

Swadeshi Polytex Limited

Notice

Notice is hereby given that 43rd Annual General Meeting of the members of Swadeshi Polytex Limited will be held at the Registered Office of the Company at New Kavi Nagar, Industrial Area, Ghaziabad - 201002 (Uttar Pradesh) on 19th September, 2013 at 12.30 P.M to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss Account of the Company ended as on that date and the Report of the Directors' and Auditors' thereon.
2. To appoint a Director in Place of Shri R.K. Sharma, who retires by rotation and being eligible, offers himself for re- appointment.
3. To appoint a Director in place of Shri P.C. Vaish, who retires by rotation and being eligible, offers himself for re- appointment.
4. To appoint a Director in place of Shri Bipin Behari Mehrotra, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and to fix their remuneration and for that purpose to pass the following Resolution as a **Special Resolution:**

“RESOLVED THAT pursuant to section 224A and other applicable provisions of the Companies Act 1956, if any, M/s SANMARKS & ASSOCIATES, Chartered Accountants be and are hereby appointed as Statutory Auditors of the Company to hold office from the conclusion of this Annual General meeting to the conclusion of the next Annual General Meeting of the Company and the Board of Directors/Audit Committee be authorized to fix their remuneration”.

By order of the Board
For **Swadeshi Polytex Limited**

Sd/-
(B.MEHROTRA)
Director

Place : New Delhi
Dated : 5th August, 2013

NOTES:

1. A member entitled to attend and vote at the meeting is also entitled to appoint a proxy to attend on his behalf and on a poll to vote on his behalf and that the proxy need not be a member of the Company. Proxies in order to be effective must be signed, stamped and deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting. Blank proxy form is annexed hereto.
2. In case of joint holding, only that joint holder who is highest in order of the names as per Company's record shall be entitled to vote.
3. The register of members and share transfer books of the Company will remain closed from 16th September, 2013 to 19th September, 2013. (Both days inclusive).
4. Members desiring any information as regards the Accounts are requested to write to the Company at an early date, so as to enable the management to keep the information ready at the meeting.
5. Pursuant to Section 109A of the Companies Act, 1956, Shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their request in Form No 2B in duplicate (which will be made available on request) to the R&T Agent.

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6. Members are requested to bring their attendance slip along with Copy of the Report and Accounts to the Annual Genral Meeting.
7. The Ministry of Corporate Affairs (vide circular nos. 17/2011 and 18/2011 dated April 21 and April 29, 2011 respectively), has undertaken a 'Green Initiative in Corporate Governance' and allowed Companies to share documents with its shareholders through an electronic mode. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with the Company.
8. Members are requested to visit the website of the Company <http://www.splindia.co.in> for viewing the quarterly and annual financial results and for more information on the Company.
9. RCMC is the Registrar & Share Transfer Agent (R&T Agent) of the Company. All investor related communication may be addressed to the RCMC at the following address:

RCMC Share Registrar Private Limited
B-106, Sector-2, Noida-201301
10. Members are requested to demat their shares at the earliest.

By order of the Board
For **Swadeshi Polytex Limited**

Sd/-
(B.MEHROTRA)
Director

Place : New Delhi
Dated : 5th August, 2013

ANNEXURE TO THE NOTICE DATED 5TH AUGUST, 2013

Details of Directors' seeking reappointment at the forthcoming Annual General Meeting.

Name of the Director	Shri R.K. Sharma
Date of appointment	26/02/2004
Brief Resume and nature of expertise in functional area	B.Tech from IIT Delhi
Directorship held in other public companies (excluding foreign and private companies)	<ul style="list-style-type: none">• Eskay Apparel Parks Limited.• Jay Bharat Apparels Limited.• KSL Apparels Limited.• National Textile Corpn Limited.• Aurangabad Textiles and Apparel Parks Limited.• Apollo Design Apparel Parks Limited.• New City of Bombay MFG. Mills Limited.• India United Textile Mill Limited.• Goldmohur Design and Apparel park Limited.
Membership/Chairman/of committees of other public companies (includes only audit committee and shareholders'/Investor Grievance Committee	National Textile Corpn Limited.
Number of shares held in the Company	NIL

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ANNEXURE TO THE NOTICE DATED 5TH AUGUST, 2013

Details of Directors' seeking reappointment at the forthcoming Annual General Meeting.

(Pursuant to clause 49 of the Listing Agreement)

Name of the Director	Shri P.C. Vaish
Date of appointment	01/07/2012
Brief Resume and nature of expertise in functional area	Chartered Accountant
Directorship held in other public companies (excluding foreign and private companies)	<ul style="list-style-type: none">• National Textile Corpn Limited.• Aurangabad Textiles and Apparel Parks Limited.• Goldmohur Design and Apparel Park Limited.• India United Textile Mill Limited.• New City of Bombay Mfg. Limited.• Appollo Design Apparel Parks Limited.• British India Corporation Limited (BIC Limited)
Membership/Chairman/of committees of other public companies (includes only audit committee and shareholders'/Investor Grievance Committee	Chairman, Audit Committee <ul style="list-style-type: none">• Aurangabad Textiles and Apparel Parks Limited• Goldmohur Design and Apparel Park Limited• India United Textile Mill Limited• New City of Bombay Mfg. Mills Limited• Apollo Design Apparel Parks Limited• British India Corporation Limited (BIC Limited)
Number of shares held in the Company	NIL

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ANNEXURE TO THE NOTICE DATED 5TH AUGUST, 2013

Details of Directors' seeking reappointment at the forthcoming Annual General Meeting.

(Pursuant to clause 49 of the Listing Agreement)

Name of the Director	Shri Bipin Behari Mehrotra
Date of appointment	26/08/2010
Brief Resume and nature of expertise in functional area	<p>1. Qualification –B.Com and M.S.W. Specialization in Industrial Relations & Personnel Management.</p> <p>2. Experience</p> <p>1960-1967</p> <ul style="list-style-type: none">• HR Head Mcleod & Co. Calcutta. <p>1967-1994</p> <ul style="list-style-type: none">• GM HR- (Northern Region) Macneill & Magor Ltd.Calcutta/Delhi <p>1994-2002</p> <ul style="list-style-type: none">• HR Consultant/GM in Paharpur CoolingTowers Ltd. Sahibabad/ New Delhi. <p>2002- till date</p> <ul style="list-style-type: none">• Executive Director/Director, Swadeshi Polytex Ltd. Ghaziabad.
Directorship held in other public companies (excluding foreign and private companies)	NIL
Membership/Chairman/of committees of other public companies (includes only audit committee and shareholders'/Investor Grievance Committee	NIL
Number of shares held in the Company	250 Shares

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting the 43rd Annual Report along with Audited Accounts and annexure attached thereto for the year ended 31st March, 2013.

HIGHLIGHTS

The factory of the Company located at Ghaziabad is closed since 1998. Since there were no production activities during the year, the Company has not made any manufacturing profit during the year.

The Company continued with the business i.e. trading of textiles during the year.

The Company has entered into the Real Estate sector in the last year. The Company has got the approval of sub division of the plot of the existing land of the Company and in the process of the selling the plot of the Company. Your directors are hopeful of achieving better results in the current financial year.

FINANCIAL REPORT

The Financial Results of the Company for the year 2012-2013 are summarized below:

Particulars	Year Ended on 31.03.2013 (₹)	Year Ended on 31.03.2012 (₹)
Total Income	142,945,847	55,452,719
Total Expenditure	144,672,315	202,796,901
Loss before exceptional items and tax	(1,726,469)	(147,344,182)
Deferred Tax Assets /current tax/income tax provision	(15,254,213)	84,210,640
Profit from period from continuing operation.	13,527,744	(63,133,542)
Profit from Discontinuing operation.	-	28,075,465
Profit after tax	13,527,744	(35,058,077)
Balance in Profit & Loss Account brought forward from last Year	(724,727,895)	(689,669,818)
Balances Carried forward to Balance Sheet	(711,200,151)	(724,727,895)

DIVIDEND

Your Directors do not recommend any dividend for the year under review due to accumulated losses in the Company.

PARTICULARS OF EMPLOYEES

There are no employees who are in receipt of remuneration for which particulars are required to be disclosed as required under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules 1975.

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CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGOING

In the absence of any manufacturing activities during the year under review, no steps were required to be taken for conservation of energy, technology absorption and research & development and as such the information relating thereto may be taken as nil. There were no foreign exchange earnings and outgo during the year under review.

DIRECTORS

Mr. R.K. Sharma, Mr. P.C. Vaish and Mr. Bipin Behari Mehrotra retire by rotation and being eligible, have offered themselves for re-appointment.

LISTING OF SHARES

The Bombay Stock Exchange had revoked the suspension of the Companies equity shares listed at their exchange. Now the Companies shares have started trading in Bombay Stock Exchange. The depositories for the Company's shares are NSDL & CDSL. The listing fee of Mumbai Stock Exchange has also been paid by the Company till 2013-2014. The Bangalore Stock Exchange has also delisted the Companies equity shares from their exchange on request of the Company. The Company requested the other regional Stock exchanges to delist the Companies shares as the shares of the Company are listed with the national wide Exchange i.e Bombay Stock Exchange.

AUDITORS

M/s SANMARKS & ASSOCIATES, Chartered Accountants, the Statutory Auditors of the Company retires at the forthcoming Annual General Meeting. A letter has been received from M/s SANMARKS & ASSOCIATES, Chartered Accountants confirming that their appointment, if made, will be in conformity with the provisions of Section 224 (1-B) of the Companies Act, 1956. As per section 224A of the Companies Act 1956, members are requested to pass the special resolution.

COMMENTS ON AUDITORS' REPORT

The management view on the auditors Comments are as follow.

SI. No.	AUDITORS COMMENTS	MANAGEMENT VIEW
1	The TDS on contract payments of ₹ 1,25,341/- remaining outstanding for more than six months as at 31 st March, 2013 from the date it was payable.	The TDS is now settled and there is no outstanding as of now.
2	In respect of secured loan, the principal amount of ₹ 2363.21 lacs and interest of ₹ 82.99 lacs is overdue for payment.	The matter is under discussion and the Company is confident of settling the dues in the current year from the monetization of its real estate assets.

AUDIT COMMITTEE

The Audit Committee held four (4) meetings during the year. The Members of the Audit Committee are:-

- Mr. Naveen Aggarwal - Chairman
- Mr. B. Mehrotra - Member
- Mr. N.K. Gupta - Member
- Mr. P.C. Vaish - Member

Mr. Naveen Aggarwal, Chairman of the Committee has adequate financial and accounting knowledge. Internal Auditor and the Statutory Auditors of the Company are permanent invitees to the meetings of the Audit Committee.

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PUBLIC DEPOSITS

During the year under review, Your Company has not accepted any deposits in terms of section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposit) Rules, 1975, and also no amount was outstanding on account of principal or interest thereon, as on the date of the Balance Sheet.

CORPORATE GOVERNANCE

The report on Corporate Governance and the certificate from the Company Secretary in Practice regarding compliance with the conditions of Corporate Governance have been furnished in the Annual Report and forms part of the Annual Report.

COMPLIANCE CERTIFICATE

N.K. Rastogi & Associates, Company Secretaries, has given the compliance certificate as required under section 383 A of the Companies Act, 1956. The Copy of the same is enclosed and form part of this report.

DIRECTORS' RESPONSIBILITY STATEMENT

(As per section 217 (2AA) of the Companies Act, 1956)

The Directors hereby confirm:

- i) That in the preparation of the Annual Accounts, the applicable accounting standards had been followed along with proper explanations relating to material departures;
- ii) That the Directors have selected such accounting policies and applied them consistently and made judgment 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/loss of the Company for that period.
- iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) That the Directors have prepared the Annual Accounts on a going concern basis.

ACKNOWLEDGEMENT

Your Directors wish to convey their sincere thanks to all the shareholders for the trust they have reposed in the Company and its board.

For and on behalf of the Board
FOR SWADESHI POLYTEX LIMITED

Place : New Delhi
Date : 5th August 2013

Sd/-
(R.K.SHARMA)
Director

Sd/-
(B.MEHROTRA)
Director

COMPLIANCE CERTIFICATE

Registration No of the Company: L25209UP1970PLC003320

Nominal Capital: ₹ 250, 000,000/-(Rupees Twenty Five Crores only)

To,
The Members
M/s Swadeshi Polytex Limited
New Kavi Nagar, Industrial Area
Ghaziabad

We have examined the registers, records, books and papers of M/s Swadeshi Polytex Limited as required to be maintained under the Companies Act, 1956 (The Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2013. In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers as stated in Annexure 'A' to this certificate ,as per the provisions and the rules made there under and all entries therein have been duly recorded.
2. The Company has duly filed the forms and returns as stated in Annexure 'B' to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities within the time prescribed under the Act and the rules made there under.
3. The Company being Public Limited Company has the minimum prescribed paid-up capital and comments with reference to maximum no. of members are not required.
4. The Board of Directors duly met 4 (Four) times on 21st May 2012, 09th August 2012, 27th October 2012, and 14th February 2013 in respect of which meetings proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed in the Minutes Book maintained for the purpose.
5. The Company has closed its Register of Members from 15th September, 2012 to 21st September, 2012 and necessary compliance of section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 21st September, 2012 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.
7. No Extra Ordinary General Meeting was held during the financial year.
8. The Company has not advanced any loans to its directors or persons or firms or Companies referred to under section 295 of the Act.
9. The Company has not entered into any contracts falling within the purview of section 297 of the Act.
10. The Company has made necessary entries in the register maintained under section 301 of the Act.
11. As there were no instances falling within the purview of section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or Central Governments.
12. The Company has not issued any duplicate share certificates during the financial year.
13. The Company has:
 - (i) Not allotted any securities during the year and the Company delivered all the certificates on lodgment for transfer /transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) Not deposited any amount of dividend in a separate bank account as no dividend was declared during the financial year.
 - (iii) Not required to post warrants to any members of the Company as no dividend was declared during the financial year.

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- (iv) There was no unpaid dividend account, application money due for refund etc. that have remained unclaimed or unpaid for a period of seven years.
- (v) Duly complied with the requirements of section 217 of the Act.
- 14. The Board of Directors of the Company is duly constituted and the appointments of directors, additional directors, alternate directors and directors to fill casual vacancy have been duly made.
- 15. The Company has not appointed any Managing Director/ Whole time Director/Manager during the financial year.
- 16. The Company has not appointed any sole-selling agents during the financial year.
- 17. The Company was not required to obtain any approvals of the Central Government, Company law Board, Regional Director, Registrar and / or such other authorities as prescribed under the various provision of the Act during the year.
- 18. The directors have disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
- 19. The Company has not issued any shares, debentures or other securities during the financial year.
- 20. The Company has not bought back any shares during the financial year.
- 21. There was no redemption of preference shares/debentures during the financial year.
- 22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
- 23. The Company has not invited /accepted any deposits including any unsecured loans falling within the purview of Section 58A during the financial year.
- 24. The Company has not made any borrowings during the financial year.
- 25. The Company has not made any loan or advances or given guarantees or provide securities to other bodies corporate and consequently no entries have been made in the registers kept for this purpose.
- 26. The Company has not altered the provisions of the Memorandum with respect to situation of the Company's registered office from one state to another during the year under scrutiny.
- 27. The Company has not altered the provisions of the memorandum with respect to the objects of the Company during the year under scrutiny.
- 28. The Company has not altered the provisions of the Memorandum with respect to name of the Company during the year under scrutiny.
- 29. The Company has not altered the provisions of the Memorandum with respect to share capital of the Company during the year under scrutiny.
- 30. The Company has altered its Articles of Association after obtaining approval of members in the general meeting held on 21st September, 2012 and the amendments to the Articles of Association have been duly filed with the Registrar of Companies.
- 31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment imposed on the Company during the financial year for offences under the act.
- 32. The Company has not received any money as security from its employees during the financial year.
- 33. The Company has not deducted any contribution towards provident fund during the financial year, as the same is not required under the Act.

SIGNATURE : Sd/-
NAME OF THE COMPANY SECRETARY : Naveen Kumar Rastogi
C.P. NO. : 3785

Place : DELHI
Dated : 3rd August, 2013

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ANNEXURE -A

S.No.	Name of the Register as Maintained by Company	Section under which register is maintained
1.	Minutes of Board And General Meeting	U/S 193 of the Companies Act, 1956
2.	Member Register	U/S 150 of the Companies Act, 1956
3.	Share Transfer Register	U/S 108 of the Companies Act, 1956
4.	Register of Particulars of Directors	U/S 303 of the Companies Act, 1956
5.	Directors Shareholdings	U/S 307 of the Companies Act, 1956
6.	Register of Charges	U/S 143 of the Companies Act, 1956
7.	Register and Return	U/S 163 of the Companies Act, 1956
8.	Book of Accounts	U/S 209 of the Companies Act, 1956
9.	Register of Contract	U/S 301 of the Companies Act, 1956

ANNEXURE -B

Forms and returns as filed by the Company with the Register of Companies, Regional Directors, Central Government or other authorities during the financial year 2012-2013 :

FORM NO./RETURN	FILED U/S	DATE OF FILING	PARTICULARS	WHETHER FILED WITHIN TIME (YES/NO)
Balance Sheet & Profit & Loss Account (Form 23 AC & 23 ACA)	220	14.01.2013	Year ended on 31.03.2012	YES
Annual Return (Form 20 B)	159(1)	17.12.2012	For AGM held on 21.09.2012	NO
Compliance Certificate (Form 66)	383 A	28.09.2012	Year ended on 31.03.2012	YES
Form 32	303(2)	16.11.2012	For Appointment & Cessation of Director.	NO
Form 23	192	18.12.2012	For registration of Special Resolution.	NO

COMPLIANCE REPORT ON CORPORATE GOVERNANCE

COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Your Company is committed to good Corporate Governance in all its activities and processes. The Directors endeavor is to create an environment of fairness, equity and transparency with the underlying objective of securing long-term shareholder value, while, at the same time, respecting the rights of all stakeholders.

I BOARD OF DIRECTORS

The Board of Directors (The Board) is entrusted with the ultimate responsibility of the management, general affairs, direction and performance of the Company and had been vested with the requisite powers, authorities and duties.

A. *Composition, Category and Attendance of the Board of Directors*

Composition of the Board

During the year 2012-13, the Board of Directors consisted of Twelve(12) Directors, all are the non-executive Directors. Mr. Gaurav Swarup is the Chairman of the Company and Mr. Hartaj Sewa Singh is the Vice Chairman of the Company.

The composition of Board of Directors is as follows.

Sl. No.	Name	Category
1.	Mr. Gaurav Swarup	Chairman and Non Executive Director
2.	Mr. Hartaj Sewa Singh	Vice Chairman and Non Executive Director
3.	Mr. K. Ramachandran Pillai	Non Executive Director
4.	Mr. R.K.Sharma	Non Executive Director
5.	Mr. Atul Seksaria	Independent Director
6.	Mr. K. Subramanian*	Non Executive Director
7.	Mr. S.S.Madan	Independent Director
8.	Mr. N.K.Gupta	Independent Director
9.	Mr. Naveen Aggarwal	Independent Director
10.	Mr. S.B Singh Khathpal	Non Executive Director
11.	Mr. Bipin Behari Mehrotra	Non Executive Director
12.	Mr. Yezdezard Jehangir Dastoor	Independent Director
13.	Mr. P.C. Vaish	Non Executive Director

* Mr. K. Subramanian ceased to be a Director on the Board w.e.f. 1st July, 2012.

The Chairman is a promoters Director and the number of Independent Non-Executive Directors on the Board is more than 40% of the Board strength at any point of time.

B. *None of the non-executive Directors has any pecuniary relationship with the Company.*

C. During the period, the Board of Directors of your Company met 4 (Four) times. The dates on which the meetings were held are 21st May 2012, 9th August 2012, 27th October 2012 and 14th February 2013 and the gap requirement of four months between two meetings has been complied with.

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All relevant information, as per clause 49 of the listing Agreement was placed before the Board from time to time.

Directors' Attendance Record

Name	Number of Board Meetings held during the year	Number of Board Meetings attended	Last AGM Attendance (Yes/No)
Mr. Gaurav Swarup	4	0	No
Mr. Hartaj Sewa Singh	4	4	No
Mr. K. Ramachandran Pillai	4	0	No
Mr. R.K.Sharma	4	4	Yes
Mr. Atul Seksaria	4	4	No
Mr. K.Subramanian	4	1	No
Mr. S.S.Madan	4	4	Yes
Mr. N.K.Gupta	4	4	Yes
Mr. Naveen Aggarwal	4	3	Yes
Mr. S.B Singh Khathpal	4	4	Yes
Mr. Bipin Behari Mehrotra	4	4	Yes
Mr. Yezdezard Jehangir Dastoor	4	1	No
Mr. P.C. Vaish	4	3	No

None of the Directors of your Company were members in more than 10 Committees or acted as Chairman of more than 5 committees across all Companies in which they were Directors.

D. Code of Conduct

The Board has approved the code of conduct for all the board members and senior management personnel of the Company.

II. AUDIT COMMITTEE

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292 A of the Companies Act, 1956.

A. Composition, Name of Members and Chairman

The functioning and terms of reference of the audit committee including the role, powers and duties, quorum for meeting and frequency of meetings, have been devised keeping in view the requirements of section 292 A of the Companies Act, 1956 and the listing agreement with the Bombay Stock Exchange Limited.

The Company has a multi disciplinary Internal Audit Team which submits its report directly to the Audit Committee on quarterly basis. The Chairman of the audit committee was present in the last Annual General Meeting of the Company.

The Audit Committee is responsible for:

1. Effective supervision of the financial reporting process, ensuring financial, accounting and operating controls and compliance with established policies and procedures.
2. Evaluating the adequacy of internal controls and its effectiveness.
3. Reviewing the financial results of the Company for each quarter/year before the same are placed at the Board meeting for approval.
4. Providing an avenue for effective communication between the Internal Audit, the Statutory Auditors and the Board of Directors.

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Composition and Attendance

The Audit Committee of the Company comprises of Mr. Naveen Aggarwal (Chairman), Mr. B. Mehrotra, Mr. N.K Gupta and Mr. P.C. Vaish.

Mr. Naveen Aggarwal, Mr. B. Mehrotra & Mr. N.K.Gupta holds 250 shares each and Mr. P.C. Vaish holds nil shares of the Company.

Sl. No.	Name of the Member	Category	No. of Meetings Held	No. of Meetings Attended
1.	Mr. Naveen Aggarwal	Chairman	4	4
2.	Mr. B. Mehrotra	Member	4	4
3.	Mr. K. Subramanian*	Member	4	1
4.	Mr. N.K. Gupta	Member	4	4
5.	Mr. P.C. Vaish	Member	4	3

* Mr. K. Subramanian ceased to be a member of the Committee w.e.f. 1st July, 2012.

- B.** During the year, Audit Committee met 4 (Four) times on 18th May 2012, 8th August 2012, 22nd October 2012 and 8th February 2013.

III. The Company does not have any subsidiary Company.

IV. DISCLOSURES

- A.** Related party transactions and its details as given in Clause 49 are placed before Audit Committee.
- B.** While preparing the financial statements, the Company has followed prescribed accounting standards.
- C.** Your Company has established the adequate procedures for the purpose of ensuring that identified risk is effectively managed through properly defined framework.
- D.** During the year the Company has not raised any funds by way of Public Issues, Right Issues Preferential Issues etc.
- E.** There are no materially significant related parties transactions which have potential conflict with the interest of Company. Transaction with related party are disclosed in notes to accounts in the annual report.
- F.** No penalties or strictures have been imposed on the Company by the stock Exchange/s or SEBI or any statutory authority on any matter related to capital markets for non compliance by the Company.
- G.** The Company has complied with all the mandatory requirements of clause 49 of the listing Agreement signed with Bombay Stock Exchange. The Company's applications for delisting of its shares with regional Stock exchanges were pending with the respective exchanges. Bangalore Stock Exchange has delisted the Companies shares on request of the Company.

H. Remuneration of Directors

The Company does not have any pecuniary relationship with any Non-Executive Directors. Therefore, no remuneration was given to any of the Director during the financial year 2012-13.

I. General Shareholders Information

- Quarterly results and presentation made by the Company to the analyst, if any, has been sent in such form so as to enable the stock exchange on which the Company is listed to put its own web site.
- The Board has constituted Shareholder's Grievance Committee of Directors in order to meet the requirement of Clause 49 of the Listing Agreement of the Stock Exchanges.

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a. Composition of Committee

Shareholders' Grievance Committee comprises of Mr. N.K Gupta (Chairman), Mr. R.K Sharma, Mr. D.K Agarwal and Mr. Bhuwan Chaturvedi have been appointed as committee members.

b. Key Responsibilities

The key Responsibilities of the Investor Grievance Committee include the following:

- Redressal of shareholders and investor complaints e.g. transfer of shares, non receipt of balance sheet, non receipt of declared dividend etc.
- Formulation of procedures in line with the statutory guidelines to ensure speedy disposal of various requests received from shareholders from time to time.
- Issue of duplicate share certificates in place of original certificate, which may be lost/ torn/ mutilated;
- To approve and effect transmission of shares arising as a result of death of the sole/ anyone joint shareholder.

c. Details of queries/complaints received and resolved during the year

Name of Compliance Officer : Mr. Bhuwan Chaturvedi

Designation of Compliance Officer : CEO

This committee monitors complaints of shareholders relating to transfer of shares, non-receipt of balance sheet, dividend, interest etc.

The details of Shareholders Grievance are as follows:-

No. of Complaints received during the year	6
No. of Complaints resolved during the year	6
Pending Complaints at the end of the financial year	NIL

3. The Board has constituted Share Transfer Committee in order to meet the requirements of Clause 49 of the Listing Agreement of the Stock Exchanges.

The Share Transfer Committee comprises of Mr. Naveen Aggarwal (Chairman), Mr. Bhuwan Chaturvedi, Mr. B. Mehrotra & Mr. P.C. Vaish.

The Board has designated Mr. Bhuwan Chaturvedi, CEO as the compliance officer of the Company.

V. CEO/CFO CERIFICATION

Certificate as required by clause 49 of the Listing Agreement is enclosed.

VI GENERAL BODY MEETINGS

The details of last three Annual General Meetings (AGM) of shareholders held were as under:

Year	Date	Location	Time	Whether Special Resolution Passed
42 nd AGM	21/09/2012	New Kavi Nagar Industrial Area, Ghaziabad, U.P	12.00 NOON	Yes
41 st AGM	21/09/2011	New Kavi Nagar Industrial Area, Ghaziabad, U.P	12.00 NOON	Yes
40 th AGM	28/10/2010	New Kavi Nagar Industrial Area, Ghaziabad, U.P	12.00 NOON	Yes

Swadeshi Polytex Limited

Special Resolution passed at the last three Annual General Meetings.

AGM	Description of Special Resolution
42 nd AGM	Appointment of Auditors and fixation of their remuneration and Dematerialization of shares of the Company.
41 st AGM	Appointment of Auditors and fixation of their remuneration.
40 th AGM	Change name of the Company, reappointment of Auditors' & and conversion of loan into equity under sec 81(1A)

VII. DISCLOSURES

- A.** Transactions of material nature entered into by the Company with promoters, Directors or the management, their subsidiaries or relatives etc., if any form part of the Notes to the Accounts
- B.** The Company has complied with the requirements of SEBI and other Statutory and Regulatory Authorities on capital markets. No penalties or strictures have been imposed on your Company by the Stock Exchanges, SEBI and other Statutory and Regulatory Authorities in connection with violation of capital market norms, rules and regulations etc. in the last three years. The Company has complied with all the mandatory requirements of clause 49 of the listing Agreement signed with Bombay Stock Exchange. The company's applications for delisting of its shares with regional Stock exchanges (other than Bangalore Stock Exchange) were pending with the respective exchanges.
- C.** The Company has complied with all mandatory requirements of the Clause 49.

VIII. MEANS OF COMMUNICATION

The Company has published the quarterly, half yearly and annual financial results during the year.

IX GENERAL SHAREHOLDER INFORMATION

S No. Information

- A.** Annual General Meeting
- Date and Time 19th September, 2013 at 12.30 P.M .
- Venue New Kavi Nagar, Industrial Area Ghaziabad.
- B.** Financial Year Ending 31st March, 2013
- C.** Book Closure Date 16th September, 2013 to 19th September, 2013.
(Both days inclusive)
- D.** Listing on Stock Exchange: The Stock Exchange, Mumbai
Phiroze Jee Jee Bhoy Tower,
25th Floor, Dalal Street, Mumbai – 400001
- E.** Dividend payment date Dividends are not recommended by the board
during 2012-13

Listing Fee of The Stock Exchange Mumbai upto the year 2013-14 has been paid and the confirmations of delisting from regional and other Stock Exchange (other than Bangalore Stock Exchange) is still awaited

- F.** Stock Code
The Stock Exchange, Mumbai 503816
- G.** Market Price Data (BSE): High, Low during each month in last financial year were not given as the trading was very thin or nominal. The trading of equity shares at BSE was started w.e.f 28th May, 2012.
- H.** Performance in Comparison to
BSE Sensex

Swadeshi Polytex Limited

- I. Registrar and Transfer Agent The Company has appointed RCMC as Registrar and Share Transfer Agent.
- J. Share Transfer System The Share Transfer Committee meets regularly to approve the transfer/transmission etc.
- K. Distribution of Shareholdings as on March 31,2013

Share Holding of Nominal Value of Rs. 10/-	No. of Shareholders	% of Shareholders	No of Shares held	Amount	% to total
1 to 5000	9727	98.46	674070	6740700.00	17.28
5001 to 10000	93	0.94	72300	723000.00	1.85
10001 to 20000	33	0.33	50700	507000.00	1.30
20001 to 30000	7	0.07	15750	157500.00	0.40
30001 to 40000	5	0.05	16505	165050.00	0.42
40001 to 50000	3	0.03	15000	150000.00	0.38
50001 to 100000	3	0.03	15800	158000.00	0.41
100001 to Above	8	0.08	303987530	398750.00	77.95
Grand Total	9879	100.00	3900000	39000000.00	100.00

Pattern of Shareholding as on March 31, 2013

	Category	No. of Shares	% of Holding
1.	Promoters Holding		
	i. Promoters – Indian Promoters	22,29,700	57.17
	– Foreign Promoters	NIL	NIL
	ii. Persons acting in concert	NIL	NIL
	Sub Total	22,29,700	57.17
2.	Non Promoters Holding		
	i. Institutional Investors	NIL	NIL
	ii. Mutual Fund and UTI	NIL	NIL
	iii. Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non Govt. Institutions)	72,750	1.87
	iv. FII's	NIL	NIL
	Sub Total	72,750	1.87
3.	Others		
	i. Private Corporate Bodies	7,64,622	19.61.
	ii. Indian Public	8,28,218	21.24
	iii. NRI's/OCB's	4710	0.12
	iv. Any Others(HUF/Firm/Foreign Companies)		
	Sub Total	15,97,550	40.97
	Grand Total	39,00,000	100.00

Swadeshi Polytex Limited

L. Dematerialization of Shares	The Company has obtained the permission from NSDL vide letter dated 22 nd April, 2013 for dematerialization of its shares. Thus, the Equity shares of the Company are available for demat under both the depositories i,e NSDL & CDSL.
Demat ISIN Number	INE243N01011
M. Delisting of shares	The Equity shares of the Company have been delisted from the Bangalore Stock Exchange with effect from Friday, 8 th February, 2013.
N. Registered Office	New Kavi Nagar Industrial Area, Ghaziabad 201002
O. Plant Location	NA
P. Address for communication	Shareholders correspondence should be addressed to the Company at the Registered Office of the Company or with the Registrar.
Q. Certificate on Corporate Governance	As stipulated in clause 49 of the Listing Agreement, the certificate from a N.K Rastogi & Associates regarding compliance of condition of Corporate Governance is annexed herewith.

CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of
Swadeshi Polytex Limited

We have examined the compliance of conditions of Corporate Governance by Swadeshi Polytex Limited for the period ended on 31st March, 2013 as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges in India.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance as stipulated in the said clause. It is neither an audit nor 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 representation made by Directors and Management, we certify that the Company has mostly complied with the conditions of corporate governance as stipulated in the above-mentioned Listing Agreement.

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

For **N.K. RASTOGI & ASSOCIATES**
Company Secretaries

Sd/-
(NAVEEN K. RASTOGI)
Proprietor
C.P. No.: 3785

Place : Ghaziabad
Date : 5th August, 2013

CEO CERTIFICATE

To,
The Members
Swadeshi Polytex Limited

Declaration by Chief Executive Officer on Code of Conduct under clause 49 of the Listing Agreement

I hereby declare that to the best of my knowledge and information, all the Board Members and Senior Management Personnel have affirmed in writing their adherence with the code of conduct adopted by the Company.

Place : New Delhi
Date : 5th August, 2013

Sd/-
(Bhuwan Chaturvedi)
CEO

CERTIFICATION ON FINANCIAL STATEMENTS OF THE COMPANY

We, B. Mehrotra and R.K. Sharma, Directors of Swadeshi Polytex Limited certify:

1. We have reviewed the Financial Statements and Cash Flow Statement of the Company for the year ended March 31, 2013 and that to the best of our knowledge and belief:
 - These Statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
 - 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;
2. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended March 31, 2013 which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining the Company's internal controls system for financial reporting and evaluating its effectiveness. Deficiencies in the design or operation of such internal controls, if any, of which we are aware, have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.
4. During the year:
 - There has not been any significant change in internal control over financial reporting during the year under reference;
 - There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statement; and
 - We are not aware of any instance during the year of significant fraud with involvement therein of management or any employee having a significant role in the Company's internal control system over financial reporting.

Date : 5th August, 2013
Place : New Delhi

Sd/-
(B. Mehrotra)
Director

Sd/-
(R.K. Sharma)
Director

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Global Economy

During the year under review, the world faces several economic and political challenges ranging from the Eurozone debt crisis to continued turmoil in some of the countries in North African region.

Indian Economy

The Indian economy had its own sets of challenges during the year. It dealt with issues like high inflation, tightening monetary policy, weakening industrial growth and investments, lack of direction in government policies, depreciating rupee and high crude oil prices. This led to a slowdown in the overall growth of the economy. According to CSO estimates, the economy grew by 6.9% during the year. However, India is expected to gain back its growth momentum in the medium term owing to higher savings and easing inflationary pressures which would lead to capital formation and fresh investments.

Real Estate

From the last year the Company has entered into real estate sector. As we all are aware that real estate is one of the three primary needs of mankind with food and clothing being the other two. The demand for Real Estate though un-questionable is driven by many factors including affordability, cyclicity, market sentiment, availability of loans etc. The supply side is influenced by regulatory policies, liquidity, and availability of skilled and unskilled resources.

Owing to the impact of the challenging macro economic factors, this financial year 2012-13 was quite challenging for the sector. It faced difficulties in terms of funding, rising costs, labor shortages and regulatory issues, hampering project execution.

Outlook on opportunities, threats, risks and concerns

Driven by long term vision for real estate, we have always been optimistic on the promising future outlook of this industry. The global economy is fast recovering and is reflecting in improved performance of some companies in the IT and export oriented industries.

Your Company has already contracted for the sale of its real estate assets and is facing the challenges of regulatory approvals which were not forthcoming during the year. As a result monetization of the real estate project was significantly hampered. Your Company is pleased to inform you that regulatory approvals have now been received post the financial year ending 31st March, 2013 and we expect significant progress in the monetization of the Company's real estate assets this year.

Once monetized it is the intention of your Company to use the funds so generated to explore opportunities in growth areas and industries and try to keep a focus on the real estate sector.

While the management of Your Company will continue to leverage the opportunities, it also foresees the challenges, like the availability of skilled resources and retention of highly talented workforce, frequent amendments in regulations, Inflationary pressures which would increase raw material/labor cost, lack of supporting infrastructure such as roads, highways, electricity, etc. that can hamper the growth of real estate as it thrives on availability of good infrastructure.

Financial performance

During the period under review as explained elsewhere, the Company has earned PAT of ₹ 1,35,24,277/- as against loss of ₹ 35,058,077/ in the previous year.

Swadeshi Polytex Limited

Human Resources / industrial relations

The Human Resources (HR) function is instrumental in creating and developing human capital in alignment with the Company Objectives. Your Company currently has to build its human resources based on the finalization of the opportunities it will focus on in the near future.

Industrial relations are been cordial as your Company does not have any work force with the cessation of production activities and dismantling of its old plant and machinery.

The challenge will be to build a team of all employees, managers and workmen with the value of teamwork and belongingness. All the employees of the Company will be expected to work as one cohesive team devoted to a common goal of the Company.

Internal control systems

The Company has adequate internal control systems for each and every business processes. The internal control system is supplemented by an extensive internal audit, which is conducted by independent firm of Chartered Accountants i,e Messer's KSMN & Company, Chartered Accountants & Co., Delhi in our case.

Internal audits are undertaken on a continuous basis. These internal controls ensure efficiency in operations, compliance with internal policies of the Company, applicable laws and regulations, protection of resources and accurate reporting of financial transactions. The Management and Audit Committee regularly review reports of the internal auditors, and corrective action initiated to strengthen the controls and enhance the effectiveness of the existing systems.

Cautionary Statement

Statements in the Management's Discussion and analysis report describing the Company's estimates, expectations or predictions may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that would make a difference to the Company's operations include demand-supply conditions, change in Government regulations, tax regimes, economic developments within the country and other factors such as litigation etc.

INDEPENDENT AUDITORS' REPORT

To,
The Members of Swadeshi Polytex Limited
Ghaziabad

Report on the Financial Statements

We have audited the accompanying financial statements of Swadeshi Polytex Limited ('the Company') which comprise the Balance Sheet as at 31st March, 2013, the Statement of Profit & Loss and the Cash Flow Statement for the year then ended and Notes to Financial Statements comprising of a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

- a) in the case of balance sheet, of the state of affairs of the Company as at 31st March 2013,
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

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

Swadeshi Polytex Limited

- c) The Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
- e) On the basis of written representation received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2013 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

For **SANMARKS & ASSOCIATES**

Chartered Accountants
Firm's Regn. No. 003343N

Sd/-

(S. K. BANSAL)

Partner

Membership No.: 082242

Place : Faridabad
Date : 30th May, 2013
Camp: Ghaziabad

Annexure to the Independent Auditors' Report

Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our Report to the members of Swadeshi Polytex Limited for the year ended 31st March 2013. We report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) We are explained that the Company has carried out the year end physical verification of majority of fixed assets. In our opinion, the frequency of the physical verification is reasonable having regard to the size and nature of operations of the company. We are explained that no material discrepancies were noticed on such physical verification.
- (c) The Company has not sold any part of fixed assets during the year, therefore the provision of the clause (i)(c) is not applicable.
- (ii) (a) The only inventory in hand at the year end is in the form of lease hold plot rights, for which management has conducted physical verification in the form of measurement, frequency of which in our opinion is reasonable;
- (b) In our opinion and in view of nature of inventory, the action taken and procedures followed by the management for physical verification of inventory were found reasonable and adequate.
- (c) In respect of the trading activities, the company has identified and maintained records in respect of various plots of land and other inventory items and no material discrepancies were noticed on the physical verification of the same as compared to book records.
- (iii) (a) We are explained that the Company has not granted any loans secured or unsecured to any Company, firm or other party required to be listed in the register maintained under Section 301 of the Companies Act, 1956.
In view of clause (iii) (a) above, the clauses (iii)(b), (iii)(c) and (iii)(d) of the Order are not applicable.
- (e) The company had taken secured loan from a body corporate and unsecured loan from another body corporate listed in the register maintained under Section 301 of the Companies Act 1956. The maximum amount involved for the said loans was ₹ 3506.55 lacs for Secured Loan and Rs. 230.21 Lacs for unsecured loans.
- (f) In our opinion, the rate of interest and other terms and conditions of the aforesaid loans taken by the company, considering various factors, are prima facie not prejudicial to the interest of the company;

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- (g) In respect of the aforesaid secured loan, *in our opinion the principal amount of ₹ 2363.21 lacs and interest of ₹ 82.99 lac is overdue for recovery.* In respect of unsecured loan, it is informed that the same is repayable on demand. We are also informed that no such demand was raised for repayment of aforesaid unsecured loan during the year and therefore there was no overdue amount at the year end.
- (iv) In our opinion and according to the information and explanations give to us, there are adequate internal control systems commensurate with the size of the company and nature of its business with regard to purchase of fixed assets and Trading activities. Further, on the basis of our examination and according to the information and explanations given to us, we have neither came across nor have been informed of any instance of major weakness in the aforesaid internal control procedures.
- (v) (a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements that need to be entered into the register maintained under Section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the company has not entered into any transactions exceeding the aggregate amount of ₹ 5 lacs in respect of aforesaid parties during the year except the transactions under loan and interest thereon and reimbursement accounts.
- (vi) The Company has not, during the year, accepted any fixed deposit from the public to which provisions of section 58A & 58AA of the Companies Act, 1956 and relevant rules framed there under apply.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) We are informed that the maintenance of the cost records has not been prescribed u/s 209 (1) (d) of the Companies Act, 1956 for the company since no manufacturing activities were carried out by the company during the year under report.
- (ix) (a) According to the information and explanation given to us and on the basis of our examination of the books of account, the company has been generally regular in depositing the undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other material statutory dues applicable to it with the appropriate authorities except *TDS on Contract Payments of ₹ 1,25,341/ remaining outstanding for more than six months as at 31st March 2013 from the date it was payable.*
- (b) According to information and explanation given to us and on the basis of our examination of the books of accounts of the company, following are the details of sales tax/income tax/custom duty/wealth tax/service Tax/excise duty/cess, which have not been deposited on account of any dispute.

Name of Statute	Nature of Dues	Amount (in lacs)	Period	Forum at which dispute is pending
Various Sales Tax Acts	Sales Tax Demand	149.37	Various Years	Various Forum
The Central Excise Act, 1944	Excise Duty on unauthorised removal of goods	165.22	Various Years	Commissioner Central Excise and CESAT
The Central Excise Act, 1944	Penalty on Excise Duty	25.00	2012	CESAT
The Central Excise Act, 1944	Custom Duty	0.19	Old	D. C. Customs, Mumbai

Swadeshi Polytex Limited

- (x) At the end of the current financial year, company's accumulated losses were more than 50% of its net worth. The company had incurred cash loss during the current financial year as well as in the immediately preceding financial year.
- (xi) According to the information and explanation given to us, we are informed that the company had not borrowed any money from any bank or financial institution and had not issued debentures during the year under report.
- (xii) We are informed that the company had not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Order are not applicable to it.
- (xiv) On the basis of examination of books of accounts and according to information and explanations given to us, the company is not dealing or trading in shares, securities, debentures and other Investments.
- (xv) According to the information and explanation given to us by the Management, the Company had not given any guarantee for loans taken by others from banks or financial institutions.
- (xvi) We are informed that the Company had not obtained any term loans during the current financial year.
- (xvii) According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that the company had not used the short term funds for long term investment during the year under report.
- (xviii) According to the information and explanation given to us, the company had not made any preferential allotment of shares to parties or companies covered in register maintained under Section 301 of the Act.
- (xix) The company had not issued any debentures, consequently the provisions of clause 4(xix) of the Order are not applicable to it.
- (xx) The company had not raised any money by means of public issue.
- (xxi) During the course of our examination of the books and records of the company carried out in accordance with the generally accepted auditing practices in India, we have neither come across any instance of fraud on or by the Company, noticed and reported during the year, nor have we been informed of such case by the Management.

For **SANMARKS & ASSOCIATES**

Chartered Accountants
Firm's Regn. No. 003343N

Sd/-

(S. K. BANSAL)

Partner

Membership No.: 082242

Place : Faridabad
Date : 30th May, 2013
Camp: Ghaziabad

BALANCE SHEET AS AT 31st MARCH, 2013

Particulars	Note No.	Amount as at 31-March-2013	Amount as at 31-March-2012
I. EQUITY & LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	2.1	39,000,000	39,000,000
(b) Reserves & Surplus	2.2	-532,026,485	-545,554,229
		-493,026,485	-506,554,229
(2) Non-current liabilities			
(a) Other Long Term Liabilities	2.3	26,750,552	27,114,272
(b) Long-term provisions	2.4	3,403,008	3,403,008
		30,153,560	30,517,280
(3) Current liabilities			
(a) Short-term borrowings	2.5	610,096,745	610,096,745
(b) Trade payables	2.6	14,244,103	25,037,408
(c) Other current liabilities	2.7	139,279,821	50,070,766
		763,620,668	685,204,919
	TOTAL	300,747,743	209,167,970
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
Tangible assets	2.8	1,359,025	1,323,481
		1,359,025	1,323,481
(b) Non-current investments	2.9	-	-
(b) Deferred Tax Assets(Net)	2.10	85,318,036	70,063,823
(c) Long-term loans and advances	2.11	9,092,975	9,124,556
		94,411,011	79,188,379
(2) Current assets			
(a) Inventories	2.12	69,747,239	69,607,845
(b) Trade receivables	2.13	128,600,956	35,741,125
(c) Cash and cash equivalents	2.14	6,299,555	23,019,276
(d) Short-term loans and advances	2.15	23,311	88,388
(e) Other current assets	2.16	306,646	199,476
		204,977,707	128,656,110
	TOTAL	300,747,743	209,167,970

Significant Accounting Policies 1.0
 The Notes No. 1 to 2.35 are integral part of these financial statements

As per our report of even date attached

For **Sanmarks & Associates**

Chartered Accountants

Firm Regn. No. 003343N

S.K.Bansal

Partner

M No. - 082242

Place : Faridabad

Camp: Ghaziabad

Date : 30th May, 2013

Sd/-
(R.K. Sharma)
 Director

Sd/-
(B. Mehrotra)
 Director

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2013

Particulars	Note No.	For the year ended 31-March-2013	For the year ended 31-March-2012
I. Revenue from operations	2.17	141,850,821	53,957,640
II. Other Income	2.18	1,095,026	1,495,079
III. Total Revenue (I +II)		142,945,847	55,452,719
IV. Expenses:			
Purchase of Stock-in-Trade		2,530,894	-
Land Development Expenses		5,744,738	70,533,542
Changes in inventories of Stock-in-Trade		(139,394)	(68,412,287)
Financial costs	2.19	120,908,387	180,849,085
Depreciation and amortization expense	2.8	38,203	56,773
Less: Charged from Revaluation Reserve			-
Other expenses	2.20	15,589,487	19,769,787
Total Expenses		144,672,315	202,796,901
V. Profit/(Loss) before exceptional items and tax	(III - IV)	(1,726,469)	(147,344,182)
VI. Exceptional Items	2.21		-
VII. Profit/(Loss) before tax	(V - VI)	(1,726,469)	(147,344,182)
VIII. Tax expense:			
(1) Current tax		-	(13,483,953)
(2) Income Tax provision no longer required		-	(662,864)
(3) Deferred tax		(15,254,213)	(70,063,823)
IX. Profit/(Loss) from the period from continuing operations	(VII-VIII)	13,527,744	(63,133,542)
X. Profit/(Loss) from Discontinuing operations	2.22	-	41,559,418
XI. Tax expense of Discontinuing operations		-	13,483,953
XII. Profit/(Loss) from Discontinuing operations	(X-XI)	-	28,075,465
XIII. Profit/(Loss) for the period	(IX+XII)	13,527,744	(35,058,077)
XIV. Earning per equity share: (nominal value of ₹ 10 each (previous year ₹ 10 each)			
Basic & Diluted			
Computed on the basis of profits from continuing operations		3.47	-16.19
Computed on the basis of the total profits of the period		3.47	-8.99

Significant Accounting Policies

1.0

The Notes No. 1 to 2.35 are integral part of these financial statements

As per our report of even date attached

For **Sanmarks & Associates**

Chartered Accountants

Firm Regn. No. 003343N

S.K.Bansal

Partner

M No. - 082242

Place : Faridabad

Camp: Ghaziabad

Date : 30th May, 2013

Sd/-
(R.K. Sharma)
Director

Sd/-
(B. Mehrotra)
Director

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

Particulars	For the year ended 31-March-2013	For the year ended 31-March-2012
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net profit/(loss) before tax	(1,726,469)	(105,784,763)
Adjustment for :		
Provisions no longer required written back		
Interest Expenses	119,937,660	180,538,791
Credit Balances written back	(579,855)	(57,575,002)
Interest Income	(485,871)	(1,403,596)
Depreciation	38,203	56,773
Fixed Assets written off	-	507,935
(Profit)/Loss On Sale of Assets	-	(15,355,808)
Miscellaneous Assets written off	-	3,614,725
Provision write off for Doubtful Debts/Advances	-	17,133,573
Operating Cash before working capital changes	117,183,669	21,732,627
Adjustment for :		
(Increase)/Decrease in Long Term Loans & Advances	(9,916)	(3,648,943)
(Increase)/Decrease in Short Term Loans & Advances	65,077	373,991
Increase/(Decrease) in Other Long Term Liabilities	(363,720)	(105,715)
Increase/(Decrease) in Other Current Liabilities	(18,734,837)	(150,345,070)
(Increase)/Decrease in Other Current Assets	(1,160,638)	163,910
(Increase)/Decrease in Inventory	(139,394)	(63,077,787)
Increase/(Decrease) in Trade Payables	(10,213,452)	1,288,168
(Increase)/Decrease in Trade Receivables	(92,859,831)	(15,364,558)
Cash Generated from Operation	(6,233,042)	(208,983,377)
Direct Tax Paid/(Refund)	(41,497)	(62,181)
Net Cash Flow from Operating Activities	(6,191,545)	(208,921,196)
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of Fixed Assets	73,747	51,902
Sale of Fixed Assets	-	(47,339,216)
Interest Received	(485,871)	(1,562,255)
Net Cash used in Investing Activities	(412,124)	(48,849,569)

Swadeshi Polytex Limited

Particulars	For the year ended 31-March-2013	For the year ended 31-March-2012
C. CASH FLOW FROM FINANCIAL ACTIVITIES		
Payment of Short Term Borrowings	-	-
Proceeds from Short Term Borrowings	-	(322,799,148)
Interest Paid	11,993,768	164,084,209
Net Cash used in Financing Activities	11,993,768	(158,714,939)
Net Increase/(Decrease) in Cash and Cash Equivalents (A-B-C)	(17,773,190)	(1,356,688)
Cash and Cash Equivalent at the Beginning of the Year	23,019,276	24,375,965
Cash and Cash Equivalent at the End of the Year	5,246,086	23,019,276
COMPONENTS OF CASH AND CASH EQUIVALENTS		
Cash in hand	1,478,400	1,762,266
Cheque/Draft in Hand	-	-
Balance with Banks		
- Current Accounts	3,767,686	20,587,553
- Deposit Accounts	-	669,457
Total Cash and Cash Equivalents (Note 2.14)	5,246,086	23,019,276

As per our report of even date attached

For **Sanmarks & Associates**

Chartered Accountants

Firm Regn. No. 003343N

S.K.Bansal

Partner

M No. - 082242

Sd/-
(R.K. Sharma)
Director

Sd/-
(B. Mehrotra)
Director

Place : Faridabad

Camp: Ghaziabad

Date : 30th May, 2013

SIGNIFICANT ACCOUNTING POLICIES & PRACTICES AND NOTES TO ACCOUNTS

1 SIGNIFICANT ACCOUNTING POLICIES & PRACTICES

1.1 ACCOUNTING CONCEPTS

a) The financial statements are prepared under the historical cost convention on accrual basis of accounting as going concern and in accordance with the generally accepted accounting principles, accounting standards as prescribed under companies Accounting Rules, 2006, as applicable and the relevant provisions, rules and disclosure requirements of the Companies Act, 1956.

b) USE OF ESTIMATES

In preparing the financial statements in conformity with the generally accepted accounting principles management is required to make estimates and assumptions that may affect the reported amount of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the amount of revenue and expenses during the reported period. Actual results could differ from those estimates. Any revision to such estimates is recognised in the period the same is determined.

1.2 FIXED ASSETS, REVALUATION OF ASSETS AND DEPRECIATION

(a) Fixed assets are stated at their original cost of acquisition including cost of installation. MODVAT/CENVAT availed are being deducted from the cost of respective asset.

(b) Projects under Commissioning and other Capital Works-in-Progress are carried at cost, comprising direct cost and related incidental expenses.

(c) In case of Revaluation of Fixed Assets, the concerned asset is stated at revalued amount with the creation of Revaluation Reserve. Consequent depreciation on revalued portion of fixed assets based on the remaining useful life is being withdrawn from Revaluation reserve crediting the Profit & Loss Account.

(d) Depreciation on Plant & Machinery and Buildings is being provided on Straight Line Method, other assets except leasehold land is provided on written down value method at the rates specified in Schedule XIV (as amended) to the Companies Act, 1956.

1.3 IMPAIRMENT OF ASSETS

(i) The carrying amounts of fixed assets are reviewed at each balance sheet date, if there is any indication of impairment based on internal /external factors.

(ii) An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount and the same is recognized as an expense in the statement of Profit & Loss and Carrying amount of the asset is reduced to recoverable amount.

(iii) Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the assets no longer exists or have decreased.

1.4 REVENUE

Sales is recognized on dispatch of goods and includes excise duty but excludes sales tax, rebate & discount allowed, as applicable and is net of return/rejections. Certain Incomes the accrual of which is ab-initio not agreed/disputed upon by the parties is not accounted for till such time is agreed / received. Similarly Interest on receivables are accounted only on the receipt or settlement of the same, which ever is earlier. Revenue on transfer of leasehold land is recognised on the basis of transfer of rights along with the related risk and rewards to the buyer.

Swadeshi Polytex Limited

1.5 INVENTORIES

Valuation of stocks is done as mentioned below:

Raw Material and Stores & Spares	At lower of cost or Net relisable value
Work-in-Process	At cost of material included therein or net realisable value whichever is lower.
Finished Goods	At lower of cost or net realisable value
Leasehold Land held for sale	At lower of book value or net realisable value
Saleable Waste, Inventory Held for Disposal and by products	At Net estimated relisable value

- (a) Cost is arrived at using monthly weighted average method.
- (b) Cost of Finished Goods is inclusive of Excise Duty.
- (c) Cost of Leasehold hand is determined after including the expenditure incurred on the development thereof

1.6 TAXATION

i) Current Tax

Provision for Taxation is ascertained on the basis of assessable profits computed in accordance with the provisions of Income Tax Act, 1961. However, where the tax is computed in accordance with the provision of Section 115 JB of the Income Tax Act, 1961, as Minimum Alternate Tax (MAT), it is charged off to the Profit & Loss Account of the relevant year.

ii) Deferred Tax

Deferred Income Tax is recognized, subject to the consideration of prudence, as the tax effect of timing difference between the taxable income and accounting income computed for the current accounting year and reversal of earlier years' timing differences.

Deferred Tax assets are recognized and carried forward to the extent there is reasonable certainty, except arising from unabsorbed depreciation and carry forward losses which are recognized to the extent of deferred tax liabilities or there is virtual certainty, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

1.7 Refunds of Taxes and Duties

Refund claims arising out of monies paid under protest or under appeals and charged to Revenue are accounted for at the time of receipt of orders or actual refunds whichever is earlier.

1.8 Contingent Liabilities

Disputed liabilities and claims against the company including claims raised by fiscal authorities (e.g. Sales Tax, Income Tax, Excise etc.) except frivolous claims for which no reliable estimate can be made of the amount of the obligation or which are remotely poised for crystallization are not provided for in accounts but disclosed in notes to accounts. However, present obligation as a result of past event with possibility of outflow of resources, when reliably estimable, is recognized in accounts.

Swadeshi Polytex Limited

2.1 SHARE CAPITAL

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
AUTHORISED		
22500000 Equity Shares of ₹ 10/- each	225,000,000	225,000,000
250000 9.5% Redeemable cumulative Preference Shares of ₹ 100/- each	25,000,000	25,000,000
TOTAL	250,000,000	250,000,000
ISSUED , SUBSCRIBED & PAID UP		
3900000 Equity Shares of ₹ 10/- each fully paid up	39,000,000	39,000,000
TOTAL	39,000,000	39,000,000

Reconciliation of the no. of shares outstanding as at 31-March-2013 & 31-March-2012 is set out below:

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
No. of shares at the beginning	3,900,000	3,900,000
Add/(Less) - Shares issued/(Shares forfeited/Buy Back)	-	-
No. of shares at the end	3,900,000	3,900,000

Shares in the company held by each shareholder holding more than 5% shares

National Textile Corporation Ltd	- 33.61%
M.K.J Enterprises Ltd	- 12.47%
Selecto Pac Private Ltd.	- 8.80%
Paharpur Cooling Towers Pvt Ltd.	- 7.50%
Doy Pac Systems Pvt Ltd.	- 7.11%

The rights, preferences and restrictions attached to each class of shares:

The Company has issued only one class of Equity Shares having the par value of Rs 10/- per share. Each shareholder is entitled to one vote per share.

Swadeshi Polytex Limited

2.2 RESERVES & SURPLUS

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Capital Reserve		
Opening Balance	506,250	506,250
Add - Additions/(deletions) made	-	-
Closing Balance	506,250	506,250
Revaluation Reserve		
Opening Balance	622,835	8,036,441
Add - Additions made	-	-
Less - Deletions in respect of sale of revalued assets	-	-7,413,606
Closing Balance	622,835	622,835
Capital Redemption Reserve		
Opening Balance	10,975,000	10,975,000
Add - Additions/(deletions) made	-	-
Closing Balance	10,975,000	10,975,000
Surplus		
Opening Balance	-724,727,895	-689,669,818
Add - Profit/(Loss) during the year	13,527,744	-35,058,077
Closing Balance	-711,200,151	-724,727,895
General Reserve		
Opening Balance	167,069,581	159,655,975
Add - Additions/(deletions) made	-	7,413,606
Closing Balance	167,069,581	167,069,581
TOTAL	-532,026,485	-545,554,229

2.3 OTHER LONG TERM LIABILITIES

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Other Payables :		
- due to personnel	26,750,552	27,114,272
TOTAL	26,750,552	27,114,272

2.4 LONG TERM PROVISIONS

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Others :		
- Provision for Contingencies	3,200,000	3,200,000
- Provision for Excise duty	203,008	203,008
TOTAL	3,403,008	3,403,008

Swadeshi Polytex Limited

2.5 SHORT TERM BORROWINGS

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
(a) Loan From Other Parties :-		
*- Secured Loan from a Body Corporate	350,754,249	350,754,249
	350,754,249	350,754,249
(b) Loans from related parties :		
*- Secured Term Loan from a Body Corporate	236,320,999	236,320,999
- Unsecured Demand Loan (Interest free) from a Body Corporate	23,021,497	23,021,497
	259,342,496	259,342,496
TOTAL	610,096,745	610,096,745

*Rupee term loans are secured by way of pari-passu negative lien on the land & building situated at Kavi Nagar, Ghaziabad, UP.

Details of the default amount is as follow :

- (i) Loan from related Party - Principal ₹ 23,63,20,999 (Previous Year Nil), Interest ₹ 82,99,483 (Previous Year Nil)
- (ii) Loan from other Body Corporate - Principal ₹ Nil (Previous Year Nil), Interest ₹ Nil (Previous Year Nil)

2.6 TRADE PAYABLES

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Short Term	-	-
Other Creditors	14,244,103	25,037,408
TOTAL	14,244,103	25,037,408

2.7 OTHER CURRENT LIABILITIES

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Interest accrued but not due on borrowings	-	731,351
Interest accrued & due on borrowings	124,799,505	16,124,262
Advance received from customers	-	20,514,279
Other Payables :		
- Statutory Dues	10,918,532	9,413,998
- Retention Money Payable	3,561,784	3,286,876
TOTAL	139,279,821	50,070,766

(All Figures in ₹)

2.8 FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Asat 31.03.2012	Additions during the Year	Sales/Adj. during the year	Asat 31.03.2013	Up to 31.03.2012	For the Year	Sale/Adj. during the Year	Up to 31.03.2013	Asat 31.03.2013	Asat 31.03.2012
Land (Lease hold)	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-	-	-
Plant and Machinery	370,902	59,247	-	430,149	32,055	16,095	-	48,150	382,000	338,848
Furniture & Fixtures	2,437,610	-	-	2,437,610	2,308,363	7,167	-	2,315,530	122,080	129,247
Computers	142,996	14,500	-	157,496	108,622	14,941	-	123,563	33,933	34,374
Vehicles	106,058	-	-	106,058	100,756	-	-	100,756	5,302	5,302
Total(A)	3,057,566	73,747	-	3,131,313	2,546,795	38,203	-	2,587,998	543,315	507,771
Building Held for Disposal (B)	815,711	-	-	815,711	-	-	-	-	815,711	815,711
Plant & Machinery Held for Disposal (C)	-	-	-	-	-	-	-	-	-	-
Assets Held for Disposal (D)= (B+C)	815,711	-	-	815,711	-	-	-	-	815,711	815,711
Grand Total (A+D)	3,873,276	73,747	-	3,947,023	2,549,795	38,203	-	2,587,998	1,359,025	1,323,481
Previous year	45,441,049	51,902	41,619,674	3,873,276	11,621,353	56,773	9,128,331	2,549,795	1,323,481	33,819,695

Swadeshi Polytex Limited

2.9 NON CURRENT INVESTMENT

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Investments	-	-
TOTAL	-	-

2.10 DEFERRED TAX ASSETS (NET)

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Deferred tax asset due to:		
a) Provision for doubtful debts and advances	15,791,199	15,791,199
b) Provision for Contingencies	1,038,240	1,038,240
c) Expenditure allowable u/s 40(a)(ia)	137,408	53,628,370
d) Unabsorbed Depreciation & Carried forward losses	68,743,947	-
Deferred tax liability due to:		
a) Depreciation	392,758	393,985
TOTAL	85,318,036	70,063,823

2.11 LONG TERM LOANS & ADVANCES (Unsecured, considered good unless otherwise stated)

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Other Loans & Advances :		
- Tax deducted at Source	262,515	304,013
- Balance with excise authorities	21,512	21,512
- Loan to officers of the Company	2,500,000	2,500,000
- Statutory dues deposited under Protest	6,308,948	6,299,032
	9,092,975	9,124,556
- Doubtful Loans & Advances		
- Balance with excise authorities	2,191,133	2,191,133
- Claims Recoverable	2,843,621	2,843,621
Less - Provision for doubtful advances	-5,034,754	-5,034,754
TOTAL	9,092,975	9,124,556

Swadeshi Polytex Limited

2.12 INVENTORIES

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Leasehold Plot Rights	69,747,239	69,607,845
TOTAL	69,747,239	69,607,845

2.13 TRADE RECEIVABLES

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Short Term trade Receivables (Unsecured, considered good unless otherwise stated)		
Outstanding for a period exceeding six months from the date they are due for payment		
- Considered Good	23,864,235	5,106,805
- Considered Doubtful	43,635,916	43,635,916
	67,500,151	48,742,721
Less : Provision for doubtful debts	43,635,916	43,635,916
	23,864,235	5,106,805
Others Receivables	104,736,721	30,634,320
	104,736,721	30,634,320
TOTAL	128,600,956	35,741,125

2.14 CASH & BANK BALANCES

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Cash & Cash Equivalents		
Balances with Banks		
- On Current accounts	3,767,686	20,587,553
- Deposit with original maturity of less than three months	-	669,457
Cheques In hand	-	-
Cash on hand	1,478,400	1,762,266
Other Bank Balances		
- Deposit with original maturity of more than three months	1,053,468	-
TOTAL	6,299,555	23,019,276

Swadeshi Polytex Limited

2.15 SHORT TERM LOANS & ADVANCES

(Unsecured , considered good unless otherwise stated)

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Security Deposits	15,000	15,000
Advance recoverable from others	8,311	73,388
TOTAL	23,311	88,388

2.16 OTHER CURRENT ASSETS

Particulars	Amount as at	
	31-Mar-13	31-Mar-12
Prepaid expenses	6,000	4,125
Interest accrued	152,293	195,351
Recoverable from SPL trust	148,353	-
TOTAL	306,646	199,476

2.17 REVENUE FROM OPERATIONS

Particulars	Year Ended	
	31-Mar-13	31-Mar-12
Revenue from sale of lease plot rights	139,212,220	53,957,640
Trading Sale	2,638,601	-
TOTAL	141,850,821	53,957,640

2.18 OTHER INCOME

Particulars	Year Ended	
	31-Mar-13	31-Mar-12
Interest Income		
On deposits with Banks (TDS ₹ 87,889) (Previous Year ₹ 1,48,943/-)	472,336	1,360,013
Others	13,534	43,583
Liabilities no longer required written back	579,855	-
Miscellaneous Income	29,300	91,483
TOTAL	1,095,026	1,495,079

Swadeshi Polytex Limited

2.19 FINANCIAL COST

Particulars	Year Ended	
	31-Mar-13	31-Mar-12
Interest On borrowings	119,937,660	180,538,791
Interest Others	970,727	310,295
TOTAL	120,908,387	180,849,085

2.20 OTHER EXPENSES

Particulars	Year Ended	
	31-Mar-13	31-Mar-12
Legal & Professional Expenses	7,280,664	11,442,508
Conveyance & Travelling Expense	3,377,913	2,553,217
Fees to Stock Exchange	34,153	1,055,831
Security Expenses	2,514,049	1,783,840
Power & Fuel	371,801	216,345
Repair to building	-	111,660
Repair to machinery	-	115,589
Repair Others	78,878	640,362
Rates & Taxes (excluding tax on income)	169,447	160,819
Directors' Sitting Fees	274,944	520,000
Payment To Auditors as:	-	-
Audit Remuneration	223,484	56,180
Tax Matters	33,708	27,575
Reimbursement of expenses	23,570	22,061
Communication Expenses	223,592	152,143
Advertisement	89,853	227,391
Printing & Stationary	161,464	122,962
Other Expenses	731,967	561,304
TOTAL	15,589,487	19,769,787

2.21 EXCEPTIONAL ITEMS

Particulars	Year Ended	
	31-Mar-13	31-Mar-12
Profit on the Disposal of Fixed assets	-	-
Less: Provision for contingency	-	-
TOTAL	-	-

2.22 PROFIT/(LOSS) FROM DISCONTINUING OPERATIONS

In view of the Economic/Financial non-viability and on-going labour problems etc., the Company had discontinued its operations of manufacturing of Polyester Fibres and Chips in the earlier year. Last year, company had entered into a binding sale agreement for disposal of its entire Plant & Machinery and Building related to the discontinued operations and sold the significant part thereof. Further, as part of the closure process of the discontinued business, company had provided for all the doubtful debtors, advances and other recoverables and written back the unclaimed liabilities. The following statement shows the revenue and expenses of the discontinuing operations:

Particulars	Year Ended	
	31-Mar-13	31-Mar-12
Revenue		
Profit on the Disposal of Fixed assets	-	15,355,808
Liabilities no longer required written back	-	57,575,002
	-	72,930,810
Expenses		
Provision for Bad Debts and advances #	-	17,133,573
Loss on sale of Inventory	-	3,594,910
Fixed Assets written off	-	507,933
Misc. Assets Written off	-	3,614,725
Bad Debts Written Off	-	6,520,250
	-	31,371,391
Profit/(Loss) from discontinuing operations	-	41,559,418

Previous Year (Net off Reversal of Contingency Provision of ₹ 2,50,00,000)

The carrying amount of total assets and liabilities to be disposed off at 31th March are as follows. Comparative information for the discontinuing operations is included in accordance with AS-24, Discontinuing Operations:

Particulars	Year Ended	
	31-Mar-13	31-Mar-12
Total Assets	30,010,405	11,243,059
Total Liabilities	3,403,008	3,403,008
Net Assets	26,607,397	7,840,051

Total assets includes fixed assets for which binding sale agreements have been entered into as of 31st March 2013 and are likely to be settled by 31st March 2013.

The net cash flows attributable to the discontinuing operations are as below:

Particulars	Year Ended	
	31-Mar-13	31-Mar-12
Operating activities	-18,767,346	1,739,500
Investing activities	-	15,355,808
Net Cash inflows/(outflows)	-18,767,346	17,095,308

Swadeshi Polytex Limited

2.23 Contingent Liabilities & Commitments (To the extent not provided for)

Claims against the Company not acknowledged as debts including excise, sales tax, Income Tax, Labour Disputes, Legal and other Disputes ₹ 8,72,25,982 Previous year ₹ 8,61,73,840).

	Current Year	Previous Year
(a) PF Cases pending at various forums	20,002,286	20,002,286
(b) Labour Matters relating settlement pending at various forums	5,612,277	5,409,813
(c) Revenue collection charges by Tehsil & other authorities pending at Hon'able High Court	19,984,286	19,984,286
(d) Sales tax demand pending at various forums	14,937,402	14,937,402
(e) Excise demand for unauthorised removal of goods pending with CESTAT	16,521,748	16,521,748
(f) Interest on the Secured loan from Body corporate	-	-
(g) Other Matters	10,167,983	9,318,305

2.24 Information pursuant to AS 29, " Provisions, Contingent Liabilities and Contingent Assets issued by ICAI:

Brief particulars of provisions on disputed liabilities and old assets :-

Particular of Provisions	Opening	Made during the year	used/ Reversed during the year	Closing
Provision for Contingencies	3,200,000 (2,82,00,000)	- -	- (2,50,00,000)	3,200,000 (3,200,000)

- Provisions are made herein for medium risk oriented issues including old assets as a measure of abundant precaution.
- Company presumes remote risk possibility of further cash outflow pertaining to contingent liabilities listed in note 2.21 above

2.25 Based on the confirmations from the suppliers, who have registered themselves under the Micro, Small and Medium Enterprises Development Act, 2006, received so far with the company, no balance is due to Micro & Small Enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006 as on 31st March, 2013. Further during the year no interest has been paid or payable under the terms of the said Act.

2.26 The Company has claimed losses in the return filed for subsequent years till Assessment years 2012 - 2013 and is of the view that the same will be available for set off against future profits. In view of the losses and unabsorbed depreciation and based on the legal opinion obtained by the company, no provision for tax has been considered necessary in the accounts.

2.27 Balances appearing for few inoperative bank accounts, Trade Receivable and Payables, loans & advances are subject to confirmation, reconciliation and adjustments, if any.

2.28 In view of the conditions beyond the control of the parties, Plot booking got delayed, resulting into collapse of full & final settlement with the secured lenders achieved in the previous year. Management of the company is in process of renegotiation with the secured lenders. However, pending any conclusion on the same, differential Interest of ₹ 10,57,86,111 to one of the lender, Paharpur Cooling Towers Limited (PCTL) has been provided as per original sanctioned terms . With respect to Interest to other Secured Lender, Pranajal

Swadeshi Polytex Limited

Vyapaar Private Limited (PVPL), no provision for interest has been made in respect to outstanding loan due to fact that the management is under re-negotiation with PVPL considering the corresponding delay in receipt of assured sale consideration from PVPL, under the deed of assignment. Differential interest amount, if any will be recognised on the conclusion of negotiation process. However, independent confirmation from respective lenders is yet to be received.

- 2.29** The Company has lost the appeal in Hon'able Supreme Court against the order of Hon'able National Consumer Disputes Redressal Commission, New Delhi (NCDRC) in respect of on-going case against a debtor in the previous year. Accordingly, it has to refund the amount of ₹ 148.60 Lacs (including Interest ₹ 83.40 Lacs), which was received in the previous years. The amount due from Debtor has since been written off as Bad debts as shown in Discontinued operations.
- 2.30** Company has started developing the Plots as per the approved plan of UPSIDC and accordingly has incurred an expenditure of ₹ 57,44,738 (Previous year ₹ 7,05,33,542), which is allocated proportionately on the saleable area and unallocated portion made a part of stock in Trade.
- 2.31** Related Party disclosure in accordance with the Accounting Standard-18, issued by the Institute of Chartered Accountants of India is given below:
- (1) **Associates** : National Textile Corporation Ltd. (Holding more than 20% shareholding in the company)
- Nature of Transactions :
- | | | |
|---|-----------------|-------------------------------|
| Unsecured Loan taken and outstanding as on 31.03.2013 | : ₹ 2,30,21,497 | (Previous Year ₹ 2,30,21,497) |
|---|-----------------|-------------------------------|
- (2) **Associates** : Paharpur Cooling Towers Ltd. (Holding indirectly more than 20% shareholding in the company)
- Nature of Transactions :**
- | | | |
|---|------------------|---------------------------------|
| Reimbursement for various expenses | : ₹ 17,98,646 | (Previous Year ₹ 22,62,668/-) |
| Unsecured Loan repaid | : ₹ Nil | (Previous Year ₹ NIL) |
| Interest incl. Differential Interest on Full & Final Settlement | : ₹ Nil | (Previous Year ₹ 7,27,44,332) |
| Secured Loan repaid | : ₹ Nil | (Previous Year ₹ NIL) |
| Interest Due | : ₹ 11,72,28,528 | (Previous Year ₹ 2,70,59,112/-) |
- Outstanding Balance as on 31.03.2013**
- | | | |
|--|------------------|----------------------------------|
| Secured Loan Taken | : ₹ 23,63,20,999 | (Previous Year ₹ 23,63,20,999/-) |
| Interest Accrued & Due on 31.03.2013 | : ₹ 11,43,33,929 | (Previous Year ₹ 82,99,483/-) |
| Interest Accrued & Not Due on 31.03.2013 | : ₹ Nil | (Previous Year ₹ 5,28,718) |
- 2.32** Considering the development agreement and the provisions as specified in the Accounting Standard-22 "Accounting for taxes on Income" issued by the Institute of Chartered Accountants of India, the company has recognised Deferred Tax assets (DTA) based on the principle of virtual certainty.

Swadeshi Polytex Limited

2.33 Segment Information

The primary segment reporting format is determined to be the business segment as the company's risks and rate of return are affected predominantly by difference in business line. Based on these lines, company has identified Trading of fabric, Sale of leasehold plots rights and discontinued business as business segments. The details of the segment revenue, expenses, assets, liabilities and capital employed are given here under:

Particulars	Current year ended (31/03/2013)				Previous year ended (31/03/2012)			
	Real Estate	Trading	Discontinuing Operations	Total	Real Estate	Trading	Discontinuing Operations	Total
Segment Revenue								
Real Estate	139,212,220	2,638,601	-	141,850,821	53,957,640	-	72,930,810	126,888,450
Total	139,212,220	1,095,026	-	141,850,821	53,957,640	-	72,930,810	126,888,450
Less: Inter Segment revenue	-	-	-	-	-	-	-	-
Net Sales/Income from Operations	139,212,220	2,638,601	-	141,850,821	53,957,640	-	72,930,810	126,888,450
Segment Results Profit/(Loss) before tax and interest	133,606,876	107,707	-	133,714,583	51,836,385	-	41,559,418	93,395,804
Less: Finance Cost	-	-	-	119,937,660	-	-	-	-180,538,791
Unallocable expenditure (including exceptional items)	-	-	-	-16,598,417	-	-	-	-20,136,855
Unallocable income (including exceptional items)	-	-	-	1,095,026	-	-	-	1,495,079
Total Profit/(Loss) before Tax	-	-	-	-1,726,469	-	-	-	-105,784,762
Capital Employed (Segment Assets less Segment Liabilities)								
Total Capital Employed in segments	164,230,101	2,638,601	26,607,397.41	193,476,100	74,422,878	-	7,840,051	82,262,929
Add: unallocable corporate assets less liabilities	-	-	-	-771,820,621	-	-	-	-658,880,981
Total Capital Employed in the company	-	-	-	-578,344,521	-	-	-	-576,618,052

2.34 The figures reported in financial statements have been rounded off to the nearest rupee.

Swadeshi Polytex Limited

2.35 Information regarding Goods Traded

Particulars	OPENING		PURCHASE		SALE		CLOSING	
	Qty.	Value	Qty.	Value	Qty.	Value	Qty.	Value
Lease Plots rights (Qty in SQM)	216084.8	69,607,845	-	-	16976.5	139,212,220	199108	69,747,239
	(-)	(-)	(-)	(-)	(6580.2)	(5,39,57,640)	(-)	(-)
Fabric	-	-	41724 Mtr	2,530,894	41724 Mtr	2,638,601	-	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)

Note: Figures in brackets represent previous year figures

As per our report of even date attached

For **Sanmarks & Associates**

Chartered Accountants

Firm Regn. No. 003343N

S.K.Bansal

Partner

M No. - 082242

Sd/-
(R.K. Sharma)
Director

Sd/-
(B. Mehrotra)
Director

Place : Faridabad

Camp: Ghaziabad

Date : 30th May, 2013

Swadeshi Polytex Limited

SWADESHI POLYTEX LIMITED

Registered Office: New Kavi Nagar, Industrial Area, Ghaziabad - 201 002 (UP)

Dear Shareholders,

This is to inform you that the Company has started computerization of the secretarial records of the Company. In this connection, we would be highly obliged for providing us the following information's.

Name : _____

Address : _____

Number of shares Held : _____

Certificate Number : _____

Distinctive Number : _____

E mail ID : _____

Phone Number : _____

You are requested to kindly fill up the above informations and send us to our registrar at the following address.

RCMC Shares Registrar Private Limited
(R&T Agent of Swadesh Polytex limited)
B-106, Sector-2, Noida - 201301

(Name and Signature of the shareholders)

Note : The requisite Postal Charges for sending this letter to the Company shall be reimbursed to the Shareholders.

Swadeshi Polytex Limited

SWADESHI POLYTEX LIMITED

Registered Office: New Kavi Nagar, Industrial Area, Ghaziabad - 201 002 (UP)

PROXY FORM

Folio No. : _____

No. of equity shares held _____

DP ID. : _____

Client ID : _____

I/We _____ being a Member/Members of Swadeshi Polytex Limited, hereby appoint _____ of _____ in the district of _____ or failing him _____ of _____ in the district of _____ as my/our proxy to attend and vote for me/us and on my/our behalf at the 43rd Annual General Meeting of the Company to be held at the Registered Office of the Company at New Kavi Nagar, Industrial Area, Ghaziabad - 201 002 (UP) on 19th September, 2013 at 12:30 PM and at any adjournment thereof.

Affix
Re. 1/-
Revenue

SWADESHI POLYTEX LIMITED

Registered Office: New Kavi Nagar, Industrial Area, Ghaziabad - 201 002 (UP)

ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the meeting hall.

Folio No. _____

No. of equity shares held _____

DP ID. : _____

Client ID : _____

Name of the Member. _____
(in block letters)

Name of the Proxy. _____
(if any)

I hereby record my presence at the 43rd Annual General Meeting of the Company held on 19th day of September, 2013.

Signature of Member/Proxy

Admission slips without this information will not be accepted.

No Gift/Gifts coupons will be provided to the members.