

**23rd  
Annual Report  
2011 - 2012**

HI-FASHION  
  
SUITINGS

## HYTONE TEXTYLES LIMITED

### NOTICE

Notice is hereby given that the 23rd Annual General Meeting of the Company will be held on Saturday, the 30th March, 2013 at 10.00 a.m. at the Registered office of the Company at Plot No. 70, TTC ( MIDC ) Industrial Area , Textile Processing Zone, Maphe Village , Navi Mumbai - 400 709 to transact the following business.

#### ORDINARY BUSINESS :

1. To receive, consider and adopt audited Balance Sheet as at 30th September, 2012, Profit and Loss Account for the period 1st October, 2011 to 30th September, 2012 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Deepak C. Shah, who retires by rotation, and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Dilip M. Khona, who retires by rotation, and being eligible offers himself for re-appointment.
4. To appoint auditors and fix their remuneration.

By Order of the Board

**For HYTONE TEXTYLES LIMITED**

**Amrut T. Shah**

Chairman & Managing Director

Place: Navi Mumbai

Date : 1st March, 2013.

#### Registered Office :

Plot No. 70, TTC ( MIDC ) Industrial Area ,  
Textile Processing Zone, Mahape Village,  
Navi Mumbai - 400 709.

#### 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 AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.
2. Members who hold shares in dematerialised form are requested to bring their DP ID and Client ID numbers for easy identification of attendance at the meeting.
3. Members desirous of getting any information about the accounts of the Company are requested to send their queries so as to reach at least ten days before the meeting at the company's Registered office at Plot No. 70, TTC ( MIDC ) Industrial Area, Textile Processing Zone, Mahape

Village, Navi Mumbai - 400 709.

4. Members are requested to notify immediately any change in their address ( with Pincode), if any, quoting their Folio No.(s) to the Company. In case your mailing address mentioned on this Annual Report is without Pincode, then you are requested to kindly inform your Pincode immediately.
5. Members are requested to bring their copy of the Annual Report to the Annual General Meeting.
6. The Members/Proxies should bring the attendance slip duly filled in for attending the meeting.
7. The common agency for the purpose of transfer of shares in both forms is M/s Link Intime India Pvt Ltd. C- 13 Pannalal Industrial Estate, Bhandup (W) Mumbai - 400 078.
8. The Company's share capital had been dematerialised under ISIN "INE 926D01012" with NSDL and CDSL. Shareholder who have not dematerialised their shares may opt the same accordingly.
9. The Register of members and the Share Transfer Books of the Company were closed from 26/03/2013 to 30/03/2013 (both days inclusive).
10. Information required pursuant to the Clause 49(VI) of the Listing Agreement is annexed herewith and forming part of the Notice.

By Order of the Board

**For HYTONE TEXTYLES LIMITED**

**Amrut T. Shah**

Chairman & Managing Director

Place : Navi Mumbai

Date : 1st March, 2013.

#### Registered Office :

Plot No. 70, TTC ( MIDC ) Industrial Area ,  
Textile Processing Zone, Mahape Village,  
Navi Mumbai - 400 709.



## DIRECTORS' REPORT

### TO THE MEMBERS

The Directors present their 23rd Annual Report of the Company along with audited statements of Accounts for the Period 1<sup>st</sup> October, 2011 to 30<sup>th</sup> September, 2012. The summarised financial results are given below.

### SUMMARISED FINANCIAL RESULTS:

#### FINANCIAL HIGHLIGHTS

	For the year 1.10.2011 to 30.9.2012 (Rs. in Lacs)	Year ended 30.09.2011 (Rs. in lacs)
Revenue from Operations	196.88	135.44
Other Income	1.63	1.00
Total Revenue	198.51	136.45
Less : Expenditure	97.90	93.02
Provision for Depreciation	20.91	22.15
Profit before Taxation	7.97	3.09
Less : Tax Expenses	--	--
Current Tax		
Short/(Excess) Provision for Tax of earlier year(s)	(0.51)	0.59
Profit after Tax	80.20	30.37

#### DIVIDEND

In view of inadequate profit, the Directors are unable to recommend any dividend.

#### Operations:

The Company is seeking business opportunities on a regular basis and will endeavour to take steps to revive the business subject to market conditions. In the meantime Company earned its income by way of rental income.

#### Fixed Deposits:

Your Company has not accepted any deposit within the meaning of Section 58A of the Companies Act, 1956, and the rules made there under.

#### Corporate Governance:

A separate report on Corporate Governance is furnished along with this report and a certificate from Auditors of the Company regarding compliance of conditions of corporate governance as stipulated under clause 49 of the listing agreement is attached to this report.

#### Directors:

In accordance with the provisions of the Companies Act, 1956, and the Articles of Association of the Company, Mr. Deepak C. Shah and Mr. Dilip M. Khona shall retire by rotation at the ensuing Annual General Meeting and, being eligible, offered themselves for reappointment.

#### Auditors:

Mr. Mulraj D Gala, Chartered Accountant, retire at the ensuing Annual General Meeting of the Company and being eligible, have offered himself for re-appointment. The Audit Committee and Board of Directors recommend the re-appointment of Mr. Mulraj D Gala, Chartered Accountant as Statutory Auditors of the Company.

#### Auditor's Report:

The Auditor's Report to the Shareholders is self explanatory.

#### Directors Responsibility Statement

The Board of Director of the Company confirms that:

- in preparation of the annual accounts, the applicable accounting standards have been followed. There are no material departures from the applicable accounting standards.
- Appropriate accounting policies have been selected and applied Consistently, and have made judgements and estimates that are Reasonable and prudent so as to give true and fair view of the State of affair of the Company for the year ended 1<sup>st</sup> October, 2011 to 30<sup>th</sup> September, 2012.



## HYTONE TEXTYLES LIMITED

iii. Proper and sufficient care has been taken for the maintenance of adequate accounting record in accordance with the Provisions of Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and Other irregularities; and

iv. The annual accounts have been prepared on a "going concern" basis Particulars of Employees:

### Particulars of Employees:

There were no employees drawing salary in excess of limits specified under section 217(2A) of the Companies Act, 1956 read with Companies (particulars of employees) Rules, 1975.

### Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:

The Company has ceased to carry on any manufacturing activity. As such there is nothing further to report on Conservation of Energy and Technology Absorption.

Total Foreign Exchange used : **Rs. NIL**

(Rs. NIL)

Earned : **Rs. NIL**

(Rs. NIL)

### Management Discussion and Analyses:

Pursuant to clause-49 of the Listing Agreement with the Bombay Stock Exchange Limited, the Management Discussion and Analysis (MDA) is required to be annexed to this report. There is nothing to mention in this report as the company has disposed off its assets of its plant and machinery pertaining to the Textile Division.

### Acknowledgement:

Your Directors place on record their deep sense of appreciation of the dedication of the Company's employees at all levels and are confident they will maintain their commitment to excellence in the coming years.

Your Directors also express their deep appreciation of the support received from the Government and other Regulatory authorities.

Your Directors also thank you, our valued shareholders, the Financial Institution, Banks, Dealers, Agents and customers for their continued trust in the Company and its management.

For and on behalf of the Board

Place : Navi Mumbai  
Date : 1st March, 2013

**Amrut T. Shah**  
Chairman & Managing Director



## CORPORATE GOVERNANCE REPORT

### 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Your Company believes that good Corporate Governance practices are a continuous process and are essential for long term Corporate Goals. The Board of Directors of the Company strives to lay great emphasis on the broad principles of Corporate Governance.

### 2. BOARD OF DIRECTORS :

#### a) Composition of the Board

The Composition of the Board of Directors of the Company as on 30th September, 2012 consist of 2 Promoter, Executive Directors and 3 Independent, Non Executive Directors are as under:

Name of the Director	Category
Mr. Amrut T. Shah	Chairman and Managing Director
Mr. Praful K. Dedhia	Executive Director
Mr. Sanjay K. Gala	Independent Non-Executive Director
Mr. Deepak C. Shah	Independent Non-Executive Director
Mr. Mr. Dilip M. Khona	Independent Non-Executive Director

The Composition of the Board of Directors of the Company is in conformity with clause 49 of the listing agreement entered into with the stock exchanges.

#### b) Board Meetings:

The Board of Directors met 8 times during the period from 1<sup>st</sup> October, 2011 to 30<sup>th</sup> September, 2012 on the following dates:

30th October, 2011	14th December, 2011	31st January, 2012	1st March, 2012
30th April, 2012	15th June, 2012	26th July, 2012	31st July, 2012

#### c) Attendance of Directors

Name of the Directors	Category	Board Meeting Attended	Last AGM	Other Director-ship	Committee Membership	Committee Chairmanship
Mr. Amrut T. Shah	Promoter Executive	8	Yes	-	Yes	-
Mr. Praful K. Dedhia	Promoter Executive	8	Yes	-	No	-
Mr. Sanjay K. Gala	Independent Non-Executive	8	Yes	-	3	1
Mr. Deepak C. Shah	Independent Non-Executive	8	Yes	-	No	--
Mr. Dilip M. Khona	Independent Non-Executive	8	Yes	-	3	2

The Board of Directors of the Company has optimum combination of executive and independent directors with more than half of the number of directors being non-executive independent directors.



## HYTONE TEXTSTYLES LIMITED

### 3. COMMITTEE OF THE BOARD

#### a. AUDIT COMMITTEE

The Board of Directors of the Company had an Audit Committee. The Committee at present comprises two independent, Non-Executive Directors i.e. Mr. Sanjay K. Gala and Mr. Dilip M. Khona and one Executive Director i.e. Mr. Amrut T. Shah. Mr. Sanjay K. Gala is the Chairman of the Committee. The terms of reference of the Audit Committee are in line with clause 49 II (C) & (D) of the Stock Exchange Listing Agreement and Section 292A of the Companies Act, 1956. The Committee acts as a link between the Management, Auditors and the Board of Directors of the Company and has full access to financial information.

*The company does not have any Company Secretary, as such compliance regarding 'Company Secretary acting as the Secretary to the committee' has not been complied.*

#### Dates of Audit Committee Meetings :

During the financial year Four meetings were held i.e. on:

30th October, 2011	31st January, 2012	30th April, 2012	31st July, 2012
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#### Attendance in Audit Committee Meetings:

Name of the Director	No of Meetings Held	No. of Meeting Attended
Mr. Amrut T. Shah	4	4
Mr. Sanjay K. Gala	4	4
Mr. Dilip M. Khona	4	4

The representatives of Statutory Auditors were present for the meeting. The Chairman & Managing/Wholetime director also attended the meetings.

#### b. REMUNERATION COMMITTEE:

The remuneration committee review the overall compensation policy, service agreements and other employment conditions of Managing/Whole time Directors.

The remuneration committee consists of two Independent Directors. This committee comprises of the following:

1. Shri Amrut T. Shah
2. Shri Sanjay K. Gala
3. Shri Dilip M. Khona

No meeting of the Remuneration Committee was held during the year under review.

### 4. REMUNERATION OF THE DIRECTORS

Details of payments made to directors during the period from 1st October, 2010 to 30th September, 2011 are given belows :-

Director	Sitting Fees (Rs.)	Salary and Perquisites (Rs.)	Total (Rs.)
Mr. Amrut T. Shah*	Nil	5,71,800	5,71,800
Mr. Praful K. Dedhia*	Nil	5,71,800	5,71,800
Mr. Sanjay K. Gala	Nil	Nil	Nil
Mr. Dilip M. Khona	Nil	Nil	Nil
Mr. Deepak C. Shah	Nil	Nil	Nil



\*The remuneration paid to the wholetime Directors are subject to the approval of the Department of Company Affairs, New Delhi . In terms of schedules for the No Objection certificate from the Financial Institution is required and the same is expected on restructuring of debts as per debts restructuring policy announced by the Government, for which the Company's application is under process. The Company has obtained an undertaking from the directors that in case the remuneration is not approved, the excess amount, if any, will be refunded back to the Company.

#### 5. SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE:

a) The Board of the Company has constituted a Shareholders'/Investors' Grievances Committee. The Composition of shareholders'/Investors' Grievances Committee is as under:

- Mr. Deepak C. Shah - Independent, Non-Executive
- Mr. Dilip M.Khona - Independent Non-Executive
- Mr. Praful K.Dedhia - Executive Director

Mr. Dilip M.Khona acts as Chairman of Shareholders'/Investors' Grievances Committee. The Committee looks into redressing of Shareholders' complaints like transfer of shares, Non-receipt of balance sheet etc. The Committee oversees the performance of the Share Transfer Agent and recommends measures for overall improvement in the quality of investor services.

During the year under review, the complaints received have been solved to the satisfaction of the shareholder. There are no pending complaints/transfers as on date.

*Shri Prful K. Dedhia - Executive Director has been designated as the Compliance Officer.*

b) Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting fixed on 30th March, 2012 are given hereunder:

1. Mr. Deepak C. Shah aged 47 years is a Businessmen having good business experience in Accounts and Finance.
2. Mr. Dilip M. Khona aged 48 years is a Businessmen having a good business experience.

#### 6. General Body Meeting

Details of Annual General meeting held during last three years:

Year	Venue	Date	Time
2008-2009 April 2008 to March, 2009	Plot no. 70, TTC (MIDC) Indl. Area Mahape Village, Navi Mumbai - 400 709	30th September, 2009	10.00 a.m.
2009-2010 April 2009 to Sept, 2010	Plot no. 70, TTC (MIDC) Indl. Area Mahape Village, Navi Mumbai - 400 709	31st March, 2011	10.00 a.m.
2010-2011 Oct. 2010 to Sept, 2011	Plot no. 70, TTC (MIDC) Indl. Area Mahape Village, Navi Mumbai - 400 709	31st March, 2012	10.00 a.m.

There was no Special Resolution, which was required to be passed in the previous three Annual General Meeting.



## HYTONE TEXTYLES LIMITED

### 7. DISCLOSURE

- 1) Disclosure on materially significant related party transactions i.e. transactions 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.

None of the transactions with any of the related party are in conflict with the interest of the Company. Transactions with the related parties have been disclosed in Note no.18 of Schedule 20 to the Accounts in the Annual Report.

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

### 8. MEANS OF COMMUNICATION:

The unaudited quarterly results, the half-yearly results and the audited annual results have not been published in any newspaper.

### 9. GENERAL SHAREHOLDER INFORMATION :

- a. AGM Date, Time & Venue : 30th March, 2013 at 10.00 a.m. at  
Plot No. 70, TTC (MIDC) Indl. Area,  
Mahape Village, Navi Mumbai - 400 709
- b. Tentative Financial Calender of the Company :  
- Financial Year of the Company is October, 2011 to September 2012

Financial reporting for the 1st quarter ending 31st December, 2011	on/before 31st January, 2012
Financial reporting for the 2nd quarter ending 31st March, 2012	on/before 30th April, 2012
Financial reporting for the 3rd quarter ending 30th June, 2012	on/before 31st July, 2012
Financial reporting for the 4th quarter ending 30th September, 2012	on/before 31st October, 2012

The Audited Results of the Company for the period October, 2011 to September, 2012 will be announced before 31<sup>st</sup> March, 2013.

-Annual General Meeting for the period ending

30th September, 2012 : End of 31st March, 2013

- c. Listing of Stocks : The Stock Exchange, Mumbai
- d. Stock Exchange Code : 514258
- e. Payment of Annual Listing Fees : Paid upto F.Y. 2010-011
- f. Stock Market Data for the period of 1/10/2011 to 30/9/2012  
*Note: Company is suspended from Bombay Stock Exchange for Trading on 19th July, 2010*
- g. Registrar & Transfer Agent : Link Intime India (Pvt) Ltd. C-13 Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078.  
Phone - 022-2596 3838; Fax - 022-2594 6969  
Email-id - mt.helpdesk@linkintime.co.in



h. Share Transfer System: Share Transfer in physical form are registered by the registrar and returned to the respective transferees within a period ranging from 15 days to 1 month, provided the documents lodged with Registrar/ Company are clear and correct in all respect.

i. Distribution of Shareholdings as on 30th September, 2012

Range of Shareholder From To	Shareholders Number	% of Total	No(s) of Shares Held	% of Total
1 - 500	7494	94.4423	1111333	20.9685
501 - 1000	227	2.8607	189451	3.5745
1001 - 2000	77	0.9704	115234	2.1742
2001 - 3000	16	0.2010	40744	0.7688
3001 - 4000	26	0.3277	94573	1.7844
4001 - 5000	19	0.2394	91354	1.7237
5001 - 10000	44	0.5545	337820	6.3740
10001 - Above	32	0.4033	3319491	62.6319

j. Shareholding Pattern as on 30th September, 2012 :

Category	No. of Equity Shares	% of Equity Shares
Promoters	26,98,499	50.915%
Foreign Promoters	Nil	Nil
Mutual Funds	Nil	Nil
Banks, FII, Ins. Cos	200	0.004%
Govt. Inst. /Non Govt. Inst.	Nil	Nil
Private Corporate Bodies	1,65,446	3.121%
Indian Public	23,19,393	43.762%
NRIs	1,16,462	2.198%
TOTAL	53,00,000	100.00%

k. Registered Office: Plot No. 70, TTC (MIDC) Indl. Area, Mahape Village, Navi Mumbai - 400 709

l. Works : Plot A-77, TTC (MIDC) Indl. Area, Khairne Village, Navi Mumbai - 400 709.

m. Dematerialisation of shares: 37,23,942 shares were dematerialised till 30th September, 2012 which is 70.26% of the total paid up Equity Share Capital of the Company.

n. Compliance : The certificate regarding compliance of conditions stipulated under clause 49 of the Listing Agreement from the Statutory Auditor is attached herewith.

By Order of the Board  
For HYTONE TEXTYLES LIMITED

Amrut T. Shah  
Chairman & Managing Director

Place : Navi Mumbai  
Date : 1st March, 2013



**COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE**

To The Members of **Hytone Textstyles Limited**

We have examined the compliance of conditions of Corporate Governance by **Hytone Textstyles Limited** for the year ended **30th September, 2012** as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchange.

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

In our opinion and to the best of our information and according to the explanations given to us and on the basis of representations made by the directors, we certify that the Company has complied with the conditions of corporate governance as stipulated in Clause 49 of the Listing Agreement subject to the following;

- a) *The Company has not appointed a Company Secretary as required under section 383A of the Companies Act, 1956.*
- b) *The Board of Directors of the Company have failed to lay down the code of Conduct which is required to be maintained and posted on website of the Company.*
- c) *The Company has not published its results in any of the press / news releases or any other way.*

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that no investor grievance(s) is/are pending for a period exceeding one month as at 30th September, 2012 against the Company as per record maintained by the Company..

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

Place : Mumbai  
Date : 1st March, 2013

For **Mulraj D. Gala**  
Chartered Accountants.  
**Mulraj D. Gala**  
(Proprietor)  
M.No: 41206



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**CERTIFICATION BY CHIEF EXECUTIVE OFFICER (CEO) AND  
CHIEF FINANCIAL OFFICER (CFO) OF THE COMPANY**

**To the Board of Directors  
Hytone Textstyles Limited**

We, the undersigned in our respective capacities as Chief Executive Officer and Chief Financial Officer of Hytone Textstyles Limited ("the Company"), to the best of our knowledge and belief certify that:

- a) We have reviewed financial statements and the cash flow statement for the period 1st October, 2011 to 30th September, 2012 and based on our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statement that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's code of conduct.

We hereby declare that all the members of the Board of Directors and Management Committee have confirmed compliance with the Code of Conduct as adopted by the Company.

- c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and 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 step we have taken or propose to take to rectify these deficiencies.
- d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- (i) significant changes, if any, in internal control over financial reporting during the year;
  - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statement; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

**For Hytone Textstyles Limited**

Place : Navi Mumbai  
Date : 1st March, 2013

**Praful K. Dedhia**  
Executive Director

**Amrut T. Shah**  
Chairman & Managing Director





## HYTONE TEXTYLES LIMITED

### AUDITORS' REPORT

To:

The Members of,

**HYTONE TEXTYLES LIMITED**

We have audited the attached Balance Sheet of HYTONE TEXTYLES LIMITED, as at 30st September, 2012 and the Profit and Loss Account of the Company for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

1. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, based upon such checks of the books and records as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraphs 4 and 5 of the said Order to the extent applicable to the Company.
2. Further to our comments in the Annexure referred to in Paragraph-1 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 accounts as required by the law have been kept by the

Company so far as appears from our examination of those books;

- (iii) The Balance Sheet and Profit and Loss Account dealt with by this report are in agreement with the books of account;
- (iv) In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the Accounting Standards referred to sub-section 3(C) of Section 211 of the Companies Act, 1956;
- (v) *The accounts have been prepared on the assumption that the Company will continue as a going concern (Refer Note 22 of Notes to Accounts).*
- (vi) Subject to the foregoing, and read with the other notes, in our opinion and to the best of our information and according to the explanation given to us, the said Balance Sheet and the Profit and Loss Account read together with the Schedules and the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
  - a) in the case of the Balance Sheet, of the state of affairs of the Company as at 30<sup>th</sup> September, 2012; and
  - b) in the case of the Profit and Loss Account, of the Company of the profit for the year ended on that date.
  - c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**For Mulraj D. Gala**  
Chartered Accountants.

**Mulraj D. Gala**  
(Proprietor)

M.No: 41206

Place: Mumbai

Date : 1st March, 2013



## ANNEXURE

### Re: HYTONE TEXTYLES LIMITED

(Referred to in Paragraph-3 of our report of even date of **HYTONE TEXTYLES LIMITED** on the financial statements for the year ended 30th September, 2012)

#### 1. Fixed Assets

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset.
- (b) We are informed that these fixed assets are physically verified by the management during the year and no material discrepancies between book records and physical inventory were noticed on such verification. In our opinion, the frequency of verification is reasonable.
- (c) In our opinion and according to the explanations given to us, the Company has not disposed off any substantial assets during the year.

#### 2. Inventories

During the year under review there is no closing stock. Accordingly, sub paragraph (a), (b) and (c) of this clause are not applicable.

#### 3. Loans and Advances either granted or taken

- a) According to the verification of books and records and the information and explanation given to us, loan have been taken from one party listed in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year is Rs. 40,18,081/- and year end balance of loans taken from such party is Rs. Nil.
- b) As per the records verified by us, the Company has not taken loan from any party covered in the register maintained under section 301 of the Companies Act, 1956.
- c) In our opinion, the rate of interest and other terms and conditions on which loan is taken from the party listed in the register maintained under section 301 of the Companies Act, 1956 is not, prima facie, prejudicial to the interest of the company.
- a) Generally no terms of repayment have been stipulated in the case of unsecured loans. In absence thereof we are unable to comment on whether the payment of principal and interest are regular.

#### 4. Internal Controls

*In our opinion and according to the information and explanations given to us, the internal control procedures prevailing in the*

*company need to be strengthened further to make them fairly commensurate with its size and the nature of the business with regard to purchase of inventories and fixed assets and for the sale of goods. During the course of our audit, we have observed no continuing failure to correct major weaknesses in the internal controls.*

#### 5. Transactions covered by Section 301

- a) During the year, the transactions that need to be entered into a register in pursuance of Section 301 of the Act have been so entered by the company.
- b) Based on information and explanations given to us, the transactions of purchase of goods and materials exceeding the value of Rs. 5 lacs in respect of each party pursuant to such contracts or arrangements have been made at prices which are reasonable having regard to the prevailing market prices and other conditions at the relevant time.

#### 6. Public Deposits

The company has not invited any deposits from the public with the purview of Reserve Bank of India and the provisions of Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposit) Rules, 1975.

#### 7. Internal Audit

*The company has no formal internal audit system. However, its internal control procedures and the system of internal checking of financial and other records are, in our opinion commensurate with the size of the company and the nature of its business.*

#### 8. Cost Records

During the year under review, since there is no manufacturing activity carried on by the company no cost records as prescribed by the Central Government under section 209(1)(d) of the Companies Act, 1956 are needed to be maintain.

#### 9. Statutory Dues

- i. According to the information and explanation given to us and based on the records verified by us, the Company is regular in depositing undisputed statutory dues in respect of Provident Fund, Employees State Insurance, Income Tax, Sale Tax, Wealth Tax and any other statutory dues with appropriate authorities and no dues remain outstanding for a year of more than six months.



Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates
Navi Mumbai Municipal Corporation	Property Tax	14,12,760/-	From April 2011 to Sept. 2012

- i. According to information and explanation given to us and on the basis of the books and records examined by us, there are disputed outstanding dues pending for more than six months as under:-

Name of the Statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates
Navi Mumbai Municipal Corporation	Property Tax	1,01,56,767/-	2005-2012
MIDC	Water Tax	1,86,317/-	2005-2011

**10. Accumulated Losses**

The Company does not have any accumulated losses at the end of financial year. The Company has not incurred any cash loss in immediately preceding financial year.

**11. Dues to Financial Institutions/Banks**

According to the information and explanations given to us on the basis of our examination of the books of account, there are no defaults in repayment of dues to financial institutions and banks during the year.

**12. Loans against Pledge of Securities**

According to the information and explanations given to us the company has not granted loans and advance on the basis of security by way of pledge of shares, debentures and other securities during the period of review.

**13. Application of Special Statute**

The provisions of any special statute applicable to Chit Fund, Nidhi and Mutual Benefit Society are not applicable to the Company during the year under review.

**14. Dealing/Trading in Shares/Securities**

As per the records verified, the company has not dealt with or traded in shares, securities, debentures and other investments during the year under review. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

**15. Guarantees Given**

According to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks and financial institutions.

**16. Application of Funds Raised**

According to the information and explanations given to us, as also on the basis of books and records examined by us, the company has not obtained any fresh term loans during the audit year.

**17. Financial Management**

According to the information and explanation given to us and on the overall examination of balance sheet of the company, we report that no short term funds have been used for long term investments

**18. Preferential Allotment**

According to the information and explanation given to us, during the year under review, the company has not made any preferential allotment of shares to any parties covered in the register maintained under section 301 of the Companies Act, 1956.

**19. Security against Debentures**

According to the verification of books and records and the information and explanations given to us, the company has not issued any debentures during the year. Accordingly, the provisions of clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

**20. End use of Public Issue Money**

As per information and explanations given to us, the Company during the year has not raised funds by way of public issue. Thus, the provisions of clause 4(xx) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

**21. Frauds**

Based on our verification of the books of account and other relevant records and based on the information and explanations given to us, we have not noticed or reported any fraud on or by the Company during the year under review.

**For Mulraj D. Gala**  
Chartered Accountants.  
**Mulraj D. Gala**  
(Proprietor)  
M.No: 41206

Place : Mumbai  
Date : 1st March, 2013



# **BALANCE SHEET AS AT 30TH SEPTEMBER 2012**

Particulars	Note No.	As at 30.09.2012 Rupees	As at 31.09.2011 Rupees
<b>SHAREHOLDERS' FUNDS</b>			
- Share capital	3	13,65,00,000	13,65,00,000
- Reserves and surplus	4	(9,05,81,156)	(9,86,01,820)
Sub-Total (A)		4,59,18,844	3,78,98,180
<b>NON-CURRENT LIABILITIES</b>			
- Long-term Borrowings	5	59,00,012	1,34,34,903
- Other Long Term Liabilities	6	39,00,000	-
Sub-Total (B)		98,00,012	1,34,34,903
<b>CURRENT LIABILITIES</b>			
- Short-Term Borrowings	7	8,25,109	26,73,922
- Trade Payables	8	9,16,526	3,54,226
- Other Current Liabilities	9	1,54,29,862	1,54,53,542
- Short-term Provisions	10	7,35,558	7,39,050
Sub-Total (C)		1,79,07,055	1,92,20,740
<b>Total</b>		7,36,25,911	7,05,53,823
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
- Fixed Assets			
Tangible Assets	11	5,86,97,173	5,99,36,795
- Long-term Loans and Advances	12	65,39,050	54,57,873
Sub-Total (D)		6,52,36,222	6,53,94,667
<b>CURRENT ASSETS</b>			
- Short-term Loans and Advances	13	12,09,812	9,24,527
- Trade Receivables	14	19,61,276	32,66,380
- Cash and Cash Equivalents	15	51,81,601	9,68,249
- Other Current Assets	16	37,000	-
Sub-Total (E)		83,89,689	51,59,156
<b>Total</b>		7,36,25,911	7,05,53,823

Summary of Significant Accounting Policies

1&2

The Accompanying Notes are an integral part of Financial Statements.

As per our report of even date

For Hytone Textstyles Ltd

For Mulraj D.Gala  
Chartered Accountants

Mulraj D.Gala

Proprietor

M. NO. 41206

NAVI MUMBAI : 1st March, 2013

AMRUT T. SHAH  
Chairman & Managing Director

PRAFUL K. DEDHIA  
Executive Director

NAVI MUMBAI : 1st March, 2013



# HYTONE TEXTSTYLES LTD.

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED ON 30TH SEPTEMBER, 2012

	Schedule No.	30.09.2012 Rupees	31.09.2011 Rupees
<b>Revenue from Operations</b>			
Sale of Services	17	1,96,87,800	1,35,44,326
Other income	18	1,62,961	1,00,251
<b>Total Revenue</b>		<u>1,98,50,761</u>	<u>1,36,44,577</u>
<b>Expenses</b>			
Employee benefit expenses	19	19,06,953	21,22,909
Finance Cost	20	81,272	74,536
Depreciation and amortisation expense	11	20,91,362	22,45,647
Other Expenses	21	78,02,320	61,04,614
<b>Total Expenses</b>		<u>1,18,81,907</u>	<u>1,05,47,706</u>
<b>Profit before Tax</b>		79,68,854	30,96,871
<b>Tax Expense</b>			
Current Tax		-	-
Short / (Excess) provision for tax of earlier year(s)		(51,810)	59,563
<b>Total Tax</b>		<u>(51,810)</u>	<u>59,563</u>
<b>Profit after tax</b>		<u>80,20,664</u>	<u>30,37,308</u>
<b>Equity Share of par value Rs. 10 each</b>			
Basic & Diluted		1.36	0.48
<b>Summary of Significant Accounting Policies</b>	1&2		
The Accompanying Notes are an integral part of Financial Statements.			

As per our report of even date

For Mulraj D.Gala  
Chartered Accountants  
Mulraj D.Gala  
Proprietor  
M. NO. 41206  
NAVI MUMBAI : 1st March, 2013

For Hytone Textstyles Ltd

AMRUT T. SHAH  
Chairman & Managing Director

PRAFUL K. DEDHIA  
Executive Director

NAVI MUMBAI : 1st March, 2013



**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER, 2012**

	Period ended 30th September, 2012	Year ended 30th September, 2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES :</b>		
Net profit before taxation	79,68,854	30,37,307
Adjustment for :		
Depreciation	20,91,362	22,45,647
Amount Written off	--	2,33,213
Interest	81,272	74,536
Loss/ (Profit) on Sale of Fixed Assets	<u>--</u>	<u>(75,107)</u>
	<b>21,72,634</b>	<b>24,78,290</b>
<b>Operating profit before working capital changes</b>	<b>1,01,41,488</b>	<b>55,15,597</b>
<b>Adjustment for :</b>		
(Increase)/Decrease in Trade Receivables	13,05,104	(14,13,111)
(Increase)/Decrease in Short Term Loans & Advances	(2,85,285)	(8,73,860)
Increase/(Decrease) in Trade Payables	562,300	(2,48,277)
Increase/(Decrease) in Other Current Assets	(37,000)	--
Increase/(Decrease) in Short Term Provisions	(3,492)	(1,27,978)
Increase/(Decrease) in Other Current Liabilities	(23,680)	2,19,274
Increase/(Decrease) in Short Term Borrowings	(18,48,813)	(45,28,082)
Increase/(Decrease) in Other Long Term Liability	39,00,000	--
Increase/(Decrease) in Other Long Term Assets	<u>(10,81,177)</u>	<u>13,52,628</u>
	<b>24,87,957</b>	<b>(56,19,405)</b>
<b>Cash generated from operations</b>	<b>1,26,29,445</b>	<b>(1,03,809)</b>
Income Taxes ( paid)/ Refund	<b>51,810</b>	<b>59,563</b>
<b>Cash Flow from operation</b>	<b>1,26,81,255</b>	<b>(44,246)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(8,51,740)	(9,74,405)
Sale of Fixed Assets	<u>--</u>	<u>3,30,440</u>
<b>Net Cash used in investing activities</b>	<b>(8,51,740)</b>	<b>(6,43,965)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of Secured Loans	(75,34,891)	(1,06,065)
Interest paid	<u>(81,272)</u>	<u>(74,536)</u>
	<b>(76,16,163)</b>	<b>(1,80,601)</b>
<b>Net increase /(decrease) in cash and cash equivalents</b>	<b>42,13,352</b>	<b>(8,68,813)</b>
Cash and Cash Equivalents as at beginning	<b>9,68,249</b>	<b>18,37,061</b>
Cash and Cash equivalents as at end	<b>51,81,601</b>	<b>9,68,249</b>

**Notes :**

- Cash flow statement has been prepared following the indirect method except in case of interest paid/received, dividend paid/received, purchase / sale of investment, purchase / sale of Fixed Assets and taxes paid which has been considered basis of actual movements of cash, with necessary adjustments in the corresponding assets and liabilities.
- Repayments of borrowings are shown net of receipts.
- Previous year's figures are rearranged to conform to current year's presentation.

**FOR AND ON BEHALF OF THE BOARD**

**AMRUT T. SHAH**

**PRAFUL K. DEDHIA**

*Chairman & Managing Director*

*Executive Director*

NAVI MUMBAI : 1st March, 2013

**AUDITORS' CERTIFICATE**

We have examined the attached Cash Flow Statement of **Hytone Textstyles Limited** for the year ended 30th September, 2012. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the listing agreement with the Stock Exchange Mumbai and is based on and is an agreement with the corresponding Profit and Loss Account and Balance Sheet of the Company covered by our report dated 1st March, 2013 to the members of the Company.

**For Mulraj D. Gala**  
*Chartered Accountant*

NAVI MUMBAI : 1st March 2013

**Mulraj D. Gala**  
*Proprietor*





**NOTES ON ACCOUNTS FOR THE YEAR ENDED SEPTEMBER 30, 2012**

**1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

- a) The financial statements have been prepared to comply all material aspects with the mandatory accounting standards notified under Companies (Accounting Standards) Rules, 2006 and the relevant provisions of Companies Act, 1956.
- b) The Company follows mercantile system of accounting and recognizes income and expenditure on an accrual basis except those with significant uncertainties.
- c) The accounting policies applied by the Company are consistent with those used in the previous year.
- d) For Preparation and presentation of financial statements for tax purpose, erstwhile Schedule VI to the Companies Act, 1956 was used upto year ended 30th September, 2011. For the year ended 30th September, 2012 the revised schedule VI notified under the Companies Act, 1956 has become applicable to the Company and accordingly the financials for year ended September, 2012 have been prepared in accordance with the Revised Schedule VI. The previous year's figures have been regrouped to conform to the current year classification.

**2. SIGNIFICANT ACCOUNTING POLICIES**

- a) The Accounts are drawn up in accordance with the historical cost convention method on "Going Concern" basis and are in accordance with Generally Accepted Accounting Principles and under relevant provisions of the Companies Act, 1956. The Company follows the mercantile system of accounting and recognises Income and Expenditure on accrual basis except medical reimbursements, leave travel allowances, insurance claims and scrap sale which are recognised on cash basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

**b) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the report amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the accounting period in which the results are known / materialized.

**c) Fixed Assets**

- i) Fixed assets are stated at historical cost less accumulated depreciation, which includes effect of impairment. Historical cost comprises of the acquisition price and all direct and indirect costs that are attributable in bringing the assets to their working condition for intended use.
- ii) All expenses during construction are allocated to the respective asset proportionately.
- iii) Adjustments arising from exchange rate variation relating to borrowings/ liabilities for the fixed assets are capitalised.
- iv) The carrying amounts of assets are reviewed at each balance sheet date on value in use basis to assess whether they are recorded in excess of their estimated recoverable amount. If the carrying value exceeds the estimated recoverable amount, assets are written down to their estimated recoverable amount. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

(Also refer to policy on Leases and Borrowing Costs (refer point no. k & l of this note).

**d) Depreciation**

- i) Depreciation for the period has been provided at rates prescribed under Schedule XIV to the Companies Act, 1956 as amended from time to time on all assets as per Straight Line Method.
- ii) No amortisation is made in respect of leasehold land.
- iii) Assets acquired under finance leases are depreciated as stated in (i) above.

**e) Employment Retirement Benefits**

- i) Provision for encashable leave salary is made on the assumption that such benefits are payable to all employees at the end of the accounting period.
- ii) Contributions to defined contribution schemes such as Employees Provident Fund and Family Pension Fund are charged to the profit & loss account as and when incurred.

**f) Inventories:-**

- i) Raw Materials, Stores, Spares and Consumables are valued at cost or net realisable value whichever is lower.
- ii) Stock-in-process is valued at cost including related production overheads or net realisable value whichever is lower.



iii) Finished goods are valued at cost or net realisable value whichever is lower

iv) Cost includes cost of production and expenses incurred, as allocated by the Management, in putting the inventories in their present condition. Net realisable value in case of goods meant for exports includes the export incentives receivable as estimated by the Management.

**g) Accounting of CENVAT Benefits:**

CENVAT Credit availed under the relevant scheme in respect of Raw material, Packing Material, Fuel, stores and spares, capital goods etc. is reduced from the cost of purchase.

**h) Export Incentives:**

- i) Export incentives in the form of advance licenses to the extent utilised in the period of exports are not accounted separately.
- ii) Export incentives receivable at the period-end are accounted at value subsequently realised or in absence thereof as estimated by the Management.

**i) Foreign Currency Transactions:**

- i) Transactions denominated in Foreign Currencies are recorded at the exchange rate prevailing on the date of the transaction.
- ii) Monetary items denominated in Foreign Currencies at the end of the period are translated at the period-end rates.
- iii) Any income or expense on account of exchange difference either on settlement or translation is recognised in the Profit and Loss Account except in cases where they relate to acquisition of fixed assets in which case they are adjusted to the carrying cost of such assets.

**j) Research and Development:**

Recurring expenditure on research and development are charged to the profit and loss account under the respective head of expenditure.  
Capital expenditure is stated as depreciable fixed asset.

**k) Leases:**

Assets acquired under leases where substantially all the risks and reward of ownership are transferred to the company are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. The Lease rental paid is allocated between the liability and the finance cost.

**l) Borrowing Costs:**

Borrowing costs that are attributable to the acquisition, construction or production of qualifying assets are capitalised as part of cost of such assets till such time as the assets are ready for its intended use or sale.  
A qualifying asset is an asset that necessarily requires

a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

**m) Investments:**

Long Term Investments are stated at cost. Permanent diminution in value thereof is provided for.

**n) Taxation:**

- i) Provision for current tax is made on the basis of estimated taxable income computed in accordance with the provisions of Income Tax Act 1961.
- ii) Deferred tax is recognised on timing differences between the accounting income and the taxable income for the period and quantified using the tax rates and laws enacted or substantively enacted as at the Balance Sheet date.
- iii) Deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- o) As per Accounting Standard 29, 'Provisions, Contingent Liabilities and Contingent Assets', the Company recognizes provisions only when it has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and when a reliable estimate of the amount of the obligation can be made.

**No Provision is recognized for: -**

Any possible obligation that arises from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

Any present obligation that arises from past events but is not recognized because

- 1) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- 2) A reliable estimate of the amount of obligation cannot be made. Such obligations are recorded as Contingent Liabilities. These are assessed periodically and only that part of the obligation for which an outflow of resources embodying economic benefits is probable, is provided for, except in the extremely rare circumstances where no reliable estimate can be made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.



**NOTES ON ACCOUNTS FOR THE PERIOD ENDED ON 30TH SEPTEMBER, 2012**

	30.09.2012 Rupees	31.09.2011 Rupees
<b>3 - SHARE CAPITAL</b>		
<b>A. AUTHORISED</b>		
<b>a. EQUITY SHARE CAPITAL</b>		
53,00,000 (53,00,000) Equity Shares of Rs. 10/- each	5,30,00,000	5,30,00,000
<b>b. PREFERENCE SHARE CAPITAL</b>		
1,50,000 (1,50,000) 1% Cum Red Preference Shares of Rs. 100/- each (Series I)	1,50,00,000	1,50,00,000
7,20,000 (7,20,000) 1% Cum Red Preference Shares of Rs. 100/- each (Series II)	7,20,00,000	7,20,00,000
	<u>14,00,00,000</u>	<u>14,00,00,000</u>
<b>B. ISSUED, SUBSCRIBED AND PAID UP</b>		
<b>a. EQUITY SHARE CAPITAL</b>		
53,00,000 (53,00,000) Equity Shares of Rs. 10/- each fully paid up in cash	5,30,00,000	5,30,00,000
<b>b. PREFERENCE SHARE CAPITAL</b>		
1,50,000 (1,50,000) 1% Cum Red Preference Shares- Series- I of Rs. 100/- each - fully paid up	1,50,00,000	1,50,00,000
6,85,000 (6,85,000) 1% Cum Red. Preference Shares series II of Rs. 100/- each fully paid up	6,85,00,000	6,85,00,000
	<u>13,65,00,000</u>	<u>13,65,00,000</u>

**I. Details of Shareholding as at September 30, 2012**  
**Shareholders holding more than 5 % of Equity Shares:**

Name of Shareholder	30-Sep-12		30-Sep-11	
	Number	%	Number	%
Abhivruddhi Holdings Private Limited	515500	9.73%	515500	9.73%
Abhishek Capitals Private Limited	514900	9.72%	514900	9.72%
Hytone Holdings Private Limited	507900	9.58%	507900	9.58%
Achal Holdings and Finance Private Limited	485100	9.15%	485100	9.15%
Anmol Textile Industries Private Limited	439999	8.30%	436149	8.23%

**Shareholders holding more than 5 % of Preference Shares of Series I:**

Name of Shareholder	30-Sep-12		30-Sep-11	
	Number	%	Number	%
Abhiyan Textile Industries Private Limited	40000	26.67%	40000	26.67%
Anant Synthetics Private Limited	40000	26.67%	40000	26.67%
Anmol Textile Industries Private Limited	30000	20.00%	30000	20.00%
Arpan Silk Mills Private Limited	30000	20.00%	30000	20.00%
Abhyudaya Silk Mills Private Limited	10000	6.67%	10000	6.67%



**Shareholders holding more than 5 % of Preference Shares of Series II:**

Name of Shareholder	30-Sep-12		30-Sep-11	
	Number	%	Number	%
Sarjan Mercantile Pvt. Ltd.	560000	81.75%	560000	81.75%
Efficient Securities Pvt.Ltd.	125000	18.25%	125000	18.25%

**II. Reconciliation of the number of Equity Shares outstanding**

	30-Sep-12		30-Sep-11	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding at the beginning of the year	5300000	5,30,00,000	5300000	5,30,00,000
Add: Shares issued	-	-	-	-
Less: Shares forfeited	-	-	-	-
Outstanding at the end of the year	5300000	5,30,00,000	5300000	5,30,00,000

**Reconciliation of the number of 1% Cum. Red. Preference Shares (Series I) outstanding**

	30-Sep-12		30-Sep-11	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	150000	1,50,00,000	150000	1,50,00,000
Less: Shares forfeited	-	-	-	-
Number of shares at the end of year	150000	1,50,00,000	150000	1,50,00,000

**Reconciliation of the number of 1% Cum. Red. Preference Shares (Series II) outstanding**

	30-Sep-12		30-Sep-11	
	No. of Shares	Amount	No. of Shares	Amount
Number of shares at the beginning of the year	685000	6,85,00,000	685000	6,85,00,000
Less: Shares forfeited	-	-	-	-
Number of shares at the end of year	685000	6,85,00,000	685000	6,85,00,000

III. Cumulative redeemable preference shares (Series I) & (Series II) having par value of Rs 100 per share is entitled to one vote per share only on resolution placed before the Company, which directly affects the right attached to it. In the event of liquidation of the Company, the holders of cumulative redeemable preference shares (Series I) & (Series II) will have priority over equity shares in the payment of dividend and repayment of capital.

IV. Each equity share is entitled to one voting right only.

V. Preference Shares (Series I) & Preference Shares (Series II) can be redeemed any time during the year subject to availability of reserves but within 20 years from the date of allotment.



## NOTES ON ACCOUNTS FOR THE PERIOD ENDED ON 30TH SEPTEMBER, 2012

	30.09.2012 Rupees	31.09.2011 Rupees
<b>4 - RESERVES &amp; SURPLUS</b>		
a <u>Securities Premium Reserve</u>		
Balance at the beginning and end of the year	1,29,00,600	1,29,00,600
b <u>Debenture Redemption Reserve Sinking Fund</u>		
Balance at the beginning of the year	-	1,25,00,000
Deletions: Transfer to Debt Restructuring Reserve	-	1,25,00,000
Closing Balance	-	-
c <u>Revaluation Reserve</u>		
Balance at the beginning and end of the year	2,76,11,000	2,76,11,000
d <u>Other Reserve</u>		
<u>Debt Reconstruction Reserve</u>		
Balance at the beginning of the year	12,73,24,576	-
Additions	-	11,48,24,576
Add:- Transfer to Debt Restructuring Reserve	--	1,25,00,000
Closing Balance	12,73,24,576	12,73,24,576
e <u>Surplus as per Profit and Loss Account</u>		
Balance at the beginning of the year	(26,64,37,996)	(26,94,75,304)
Additions	80,20,664	30,37,308
Deletions	-	-
Closing Balance	(25,84,17,332)	(26,64,37,996)
<b>Total</b>	<b>(9,05,81,156)</b>	<b>(9,86,01,820)</b>
<b>5 Long Term Borrowings</b>		
<b>Secured Borrowings:</b>		
- Vehicle Loans from Banks	6,00,181	5,09,877
- Inter Corporate deposit	52,99,831	1,29,25,026
<b>Total</b>	<b>59,00,012</b>	<b>1,34,34,903</b>

## Additional information to Long Term Borrowings:

Secured Long Term Borrowingsa Vehicle Loan from Banks

Vehicle Loan from Bank is secured by way of exclusive first charge created by hypothecation on vehicle of Company.

- of the above, Vehicle Loan from Union Bank of India is taken @ 12% and 48 Monthly installment of Rs. 20835/- an out of the same 29 Monthly installment is pending from the end of year.

- of the above, Vehicle Loan from HDFC is taken @ 11.25% on 48 Monthly installment of Rs. 12,925/- and out of the same all 47 Monthly installment is pending from the end of year.

Inter Corporate Loans

## b (Repayable within (—) EMI of Rs. (—))

Inter Corporate Loans are secured by the first charge on all the movable & immovable assets of the Company.



**NOTES ON ACCOUNTS FOR THE PERIOD ENDED ON 30TH SEPTEMBER, 2012**

	30.09.2012 Rupees	31.09.2011 Rupees
<b>6 Other Long Term Liabilities</b>		
Security Deposit	39,00,000	-
<b>Total</b>	<u>39,00,000</u>	<u>-</u>
<b>7 Short term Borrowings</b>		
<b>Unsecured Borrowings:</b>		
Intercompany Deposits	8,25,109	26,73,922
<b>Total</b>	<u>8,25,109</u>	<u>26,73,922</u>
<b>8 Trade Payables</b>		
Other than Micro and Small Enterprises	9,16,526	3,54,226
<b>Total</b>	<u>9,16,526</u>	<u>3,54,226</u>
<b>9 Other Current Liabilities</b>		
Maturities of Long term Debts	3,99,696	1,72,721
Statutory Dues		
- Payable to MIDC	1,24,59,993	1,28,28,165
- Service Tax Payable	89,610	-
- TDS Payable	23,698	23,881
- Professional Tax Payable	1,200	1,200
Security Deposits	24,00,000	24,00,000
Other Liabilities	55,665	27,575
<b>Total</b>	<u>1,54,29,862</u>	<u>1,54,53,542</u>
<b>10 Short Term Provisions</b>		
Provision for Employee Benefits		
Provision for Leave Encashment	5,958	10,850
Provision for Gratuity	7,06,500	7,06,500
Bonus Payable	23,100	21,700
<b>Total</b>	<u>7,35,558</u>	<u>7,39,050</u>



**NOTES ON ACCOUNTS FOR THE PERIOD ENDED ON 30TH SEPTEMBER, 2012**  
**11 - FIXED ASSETS**

	GROSS BLOCK (Rupees)				DEPRECIATION (Rupees)				NET BLOCK (Rupees)	
	Opening As at 01.10.2011	Additions	Adjust- ments	Closing As at 30.09.2012	Opening As at 01.10.2011	For the Year	Adjustment/ Deduction	Closing As at 30.09.2012	Closing As at 30.09.2012	Closing As at 31.09.2011
LAND	3,39,34,059	-	-	3,39,34,059	-	-	-	-	3,39,34,059	3,39,34,059
BUILDING	6,87,55,787	-	-	6,87,55,787	4,48,05,738	18,56,029	-	4,66,61,767	2,20,94,020	2,39,50,049
PLANT AND MACHINERY	35,501	15,000	-	50,501	8,625	7,998	-	16,623	33,878	26,876
FURNITURE & FIXTURES	30,37,391	-	-	30,37,391	30,37,391	-	-	30,37,391	-	-
VEHICLES	35,14,703	8,36,740	-	43,51,443	14,88,893	2,27,335	-	17,16,228	26,35,215	20,25,810
TOTAL	10,92,77,441	8,51,740	-	11,01,29,181	4,93,40,647	20,91,362	-	5,14,32,009	5,86,97,173	5,99,36,795
PREVIOUS YEAR	11,74,35,862	9,74,405	91,32,826	10,92,77,441	5,59,72,493	22,45,647	88,77,493	4,93,40,647	5,99,36,795	6,14,63,370

**Note:**

Leasehold land includes Rs. 27611000/- being the amount added on revaluation of leasehold land as on 29.03.2000



**NOTES ON ACCOUNTS FOR THE PERIOD ENDED ON 30TH SEPTEMBER, 2012**

	30.09.2012 Rupees	31.09.2011 Rupees
<b>12 Long Term Loans and Advances</b>		
<b>Unsecured, Considered good</b>		
Securities Deposits	42,43,934	44,13,327
Balance with Revenue Authorities	22,95,116	10,44,546
<b>Total</b>	<u>65,39,050</u>	<u>54,57,873</u>
<b>13 Short Term Loans and Advances</b>		
<b>(Unsecured, Considered good)</b>		
Advances recoverable in Cash or Kind	11,74,679	9,17,679
Prepaid expenses	35,133	6,848
<b>Total</b>	<u>12,09,812</u>	<u>9,24,527</u>
<b>14 Trade Receivables</b>		
<b>(Unsecured, Considered good)</b>		
- Outstanding for a period exceeding six months from its due date	12,22,947	12,62,947
- Others	7,38,329	20,03,433
<b>Total</b>	<u>19,61,276</u>	<u>32,66,380</u>
<b>15 Cash and Cash Equivalents</b>		
<b>Cash and Cash Equivalents</b>		
Balance with Bank in Current Account	48,12,507	6,91,204
- Fixed Deposits	83,625	76,620
- Cash on Hand	2,85,469	2,00,425
<b>Total</b>	<u>51,81,601</u>	<u>9,68,249</u>
<b>16 Other Current Assets</b>		
Advance to Creditors	37,000	-
Export Incentives Receivable	13,61,392	13,61,392
[Net of Doubtful, provided Rs.XXX] Less : Provision for Doubtful Receivables	-13,61,392	-13,61,392
<b>Total</b>	<u>37,000</u>	<u>-</u>



# HYTONE TEXTSTYLES LTD.

## NOTES ON ACCOUNTS FOR THE PERIOD ENDED ON 30TH SEPTEMBER, 2012

	30.09.2012 Rupees	31.09.2011 Rupees
<b>17 - Revenue from Operations</b>		
<u>Revenue from Sale of Services</u>		
Job work charges	70,442	-
Income from Logistics	1,96,17,358	1,35,44,326
<b>Total</b>	<u>1,96,87,800</u>	<u>1,35,44,326</u>
<b>18 - Other Income</b>		
Interest Income	1,62,961	25,144
Profit on sale of Assets	-	75,107
<b>Total</b>	<u>1,62,961</u>	<u>1,00,251</u>
<b>19 - Employee Benefit Expenses</b>		
Salaries and Wages	17,66,339	19,21,926
Contribution to Provident and Other Funds	1,632	489
Staff Welfare Expenses	1,38,982	2,00,494
<b>Total</b>	<u>19,06,953</u>	<u>21,22,909</u>
<b>20 - Finance Cost</b>		
<u>Interest Expense</u>		
Interest on Fixed Loans	78,132	68,311
Bank Charges	3,140	6,225
<b>Total</b>	<u>81,272</u>	<u>74,536</u>
<b>21 - Other Expenses</b>		
Repairs and Maintenance	11,56,809	4,90,428
Rates and Taxes	18,00,932	22,14,902
<u>Payment to Auditors</u>		
- As Auditor	28,090	27,575
Consultancy	7,52,779	9,99,553
Labour charges	16,20,047	4,77,719
Power and fuel	8,25,724	1,09,978
Insurance	53,620	75,185
Telephone Expenses	1,70,289	1,74,601
Security Charges	5,52,555	4,54,721
Conveyance Expenses	1,92,645	1,87,174
Donation	58,500	
Sundry Balance Written off	32,243	2,33,213
Miscellaneous Expenses	5,58,087	6,59,564
<b>Total</b>	<u>78,02,320</u>	<u>61,04,614</u>



22. In view of positive net-worth, the BIFR Authority vide order no. MA No. / 123/BC/11 dated 10<sup>th</sup> March, 2011 has de-registered the Company from being recognised as a Sick Company. And so the financial statements are prepared on a going concern basis.
23. As the number of employees during the year is less than 50, provision of the liability for gratuity is made accordance with the Provision of the Payment of Gratuity Act, 1972 and no Actuarial Valuation report is taken from the Actuary valuer as provided in AS -15 Employees Benefits and so no details are required to be given as per AS -15.
24. The directors of the Company were disqualified u/s 274(1)(g) of the Companies Act, 1956 for non-repayment of debt to debenture holders, however during the period all the liabilities of the financial institutions and the banks have been repaid.
25. **Related party disclosures under Accounting Standard 18 (AS 18) (as identified by the Management): -**

I) Following are the Enterprise/firms over which Key Management Personnel and their relatives have significant influence:

1. Abhishek Synthetics Private Limited
2. UKG & Associated

II) Following are the Individuals having significant influence or are key management personnel:

1. Amrut T. Shah
2. Praful K. Dedhia

III) The following transactions were carried out during the period with related parties in the ordinary course of business

Sr. No.	Transactions	Enterprises/ Firms (Rs. in lacs)	Key Management Personnel (Rs. in lacs)
			11.43
1.	Managerial Remuneration (including Allowances and sitting fees)	(—)	(11.78)
2.	Professional Services	(—)	(—)
3.	Loan Given	(—)	(—)
4.	Outstanding items pertaining to the related parties at the Balance Sheet date : Receivable/(Payable).		
	Opening as on 1.10.2011	1.00	—
	Add :Credited/Received	(1.00)	10.48
	Less : paid	—	(0.95)
	Closing Balance as on 30.09.2012		

**26. Contingent Liabilities:**

All contingent liabilities are adequately disclosed in the Notes on Accounts.

Contingent Liabilities	As at 30.9.2012	As at 30.9.2011
a) Bank Guarantees	1,22,250	1,22,250
b) Claims against the Company not acknowledged as debts/disputed	NIL	NIL
c) Arrears of Dividend on 1% Redeemable Cumulative Preference Shares (Series I) (Dividend are in arrears since 2001)	17,12,466	16,37,466
d) Arrears of Dividend on 1% Redeemable Cumulative Preference Shares (Series II) (Dividend are in arrears since 30th June 2010)	11,98,750	5,13,750



# HYTONE TEXTSTYLES LTD.

- 27 Balances of Debtors, Creditors and Loans & Advances are subject to confirmation, reconciliation and adjustments if any.  
 28 In the opinion of the Board, the value on realisation of loans and advances and Current Assets in the ordinary course of business will not be less than the amount at which they are stated in the Balance sheet.  
 29 Payments to Auditors :

	For the Year ended 30.9.2012	For the Year ended 30.9.2011
a) Statutory Auditors :		
As Auditors	25,000	25,000
Service Tax	3,090	2,575
	<u>28,090</u>	<u>25,575</u>
30 CIF Value of Import	NIL	NIL
31 Expenditure in Foreign Exchange	NIL	NIL
32 Earnings in Foreign Exchange	NIL	NIL
33 Directors Remuneration:		
a) Salary	7,53,600	7,53,600
b) Allowances	3,90,000	4,24,800
c) Sitting Fees	NIL	NIL
	<u>11,43,600</u>	<u>11,78,400</u>

The Remuneration paid to Directors during the period of Default in payment of the installments to Financial Institutions and Debenture holders is subject to approval of the Department of Corporate Affairs, New Delhi. The Company has obtained an undertaking from the Directors that in case the remuneration is not approved, the total excess remuneration till date will be refunded back to the Company.

- 34 In the opinion of the Board, provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

## 35 Earnings per Share:

(As per Accounting Standard 20 – "Earnings per Share")

Particulars	As at 30.09.2012	As at 30.09.2011
Outstanding shares (Nos.)	53,00,000	53,00,000
Net Profit/(Loss) after tax	80,20,664	30,37,308
Less: Unpaid dividend in respect of cumulative preference shares	8,35,000	4,92,500
Net Profit available for Equity Shares	71,85,664	25,44,808
Basis / Diluted Earnings per Share	1.36	0.48

- 36 "Sundry Creditors" in Note '8' to the Accounts include:

- a) There are no Micro and Small Enterprises to whom amount is payable and which is outstanding for more than 45 days as at the close of the accounting period.  
 b) This information is required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006.

- 37 Figures in brackets relate to the previous period.

- 38 Previous Periods figures have been reworked, re-grouped, re-arranged and reclassified wherever necessary.

Signatories to Notes 1 to 38

For Mulraj D. Gala  
Chartered Accountants

Mulraj D. Gala  
Proprietor  
M. NO. 41206  
NAVI MUMBAI : 1ST MARCH, 2013

FOR AND ON BEHALF OF THE BOARD

AMRUT T. SHAH  
Chairman & Managing Director  
PRAFUL K. DEDHIA  
Executive Director

NAVI MUMBAI : 1ST MARCH, 2013