67	2,658.82
Stock in Process	5,191.18	3,652.94
Waste	110.15	37.11
<b>Sub - total</b>	<b>8,065.00</b>	6,348.87
<b>(Increase)/ Decrease in Stock</b>	<b>A-B</b>	<b>(1,422.83)</b>



**25. EMPLOYEE BENEFITS EXPENSE**

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Salaries & Wages	3,553.15	3,115.74
Director's Remuneration *	118.61	62.66
Contribution to Provident & Other Funds	219.40	192.74
Gratuity	111.32	82.19
Staff Welfare Expenses	74.35	56.77
Recruitment & Training expenses	10.35	11.28
<b>Total</b>	<b>4,087.18</b>	<b>3,521.38</b>

\* Includes a sum of ₹ 96.54 lac paid to Managing Director and Executive Director as per sanction of shareholders. It exceeds by ₹ 48.54 lac as per Schedule XIII of Companies Act, 1956 due to inadequacy of profit. The company is being in the process of applying to Company Law Board / shareholders for approval of the excess remuneration paid .

**EMPLOYEE POST RETIREMENT BENEFITS**

Particulars	[₹ in lac]			
	For the period 01-04-2011 to 31-03-2012		For the period 01-04-2010 to 31-03-2011	
<b>During the year, the following contribution have been made under defined contribution plans:-</b>				
Employer's Contribution to Provident Fund	100.56		110.19	
Employer's Contribution to Employees Pension Scheme	89.87		56.74	
Employer's Contribution to Employees State Insurance	2.52		2.56	
<b>Defined Benefit Plans</b>	<b>Gratuity</b>	<b>Leave Benefit</b>	<b>Gratuity</b>	<b>Leave Benefit</b>
<b>i) Assumptions</b>				
Discount Rate	8%	8%	8%	8%
Salary Escalation	4%	4%	4%	4%
<b>ii) Table showing changes in present value of obligations</b>				
Present value of obligation as at beginning of the year	423.25	77.23	338.66	81.58
Interest cost	33.86	6.18	27.09	6.56
Current Service Cost	44.82	18.34	35.16	18.26
Benefits Paid	(16.44)	(3.88)	(9.26)	(5.99)
Actuarial (gain)/loss on obligation	36.80	28.94	31.59	(30.34)
Present value of obligations as at end of year	522.29	126.81	423.25	70.09
<b>iii) Table showing changes in the present value of planned assets</b>				
Fair value of plan assets at the beginning of year	154.81	49.09	142.68	44.90
Expected return on plan assets	18.25	5.07	13.35	4.31
Contributions	93.84	13.11	8.06	5.78
Benefits paid	(16.44)	(3.88)	(9.26)	(5.90)
Actuarial gain / (Loss) on plan assets	--	--	--	0.04
Fair value of plan assets at the end of year	250.46	63.43	154.84	49.14
<b>iv) Table showing fair value of planned assets</b>				
Fair value of plan assets at the beginning of year	154.81	49.09	142.68	44.90
Actual return on plan assets	18.25	5.07	13.35	4.31
Contributions	93.84	13.14	8.03	5.78

# Notes to the Consolidated Balance Sheet

as at 31st March, 2012

Benefits paid	(16.44)	(3.88)	(9.26)	(5.90)
Actuarial (gain)/loss on plan asset	—	—	—	0.04
Fair value of plan assets at the end of year	250.46	63.43	154.81	49.14
Funded status	(271.83)	(63.38)	(268.44)	(20.96)
<b>v) Actuarial Gain / Loss recognized</b>				
Actuarial (gain) / Loss for the year – obligation	(36.80)	(28.94)	31.59	(30.34)
Actuarial (gain)/Loss for the year – plan assets	—	—	—	0.04
Total (gain) / Loss for the year	(36.80)	(28.94)	31.59	(30.29)
Actuarial (gain / Loss recognized in the year	(36.80)	(28.94)	31.59	(30.29)
<b>vi) The amounts to be recognized in the balance sheet and statements of Profit &amp; loss</b>				
Present value of obligations as at the end of year	522.29	126.81	423.25	70.09
Fair value of plan assets as at the end of the year	250.46	63.43	154.81	49.14
Funded status	(271.83)	(63.38)	(268.44)	(20.96)
Net Asset / (Liability) recognized in balance sheet	271.83	63.38	268.44	20.96
<b>vii) Expenses recognized in statement of Profit &amp; Loss</b>				
Current services cost	44.82	18.34	35.16	18.26
Interest cost	33.86	6.18	27.09	6.56
Expected return on plan assets	(18.25)	(5.07)	(13.35)	(4.31)
Net Actuarial (gain)/Loss recognized in the year	42.01	47.78	31.59	(30.37)
Expenses recognized in statement of P&L	102.45	67.23	80.49	(9.86)

The Estimates of rate of future salary increase takes account inflation, seniority, promotion and other relevant factors on long term basis.

The discount rate is generally based upon the market yields available on Government bonds at the accounting date with a term that matches that of liability.

## 26. FINANCE COSTS

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
<b>Interest Expense</b>		
-On Debentures	278.10	302.10
-On Term Loans	946.25	1,136.57
-On Working Capital Term Loans	265.73	300.11
-Others	1,487.50	848.96
Bank Charges	461.94	449.72
Finance procurement charges	79.05	26.55
<b>Total</b>	<b>3,518.57</b>	3,064.01

## 27. DEPRECIATION & AMORTISATION EXPENSE

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Depreciation	3,024.00	3,167.64
Less : Transfer to Revaluation Reserve	1,164.33	1,211.14
<b>Total</b>	<b>1,859.67</b>	1,956.50



**28. OTHER EXPENSES**

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
Consumption of Stores/Dyes and Packing Materials	4,778.68	5,210.20
Jobwork Charges	1,773.53	1,360.89
Power & Fuel	4,774.35	4,389.52
Rent ( a)	161.09	77.04
Rates, Taxes & Fees	33.84	28.44
Insurance	241.49	201.20
Repairs to Machinery	151.19	139.78
Repairs to Buildings	13.21	28.96
Commission & Brokerage	1,085.63	1,233.32
Miscellaneous expenses (b)	3,488.48	2,119.79
<b>Total</b>	<b>16,501.49</b>	<b>14,789.14</b>

- (a) Including operating lease  
(i) In respect of the Parent Company:

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
A) The total of future minimum lease payments under non-cancelable operating leases for each of the following years:		
i) Not latter than one year	—	—
ii) Later than one year and not later than five years,	105.48	81.04
iii) Later than five years,	—	—
B) The total of future minimum sub-lease payments expected to be received under non cancelable sub leases at the balance sheet date,	—	—
C) Lease payments recognized in the statement of profit & loss	66.28	39.28

- (ii) In respect of the Subsidiary Company:

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
A) The total of future minimum lease payments under non-cancelable operating leases for each of the following years:		
i) Not latter than one year	—	—
ii) Later than one year and not later than five years,	187.50	110.78
iii) Later than five years,	—	—
B) The total of future minimum sub-lease payments expected to be received under non cancelable sub leases at the balance sheet date,	—	—
C) Lease payments recognized in the statement of profit & loss	22.97	18.65

# Schedules to the Consolidated Balance Sheet

as at 31st March, 2012

(b) Includes payment to auditors

## Details of Auditors remuneration

Particulars	[₹ in lac]	
	For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
As Statutory Audit Fees	6.70	4.00
As Quarterly Audit / Limited Review Fees	5.65	3.00
As Tax Audit Fees	2.05	1.40
For Tax Representations	0.55	0.50
For Certification Work	0.02	0.12
In Other Capacity	0.70	0.58
For Reimbursement of Expenses	1.24	0.66
<b>Total</b>	<b>16.91</b>	<b>10.26</b>

## 29. FORWARD CONTRACTS

- a) The company has outstanding foreign currency related derivative contracts in the form of options for helping its business related exposure which are not speculative in nature. The contracts have long dated tenor with multiple contingent / uncertain events. As such ascertainment of fair value of these contracts is not feasible. However, banks estimate the total mark to market (MTM) of all outstanding contracts at approx. ₹ 2,409 lac as at 31-03-2012, ( previous year ₹ 607 lac). The management is of the opinion that the determination and crystallisation of liability is dependant upon the outcome of uncertain future events or actions, not wholly within the control of the company. As adoption of AS-30 is presently not mandatory, the estimated MTM loss of ₹ 2,409 lac for the year ended 31-03-2012 (previous year ₹ 607 lac) has not been provided.
- b) Outstanding derivatives instruments as at 31-03-2012 entered by the Company :-

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in Lac)	Buy/Sell
US \$/INR	3	US \$ 8 Mn	3,240	Sell
Previous Year (US \$ / INR)	(3)	(US \$ 19 Mn)	(7,695)	(Sell)

- c) Foreign currency exposures recognised by the Company that have not been hedged by a derivative instrument or otherwise as at 31-03-2012 are as under :-

Currency	Number of Contracts	Amount in Foreign Currency	Amount (₹ in Lac)	Buy/Sell
US \$/INR	112	US \$ 53.20 Mn	26,444	Sell
Previous Year (US \$ / INR)	(85)	(US \$ 36.50 Mn)	(17,193)	(Sell)


**30. Segment data :-**
**A. Primary segment**

[₹ in lac]

Particulars	Textiles (including Yarn, Fabrics & Home Textiles)	Electronic / Consumer Durable Goods	Total
Segment revenue	61,575.82	16,395.46	77,971.28
	(59,148.06)	(11,669.98)	(70,818.04)
Other income	167.95	2,574.42	2,742.37
	(668.88)	(1,833.83)	(2,502.71)
Total income	61,743.77	18,969.89	80,713.66
	(59,816.94)	(13,503.82)	73,320.76
Operating profit	5,436.94	865.15	6,302.09
	(4,601.09)	(670.47)	(5,271.56)
Financial costs	3,510.51	8.06	3,518.57
	(3,057.10)	(6.91)	(3,064.01)
Taxes	(79.73)	—	(79.73)
	(681.42)	(-)	(681.42)
Net profit	(1,056.64)	838.47	(218.17)
	(-1,700.77)	(644.87)	1,055.89
Segment Assets	63,689.84	3,637.18	67,327.04
	(65,444.00)	(3,464.68)	(68,908.68)
Segment Liabilities	31,669.24	1,066.70	32,735.94
	(67,154.65)	(1,754.03)	(68,908.68)
Capital employed	18,647.51	2,570.49	21,218.00
	(23,244.50)	(1,732.02)	(24,976.52)
Capital expenditure	963.85	—	963.85
	(362.94)	(21.37)	(384.31)
Depreciation	1,841.05	18.62	1,859.67
	(1,937.81)	(18.69)	(1,956.50)
Exceptional Items	1,234.90	—	1,234.90
	(460.12)	(-)	(460.12)
NonCash expenditure	14,336.95	—	14,336.95
	(15,501.28)	(-)	(15,501.26)

**B. Secondary Segment – Geographical -**

The company's operating facilities are located in India

Particulars	[₹ in lac]	
	Current Year	Previous Year
Domestic revenues	22,808.60	23,918.30
Export revenues	55,162.68	46,899.74
<b>Total</b>	<b>77,971.28</b>	<b>70,818.04</b>

# Schedules to the Consolidated Balance Sheet

as at 31st March, 2012

## 32. EARNING PER SHARE (EPS)

Particulars		For the period 01-04-2011 to 31-03-2012	For the period 01-04-2010 to 31-03-2011
<b>Basic Earnings Per Share</b>			
Profit after tax as per profit & loss account [₹ in lac]	A	(218.17)	1,055.89
Number of equity shares	B	35481634	34816794
<b>Basic / dilutive earning Per Share [₹]</b>	<b>(A/B)</b>	<b>(0.61)</b>	<b>3.03</b>

32. Figures for the previous year have been regrouped / rearranged wherever considered necessary.

33. In the opinion of the management, the current assets, loans and advances are expected to realise atleast the amount at which they are stated, if realised in the ordinary course of business and provision for all known liabilities has been adequately made in the accounts.

34. Figures have been rounded off to the nearest rupees in lac.

See accompanying notes to the financial statements

As per our report of even date annexed

For B. K. Shroff & Co.,  
Chartered Accountants  
Reg. No. 302166E

O. P. Shroff  
Partner  
Membership No. 6329

Place : Mumbai  
Date : 25th May, 2012

Anil Kumar Jain  
Chairman & Managing Director  
Din No. 00086106

R. Sundaram  
Company Secretary

R. N. Gupta  
Joint Managing Director  
Din No. 00865491



# INDO COUNT INDUSTRIES LIMITED

REGD.OFFICE : Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra

## PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
being a member/member(s) of the above named Company hereby appoint Mr./Miss/Mrs. \_\_\_\_\_  
\_\_\_\_\_ of \_\_\_\_\_ in the district  
of \_\_\_\_\_ or failing him/her \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_  
as my/our proxy to vote for me/us on my/our behalf at the **23<sup>rd</sup> ANNUAL GENERAL MEETING** of the Company to be held at  
Village Alte, Taluka Hatkanangale, Dist. Kolhapur 416109, Maharashtra, on **Saturday, the 25<sup>th</sup> August, 2012 at 12.00 Noon**  
Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

DP ID * / Folio No.	
<b>Client ID *</b>	

<b>No. of Shares</b>	
----------------------	--

**Address :** .....  
.....  
.....

**Signature (s)** .....

Affix a  
Re. 1/-  
Revenue  
Stamp

**NOTE :** The Proxy Form duly completed, stamped and signed must be deposited at the Registered Office of the Company not less than Forty Eight hours before the time of holding the meeting.

# INDO COUNT INDUSTRIES LIMITED

REGD.OFFICE : Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra

## ATTENDANCE SLIP

DP ID * / Folio No.	
<b>Client ID *</b>	

<b>No. of Shares</b>	
----------------------	--

I, hereby, record my presence at the **23<sup>rd</sup> ANNUAL GENERAL MEETING** of the Company being held at the Registered Office of the Company at Village Alte, Taluka Hatkanangale, Dist. Kolhapur - 416109, Maharashtra on **Saturday, the 25<sup>th</sup> August, 2012 at 12.00 Noon**

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

Name and address of the Shareholder/Proxy

.....  
.....  
.....

.....  
Signature of Shareholder/Proxy

**NOTE :** 1. Please complete this attendance slip and hand it over at the entrance of the venue of the meeting.  
2. Please bring your copy of Annual Report at the time of Annual General Meeting.

BOOK - POST



If undelivered, please return to:

**Indo Count Industries Ltd.**

301 'Arcadia', Nariman Point, Mumbai - 400021. India.

Tel : 91 (22) 43419500

Fax : 91 (22) 2282 3098, 22041028

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