



**15<sup>th</sup>**  
**ANNUAL REPORT**  
**2012-2013**

# SIMPLEX MILLS COMPANY LIMITED

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## Board of Directors

Shri S.M.Soni  
Shri O.D.Purohit  
Shri Girish Bagri (resigned w.e.f. 25.10.2012)  
Ms. Sita Laxman  
Shri S.G.Shukla  
Shri Shekher R Singh (appointed w.e.f.19.01.2013)

## Auditors

M/s. Vijay Rungta & Co.  
Chartered Accountants  
Mumbai

## Bankers

State Bank of India, Mumbai

## Registered Office

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011  
Tel. : 23082951

## Share Transfer Agent

Freedom Registry Limited  
Plot No.101/102,19th Street,  
MIDC, Satpur,  
Nashik - 422 007  
Tel.: 0253-2354032  
Fax: 0253-2351126  
Email: support@freedomregistry.in

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Annual General Meeting of the Company will be held on Wednesday, the 7th August, 2013 at 12.30 P.M. or soon after the conclusion of the Annual General Meeting of Simplex Realty Limited convened on the same day, whichever is later at M.C.Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400001

## NOTICE

NOTICE is hereby given that the Fifteenth **Annual General Meeting** of the Members of **Simplex Mills Company Limited** will be held on Wednesday, the 7th August, 2013 at 12.30 P. M. or soon after the conclusion of the Annual General Meeting of Simplex Realty Limited convened on the same day, whichever is later at M.C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai - 400001 to transact the following businesses:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Directors' and Auditors' thereon.
2. To appoint a Director in place of Shri O.D. Purohit, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Ms.Sita Laxman, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and to fix their remuneration.

### SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Shri Shekher R Singh, who was appointed as an Additional Director of the Company with effect from 19th January, 2013 by the Board of Directors and who holds office up to the date of the forthcoming Annual General Meeting pursuant to Section 260 of the Companies Act, 1956 (the Act) read with Article 141 of the Articles of Association of the Company and in respect of whom the Company has received a notice from a member under Section 257 of the Act proposing his candidature for the office of a Director be and is hereby appointed as Director of the Company, whose office shall be liable to retirement by rotation.”

For and on behalf of the Board of Directors

**S.M.Soni**  
Director

Mumbai, 15th May, 2013

### Registered Office:

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai-400 011

### NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXIES, IN ORDER TO BE VALID, SHOULD BE DULY COMPLETED, STAMPED AND SIGNED AND MUST BE LODGED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING.**
2. The Explanatory Statement pursuant to the provision of Section 173(2) of the Companies Act, 1956, in respect of **Item No. 5** of the Notice dated 15th May, 2013 is appended hereto.

# SIMPLEX MILLS COMPANY LIMITED

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3. The information as required pursuant to Clause 49 of the Listing Agreement about Directors proposed to be appointed /re-appointed is given in Annexure to this Notice.
4. The Members/Proxy holders are requested to bring their duly filled Attendance Slip along with their copy of the Annual Report in the meeting.
5. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 1st August, 2013, to Wednesday, the 7th August, 2013 (both days inclusive) for the purpose of the Fifteenth Annual General Meeting or any adjournment thereof.
6. The Members who hold shares in physical form are requested to notify any change in their address to the Company's Share Transfer Agent, Freedom Registry Limited, having its office at Plot No. 101/102, 19th Street, MIDC, Satpur, Nashik - 422 007. The Members who hold shares in dematerialized form are requested to notify any change in their address to their respective Depository Participants.
7. Corporate Members intending to send their Authorized Representatives to attend and vote at the Meeting are requested to ensure that the Authorized Representative carries a duly certified true copy of their Board Resolution.

## EXPLANATORY STATEMENT

As required by Section 173 (2) of the Companies Act, 1956 (the Act), the following Explanatory Statement sets out all material facts relating to the business mentioned under **Item No. 5** of the accompanying Notice dated 15th May, 2013.

### Item No. 5

Shri Shekher R Singh was appointed as an Additional Director of the Company with effect from 19th January, 2013 by the Board under Section 260 of the Act read with Article 141 of the Articles of Association of the Company. In terms of Section 260 of the Act, Shri Shekher R Singh holds office upto the date of the forthcoming Annual General Meeting and is eligible for appointment as a Director.

A notice under Section 257 of the Act has been received from a Member signifying the intention to propose appointment of Shri Shekher R Singh as a Director of the Company.

A brief profile of Shri Shekher R Singh is given in the Annexure to the Notice.

None of the Directors except Shri Shekher R Singh is concerned or interested in the said Resolution.

The Board of Directors recommend the Ordinary Resolution at Item No. 5 of the notice for the appointment of Shri Shekher R Singh as a Director for your approval.

For and on behalf of the Board of Directors

**S.M.Soni**  
Director

Mumbai, 15th May, 2013

**Registered Office:**  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai-400 011

Additional information pursuant to Clause 49 of the Listing Agreement, with regard to Directors seeking appointment/re-appointment in the forthcoming Annual General Meeting:

**Brief Resume of the Directors**

<b>Name of Director</b>	<b>Shri O.D.Purohit</b>	<b>Ms.Sita Laxman</b>	<b>Shri Shekher R Singh</b>
<b>Date of Birth</b>	15.06.1927	14.10.1972	25.03.1984
<b>Date of Appointment</b>	29.09.2005	08.06.2009	19.01.2013
<b>Experience in specific functional areas</b>	A Fellow Member of The Institute of Company Secretaries of India having more than five decades of experience in the field of Company Law, Taxation and Legal matters.	Experience in marketing field.	An Associate Member of The Institute of Company Secretaries of India having more than 7 years of experience in the field of Company Law, Legal and SEBI matters.
<b>Qualification</b>	FCS	B.Com.	ACS,LL.B.and PGDSL
<b>Directorships held in other Companies</b>	1. The Nav Bharat Refrigeration and Industries Limited 2. Simplex Papers Limited 3. The Gaekwar Mills Limited 4. Shreelekha Global Finance Limited	1. Simplex Papers Limited 2. Shrinathji Flour Mills Private Limited	Simplex Papers Limited
<b>Committee positions held in other Companies</b>	<b>Chairman of Audit Committee:</b> Simplex Papers Limited  <b>Chairman of Investors' Grievance Committee:</b> Simplex Papers Limited  <b>Chairman of Remuneration Committee:</b> The Nav Bharat Refrigeration and Industries Limited	Nil	<b>Member of Audit Committee:</b> Simplex Papers Limited
<b>Equity Shares held in Simplex Mills Company Limited</b>	24	Nil	Nil

# SIMPLEX MILLS COMPANY LIMITED

## FIFTEENTH REPORT OF THE BOARD OF DIRECTORS

To  
The Members,

Your Directors present the Annual Report, together with the Audited Accounts for the year ended 31st March, 2013.

### FINANCIAL RESULTS

(in ₹)

	2012-13	2011-12
Profit/(Loss) before Depreciation, Finance Costs and Taxation	<b>48,48,660</b>	(1,58,23,544)
Less: Depreciation	<b>49,18,589</b>	49,58,213
Less: Finance Costs	<b>21,98,909</b>	23,70,608
Loss before Tax	<b>(22,68,838)</b>	(2,31,52,365)
Less: Deferred Tax Assets	-	(50,75,424)
Loss after Tax for the year	<b>(22,68,838)</b>	(1,80,76,941)
Balance brought forward from previous year	<b>(4,84,89,723)</b>	(3,04,12,782)
Balance carried forward	<b>(5,07,58,561)</b>	(4,84,89,723)

### DIVIDEND

In view of losses, your Directors regret their inability to propose any dividend.

### OPERATIONS

During the year, total income of the Company has increased to ₹ 16,91,49,772/- from ₹ 13,50,92,837/-. Loss after tax for the year is ₹ 22,68,838/- against ₹ 1,80,76,941/- in the previous year.

### CLOSURE OF PLANT

Due to continued losses, the Company filed an application under Section 25-O of the Industrial Disputes Act, 1947 with the Commissioner of Labour, Maharashtra State, Mumbai for closure of the Textile plant at Akola. The Commissioner of Labour, Maharashtra State, Mumbai vide their order dated 25th September, 2008 granted permission for closure of the said textile plant at Akola. The aggrieved Labour Unions have filed appeal before the Industrial Tribunal against the said order and the matter is pending before the Tribunal.

In view of pending appeal before the Industrial Tribunal, the effect of the order of Commissioner of Labour, Maharashtra State, Mumbai has not been given and the textile plant is in operation.

### FIXED DEPOSITS

The Company has not accepted or renewed any fixed deposits during the year.

### DIRECTORS

Shri Girish Bagri resigned as a Director of the Company with effect from 25th October, 2012. The Board places on record its appreciation for the valuable services rendered by Shri Girish Bagri during his tenure as a Director of the Company.

Shri Shekher R Singh, was appointed by the Board as an Additional Director of the Company with effect from 19th January, 2013 under Section 260 of the Companies Act, 1956 (the Act) read with Article 141 of the Articles of Association of the Company. Shri Shekher R Singh holds office up to the date of forthcoming Annual General Meeting and, being eligible, offers himself for appointment as a Director at the said meeting.

Shri O.D. Purohit and Ms. Sita Laxman, Directors of the Company who retire by rotation at the forthcoming Annual General Meeting and, being eligible, offer themselves for re-appointment.

None of the Directors is disqualified under Section 274 (1) (g) of the Act.

## **AUDITORS**

M/s.Vijay Rungta & Co.,Chartered Accountants, Mumbai, retire as Auditors of the Company and are eligible for re-appointment. The Company has received a letter from M/s. Vijay Rungta & Co., Chartered Accountants, Mumbai, expressing their willingness and eligibility to act as Statutory Auditors of the Company under Section 224(1B) of the Act, if appointed.

## **COST AUDIT**

Pursuant to the directives of the Central Government under the provisions of Section 233B of the Act, M/s. R. Nanabhoy & Co., Cost Accountants, Mumbai, have been appointed as Cost Auditors to conduct the cost audit of the product of the Company for the year ended 31st March, 2013 and Cost Audit Report will be submitted to the concerned authorities.

## **PARTICULARS OF EMPLOYEES**

During the year, there was no employee in receipt of remuneration as prescribed under Section 217(2A) of the Act read with the Companies (Particulars of Employees) Amendment Rules, 2011.

## **CORPORATE GOVERNANCE**

The Company has complied with the mandatory provisions of Corporate Governance as stipulated in the Listing Agreement with the Stock Exchange. A separate report on Corporate Governance alongwith the requisite Auditors' Certificate is annexed and forms part of this Annual Report.

## **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Information pursuant to Section 217(1)(e) of the Act, read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo has been given in a separate statement annexed hereto and forming part of this Report.

## **SECRETARIAL COMPLIANCE CERTIFICATE**

Secretarial Compliance Certificate received from M/s. Manish Ghia & Associates, Practicing Company Secretaries, Mumbai, as required under Section 383A of the Act for the financial year 2012-13 is annexed and forming part of this Annual Report.

## **STOCK EXCHANGE**

The Company's equity shares are listed at BSE Limited and the Annual Listing Fees for the year 2013 -14 has been paid.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Act, on the basis of information placed before them, the Directors state that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures; if any;
- (ii) appropriate accounting policies have been selected and applied consistently, and the judgments and estimates that have been made are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2013 and of the loss of the Company for the said period;
- (iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) the annual accounts have been prepared on a going concern basis.

## **ACKNOWLEDGMENT**

Your Directors place on record their appreciation for the assistance and support extended by all government authorities, financial institutions, banks, consultants, solicitors and shareholders of the company. The Directors express their appreciation for the dedicated and sincere services rendered by the employees of the company.

For and on behalf of the Board of Directors

**S.M.Soni**

**Sita Laxman**

Directors

Mumbai, 15th May, 2013

# SIMPLEX MILLS COMPANY LIMITED

INFORMATION AS PER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956, READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2013.

## A) CONSERVATION OF ENERGY

The Company continued to take measures for energy conservation in production of textile product.

### Form A

Form of disclosure of particulars with respect to the conservation of energy.

<b>A) Power and Fuel Consumption</b>	<b><u>2012-13</u></b>	<b><u>2011-12</u></b>
1. Electricity		
(a) Purchased		
Units (in thousands)	<b>3,270</b>	2,540
Total Amount (in ₹)	<b>1,95,23,855</b>	1,47,71,590
Rate per unit (₹)	<b>5.97</b>	5.81
(b) Own Generation	<b>N.A.</b>	N.A.
2. Furnace Oil	<b>Nil</b>	Nil
3. Others /Internal Generation	<b>N.A.</b>	N.A.

## B) Consumption per unit of production

In view of composite nature of its Textile Business, it is not possible to express the consumption of power and fuel per unit of production.

## B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts made towards the technology absorption, adaptation and innovation - Nil

Benefits derived as a result of the above efforts - Nil

Information regarding technology imported during the last 5 years - Nil

### Research and Development (R & D)

Expenditure on R & D during the year has been insignificant and included in other heads of expenditure in the Statement of Profit and Loss and has not been shown separately.

## C) FOREIGN EXCHANGE EARNINGS AND OUTGO

(in ₹)

	<b><u>2012-13</u></b>	<b><u>2011-12</u></b>
Foreign Exchange Earnings	<b>18,09,247</b>	24,52,302
Foreign Exchange Outgo	<b>Nil</b>	Nil

For and on behalf of the Board of Directors

**S.M.Soni**

**Sita Laxman**

Directors

Mumbai, 15th May, 2013



## COMPLIANCE CERTIFICATE

### FORM [SEE RULE 3]

Corporate Identity No. : L65900MH1998PLC116585  
Authorised Share Capital : ₹ 3,10,00,000/-

To,  
The Members,  
**Simplex Mills Company Limited**  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011

We have examined the registers, records, books and papers of Simplex Mills Company Limited (the Company) 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 (the financial year). 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 of the Act and 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, Maharashtra, Mumbai within the time as prescribed under the Act and the rules made there under. The Company has made an application to Central Government for the appointment of Cost Auditor during the financial year. Further, the Company was not required to file any documents with the Regional Director or Company Law Board or other authorities prescribed under the Act.
3. The Company, being a Public Limited Company, has the minimum prescribed paid-up share capital. As on 31st March 2013, the paid-up capital of the Company was ₹ 3,00,04,750/- and the restrictive provisions of Section 3(1) (iii) of the Act are not applicable.
4. The Board of Directors duly met 5 (five) times on 14th May, 2012, 13th August, 2012, 14th September, 2012, 29th October, 2012 and 31st January, 2013 and as per information and explanation given by the management, 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 7th August, 2012 to 13th August, 2012 (both days inclusive) during the financial year and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended 31st March, 2012 was held on 13th August, 2012 after giving due notice to the members of the Company and the resolutions passed there at were duly recorded in the minutes book maintained for the purpose.
7. No Extraordinary General Meeting of the Company 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 during the financial year.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act during the financial year.
10. The Company has made necessary entries in the register maintained under Section 301 of the Act.

## SIMPLEX MILLS COMPANY LIMITED

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11. As there were no instances falling under the purview of Section 314 of the Act, the Company was not required to obtain any approvals from the Board of Directors, Members or the Central Government.
12. The Board of Directors or duly constituted Committee of Directors has approved the issue of duplicate share certificates.
13. The Company:
  - i) has not made any allotment of securities during the financial year and has delivered all the share certificates on lodgment thereof for transfer in accordance with the provisions of the Act.
  - ii) was not required to deposit any amount in a separate bank account as no dividend was declared during the financial year.
  - iii) was not required to post warrants for dividend to the members of the Company as no dividend was declared during the financial year.
  - iv) does not have any amounts lying on account of unclaimed dividend account, application money due for refund, matured deposits, matured debentures and the interest accrued thereon.
  - v) has duly complied with the requirements of Section 217 of the Act.
14. The Board of Directors of the Company is duly constituted and the appointment of retiring director was duly made. Mr. Girish Bagri resigned from the post of Director with effect from 25th October, 2012 and Mr. Shekher R Singh was appointed as an Additional Director with effect from 19th January, 2013. Except as mentioned above, there was no appointment of director, alternate director and directors to fill casual vacancy during the financial year.
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 agent during the financial year.
17. The Company has obtained necessary approval from the Central Government for appointment of Cost Auditors for audit of Cost Accounting Records as per Central Government's order no. 52/26/CAB/2010 dated 30th June, 2011 read with Section 233B of the Companies Act, 1956 for the financial year 2012-2013.

Except as stated above, the Company was not required to obtain any approval of the Company Law Board or Regional Director or Registrar and/or other authorities prescribed under the various provisions of the Act during the financial 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 /other securities during the financial year.
20. The Company has not bought back any shares during the financial year.
21. The Company has not issued any preference shares or debentures; hence the question of redemption of the same does not arise.
22. There were no transaction which necessitates the Company to keep in abeyance the rights to dividend, right shares and bonus shares pending registration of transfer of shares.
23. The Company has not invited / accepted any deposits / unsecured loans falling within preview of Section 58A and Section 58AA of the Act during the financial year.

24. The Company has not borrowed any amount from directors, members, public, banks or any other financial institutions falling under the purview of Section 293(1)(d) of the Act during the financial year.
25. The Company has not made any loans and investments or given guarantees or provided securities to other bodies corporate during the financial year.
26. The Company has not altered the provisions of the Memorandum of Association with respect to situation of its registered office from one State to another during the financial year.
27. The Company has not altered the provisions of the Memorandum of Association with respect to its objects during the financial year.
28. The Company has not altered the provisions of the Memorandum of Association with respect to its name during the financial year.
29. The Company has not altered the provisions of the Memorandum of Association with respect to its share capital during the financial year.
30. The Company has not altered its Articles of Association during the financial year.
31. There was no prosecution initiated against or show cause notices received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
32. The Company has not received any amount as security from its employees during the financial year.
33. The Company has deposited both employee's and employer's contribution to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

For **Manish Ghia & Associates**  
Company Secretaries

**Manish L. Ghia**  
Partner  
M.No.FCS 6252  
C.P.No.3531

Mumbai, 15th May, 2013

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### **Annexure – “A”**

#### **Registers as maintained by the Company**

1. Register of Charges u/s.143 of the Act
2. Register of Members u/s.150 of the Act.
3. Register of Index of Members u/s.151 of the Act
4. Register and Returns u/s.163 of the Act.
5. Minutes Book of General Meeting and Board Meetings u/s.193 of the Act.
6. Register of Contracts, Companies and Firms in which Directors are interested u/s. 301 of the Act.
7. Register of Directors u/s.303 of the Act.
8. Register of Directors' Shareholding u/s.307 of the Act.
9. Register of Shareholders' Attendance.
10. Register of Transfer / Transmission of Shares.

# SIMPLEX MILLS COMPANY LIMITED

## Annexure – “B”

Forms and Returns as filed by the Company during the financial year ended on 31st March, 2013:

### A) With the Registrar of Companies, Maharashtra, Mumbai

Sr. No.	e-Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes/No	If delay in filing, whether requisite additional fee paid Yes / N.A.
1.	66	383A	Compliance Certificate for the financial year ended 31st March, 2012.	16.08.2012	Yes	N.A.
2.	32	303 (2)	Particulars of resignation of Mr. Girish Bagri from the post of Director w.e.f. 25th October, 2012.	26.10.2012	Yes	N.A.
3.	20B	159 (1)	Schedule – V (Annual Return) as on the date of Annual General Meeting held on 13th August, 2012.	03.10.2012	Yes	N.A.
4.	23AC & 23 ACA XBRL	220 (1)	Schedule – VI (Annual Accounts) for the financial year ended 31st March, 2012.	10.01.2013	Yes	N.A.
5.	32	303 (2)	Particulars of appointment of Mr. Shekher R Singh as an Additional Director w.e.f. 19th January, 2013.	07.02.2013	Yes	N.A.

### B) With the Office of the Regional Director, Mumbai : Nil

### C) With the Office of the Ministry of Corporate Affairs (Central Government) at Delhi

Sr. No.	e-Form No.	Relevant Section	Description	Date of filing	Whether filed within prescribed time Yes / No	If delay in filing, whether requisite additional fee paid Yes / N.A.
1.	23C	233B (2)	Application to the Central Government for the appointment of Cost Auditor to audit cost records for the financial year 2012-2013.	24.07.2012	Yes	N.A.
2.	XBRL	233B (4)	Cost Audit Report with the Central Government for the financial year ended on 31st March, 2012.	01.03.2013	Yes	N.A.

### D) With any other Authorities as prescribed under the Act : Nil

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

### **INDUSTRY STRUCTURE AND DEVELOPMENTS**

The Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a vital role through its contribution to industrial output, employment generation, and the export earnings of the country.

The sector contributes about 14 per cent to industrial production, 4 per cent to the Gross Domestic Product (GDP) and 17 per cent to the country's export earnings. It provides direct employment to over 35 million people. The Textiles sector is the second largest provider of employment after Agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

The Indian Textile Industry, being 2<sup>nd</sup> largest in the world, continued its growth journey during the year, which was due to extension of the Textile Up-gradation Fund Scheme. The industry registered a growth of around 10 per cent during the year.

The Policies of the Government of India aims to promote all sections of the textile industry. Due to focused support for cotton, the country has had a record cotton production with India becoming the second highest producer and exporter of cotton.

The major sub-sectors that comprise the Indian Textile sector include the following:

- Cotton Textiles Mill Industry
- Filament Yarn Industry
- Wool and Woolen Textiles Industry
- Sericulture and Silk Textiles Industry
- Handlooms Textiles Industry
- Handicrafts Textiles Industry
- Jute Textiles Industry

The Indian textile industry is extremely diverse encompassing hand-spun and hand woven sector at one end of the spectrum, and capital intensive, sophisticated mill sector at the other. Decentralized power looms/hosiery and knitting sectors forms the largest section of the sector. The close linkage of the Industry to Agriculture and the ancient culture, and traditions of the country make the Indian textiles sector unique in comparison with the textiles industry of other countries. This also provides the industry with the capacity to produce a variety of products suitable to the different market segments, both within and outside the country.

The Ministry of Textiles has taken various initiative policies in the last few years to improve the competitiveness of the Indian Textile industry. Various schemes such as Technology Up-gradation Fund Scheme (TUFS), Scheme for Integrated Textile Parks, Development of Mega Cluster, Integrated Skill Development Scheme, Technology Mission of Technical Textiles, etc. have been launched with the objective of accelerating growth in exports and investments in the textile sector.

### **OUTLOOK, OPPORTUNITIES AND THREATS**

The current economic scenario appears to be robust as the Indian economy is currently growing at a rate of above 8 per cent annually. It is estimated that by the year 2025, India would have a national income close to \$10 trillion, which would possibly make it the third largest economy in the world, after USA and China. The expanding economy and increase in organized retail will have a significant impact on the textile and clothing industry. Apart from the growth in the export market, we will continue to focus on a booming domestic market which promises continuing and healthy growth opportunities.

Fortunately, in the last few years, the Government had provided level playing field to all the sectors of textile industry

# **SIMPLEX MILLS COMPANY LIMITED**

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and therefore, large investments are coming in the textile industry. Government had given good incentives under Technology Up-gradation Fund Scheme and also benefits to the processing sector, which will give boost to the textile industry.

The Textile industry is much dependent upon the availability of quality raw materials such as hybrid cotton and traditional cotton. There is lot of fluctuations in the price of raw materials, which influence the profitability of the company. Frequently, shortage of power in the state also affects the operations of the company.

## **RISKS AND CONCERNS**

With the volatility in the cotton prices, raw material planning has become a challenge for the textile industry. The continuous and steep increase in yarn and cotton prices in the financial year 2011-12 has started declining in the current year. However, margins will continue to be under pressure due to companies covering their raw material requirements at higher prices.

Apart from the intensification of international competition, the areas of concern are poor infrastructure resulting in higher transaction cost, high cost of power and Government's limitation to introduce labour reforms.

The present inflationary conditions in the country have resulted in unprecedented frequent increase in the rate of interest on borrowings from the Banks and Institutions. Continuing such increase in the interest rate has created an element of uncertainty in the interest costs. Spinning units are highly capital intensive and has to maintain large raw material inventory levels due to its seasonality.

## **INTERNAL CONTROL SYSTEM AND ADEQUACY**

The Company has adequate internal control systems and is in process of further strengthening the existing internal control systems. The financial statements are reviewed periodically by the management. Adherence to Internal Control Systems is ensured by detailed Internal Audit program so that the assets are correctly accounted for and the business operations are conducted as per laid down policies and procedures.

## **FINANCIAL AND OPERATING PERFORMANCE**

During the year under review, the Company has reported total income of ₹ 1,691.50 lacs as compared to ₹ 1,350.93 lacs in the previous year. The Company has registered a net loss of ₹ 22.69 lacs as against a net loss of ₹ 180.77 lacs in the previous year. The main reason of loss is phenomenal increase of raw material prices i.e. cotton and volatility therein and there was no commensurate increase in selling prices of yarns and fabrics because of slow down in the demand of the same.

## **CAUTIONARY STATEMENT**

Statements in this report on Management Discussion and Analysis, describing the Company's objectives, projections, estimates, expectations or predictions may be forward looking, considering the applicable laws and regulations. These statements are based on certain assumptions and expectation of future events. Actual results, could, however differ materially from those expressed or implied.

## REPORT ON CORPORATE GOVERNANCE

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

The Company's philosophy of Corporate Governance is aimed to enhance the confidence among shareholders, customers, employees and ensuring a long term relationship of trust by maintaining transparency and disclosures. The Company believes in maintaining highest standards of quality and ethical conduct, in all the activities of the Company. Your company has complied with requirements of the corporate governance code, disclosure requirements of which are given below.

### 2. BOARD OF DIRECTORS

#### a) Composition

The Board of Directors provides strategic direction and thrust to the operations of the Company. As on 31st March, 2013, the Board comprises of five Non-Executive Directors.

None of the Directors on the Board is a Member on more than ten Committees and the Chairman in more than five Committees, across all Companies in which they are Director.

#### b) Attendance at Board meetings and the last Annual General Meeting (AGM)

During the year under review, 5 (five) Board Meetings were held. The dates on which the said meetings were held are as follows:

14th May, 2012, 13th August, 2012, 14th September, 2012, 29th October, 2012 and 31st January, 2013.

Details of composition and category of Directors, their attendance at each Board meeting held during the financial year 2012-2013 and at the last AGM, their Directorships in other companies and Chairmanship/ Membership in committees are as follows:

Name	Category	Attendance at Board Meetings		Directorships in other Public Limited Companies	Chairmanship / Membership in Committees* (including Company)		Attendance at AGM held on 13 <sup>th</sup> August, 2012
		Held	Attended	Director	Chairmanship	Membership	
Shri S.M.Soni	Independent Non-Executive	5	5	1	-	4	Yes
Shri O.D.Purohit	Independent Non-Executive	5	5	4	4	-	Yes
<sup>1</sup> Shri Girish Bagri	Independent Non-Executive	5	2	1	-	2	Yes
Ms. Sita Laxman	Independent Non-Executive	5	5	1	-	-	Yes
Shri S.G.Shukla	Independent Non-Executive	5	3	-	-	-	Yes
<sup>2</sup> Shri Shekher R Singh	Non-Executive	5	1	1	-	2	N.A.

\* Committee positions only of the Audit Committee and Shareholders'/Investors' Grievance Committee have been considered.

<sup>1</sup> Ceased to be a Director w.e.f. 25th October, 2012.

<sup>2</sup> Appointed as an Additional Director w.e.f. 19th January, 2013.

# SIMPLEX MILLS COMPANY LIMITED

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## 3. AUDIT COMMITTEE

During the year ended 31st March, 2013, 4 (four) Audit Committee meetings were held. The dates on which the said meetings were held are as follows:

14th May, 2012, 13th August, 2012, 29th October, 2012 and 31st January, 2013.

The composition of the Audit Committee and the number of meetings attended by each member during the year ended 31st March, 2013 is as follows:

Name of the Member	Designation	No. of Meetings attended
Shri O.D.Purohit	Chairman	4
Shri S.M.Soni	Member	4
<sup>1</sup> Shri Girish Bagri	Member	2
<sup>2</sup> Shri Shekher R Singh	Member	1

<sup>1</sup> Resigned from the Board and consequently ceased to be a Member w.e.f. 25th October, 2012.

<sup>2</sup> Appointed as an Additional Director w.e.f.19th January, 2013 and consequently inducted as a Member w.e.f. 31st January, 2013.

The Audit Committee comprises of three members out of which two are Independent Directors and one is a Non- Executive Director having good knowledge of Finance, Accounts and Company Law.

The Audit Committee, as and when considers appropriate, invites the Statutory Auditors and Internal Auditors at the meetings of the Committee.

The terms of reference of this Committee includes those specified under Clause 49 of the Listing Agreement as well as Section 292A of the Companies Act, 1956 (the Act). The brief description of terms of reference is as follows:

- Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment/re-appointment/replacement, if required, of Statutory Auditors, fixation of audit fees and approval of payments for any other services.
- Reviewing with management, the annual financial statements before submission to the Board for approval with particular reference to:
  - Matters required to be included in the Directors' Responsibility Statement are included in the Directors' Report in terms of sub-section (2AA) of Section 217 of the Act.
  - Changes, if any, in accounting policies and practices and reasons for the same.
  - Major accounting entries involving estimates based on the exercise of judgment by the management.
  - Significant adjustments made in the financial statements arising out of audit findings.
  - Compliance with listing and other legal requirements relating to financial statements.
  - Disclosure of related party transactions.
  - Qualifications in draft audit report.
- Reviewing with management, quarterly financial statements before submission to the Board for approval.
- Reviewing performance of Statutory and Internal Auditors, adequacy of the internal control systems.
- Discussion with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.



- Discussion with Internal Auditors of any significant findings and follow-up thereon and reviewing the reports furnished by them.
- Carrying out such other function as may be specifically referred to the Committee by the Board of Directors and/or other Committees of Directors of the Company.
- Reviewing the Company's financial and risk management policies.

#### 4. REMUNERATION COMMITTEE

The Company does not have Remuneration Committee at present.

The Directors are not paid any remuneration except sitting fees for attending meetings of the Board of Directors of the Company.

**Details of remuneration paid to Directors during the year ended 31st March, 2013:**

(Amount in ₹)

Name	Salary, Perquisites & Allowances	Sitting fees
Shri S.M.Soni	Nil	1,250/-
Shri O.D.Purohit	Nil	1,250/-
Shri Girish Bagri	Nil	500/-
Ms. Sita Laxman	Nil	1,250/-
Shri S.G.Shukla	Nil	750/-
Shri Shekher R Singh	Nil	250/-

**Details of shares of the Company held by Non-Executive Directors are as under:**

Name	No. of Equity Shares held
Shri O.D.Purohit	24
Shri Girish Bagri	44
Shri S.G.Shukla	19

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

During the year ended 31st March, 2013, 4(four) Shareholders' / Investors' Grievance Committee meetings were held. The dates on which the said meetings were held are as follows:

14th May, 2012, 13th August 2012, 29th October, 2012 and 31st January, 2013.

Name of the Member	Designation	No. of Committee Meetings attended
Shri O.D.Purohit	Chairman	4
Shri S.M.Soni	Member	4

The Committee meets as and when required, to deal with the matters relating to monitoring and redressal of complaints from shareholders relating to transfer of shares, non receipt of Annual Reports, etc.

Shri S. M. Soni is Compliance Officer of the Company.

#### Investor relations

The following table shows the nature of complaints received from the Shareholders during the year ended 31st March, 2013, all of which have been resolved during the year:

# SIMPLEX MILLS COMPANY LIMITED

Nature of Complaints	No. of Complaints
Mis-spelt of name in the share certificates	2
Non-receipt of share certificates	2
Others	1

There are no Shareholders complaints pending as at 31st March, 2013.

## 6. GENERAL BODY MEETINGS

**Location, Time and Date of the AGM's held during the last three years:**

Financial Year	Date of AGM	Time	Location of the Meeting
2009 – 2010	11.08.2010	12.30 P.M.	M.C.Ghia Hall, 4th floor, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai-400 001
2010 – 2011	12.08.2011	12.30 P.M.	M.C.Ghia Hall, 4th floor, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai-400 001
2011 – 2012	13.08.2012	12.30 P.M.	M.C.Ghia Hall, 4th floor, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai-400 001

### Special Resolutions

AGM	Date of AGM	Special resolution
12th	11.08.2010	No Special Resolution was passed.
13th	12.08.2011	No Special Resolution was passed.
14th	13.08.2012	No Special Resolution was passed.

No special resolution was put through Postal ballot at the last AGM nor is proposed at the forthcoming AGM.

Resume and other information regarding the Director seeking appointment/ re-appointment as required by Clause 49(IV)(G)(i) of the Listing Agreement has been given in the Notice of the AGM annexed to the Annual Report.

## 7. DISCLOSURES

### a) Related party transactions

Related party transactions are defined as transactions of the Company of material nature with promoters, Directors or with their relatives, its subsidiaries etc. that may have potential conflict with the interest of the Company at large.

Details on material significant related party transactions are given in the appended financial statements under notes to financial statements.

### b) Compliance by the Company

The Company has complied with the requirements of the Stock Exchange, Securities and Exchange Board of India (SEBI) and other statutory authorities on all matters relating to capital market during the last three years. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI or other statutory authorities.

### c) Whistle-blower policy

Though there is no formal Whistle-blower policy, the Company takes cognizance of complaints made and suggestions given by the employees and others. Even anonymous complaints are looked into and whenever necessary, suitable corrective steps are taken.

**d) Code of Conduct**

The Company has laid down a code of conduct for the Directors and Senior Management Personnel of the Company. The code has been posted on the website of the Company. A declaration to the effect that the Directors and Senior Managerial Personnel have adhered to the same, signed by the Director of the Company, forms part of this report.

The certificate from Statutory Auditors of the Company on compliance of Clause 49 of the Listing Agreement by the Company is also annexed to this report.

**e) Disclosure of Accounting Treatment**

In the preparation of the financial statements, the Company has followed Accounting Standards issued by the Institute of Chartered Accountants of India to the extent applicable.

**f) Disclosure of Risk Management**

The Company has a procedure to inform the Board about the risk assessment and minimization procedures. The Board of Directors periodically reviews the risk management framework of the Company.

**g) CEO / CFO Certification**

As per requirement of Clause 49 of the Listing Agreement, the certificate from Shri S. M. Soni, Director, on the financial statements of the Company for year ended 31st March, 2013 was placed before the Board.

**h) Review of Directors' Responsibility Statement**

The Board in its report has confirmed that the annual accounts for the year ended 31st March, 2013 have been prepared as per applicable accounting standards and policies and that sufficient care has been taken for maintaining adequate accounting records.

**8. MEANS OF COMMUNICATION**

- a. The quarterly, half-yearly, nine months and full year results are published in Business Standard (English edition) and Mumbai Lakshadweep / Apla Mahanagar (Regional editions).
- b. The Company has its own website i.e. [www.simplex-group.com](http://www.simplex-group.com) and has been uploading financial results and quarterly shareholding pattern of the Company along with other relevant information useful to investors on the website.
- c. At present, the Company does not make presentation to Institutional Investors and Analysts.
- d. The Management Discussion and Analysis is given separately in this Annual Report.

**9. CODE FOR PREVENTION OF INSIDER TRADING**

The Company has adopted a Code for Prevention of Insider Trading in the shares of the Company which is in line with the Model Code as prescribed by the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2011 as amended. The said code, inter-alia prohibits purchase/sale of shares of the Company by Directors and Employees while in possession of unpublished price sensitive information in relation to the Company.

# SIMPLEX MILLS COMPANY LIMITED

## 10. GENERAL INFORMATION FOR SHAREHOLDERS

i.	<b>Date, Time and Venue of forthcoming AGM</b>	Date : 7th August, 2013 Time : 12.30 P. M. or soon after the conclusion of the Annual General Meeting of Simplex Realty Limited convened on the same day, whichever is later. Venue : M.C.Ghia Hall, 4th floor, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai-400 001
ii.	<b>Financial Calendar (2013–2014)</b>	i) First Quarterly Results - Upto 15th August, 2013 ii) Second Quarterly Results - Upto 15th November, 2013 iii) Third Quarterly Results - Upto 15th February, 2014 iv) Annual Results - Upto 30th May, 2014
iii.	<b>Date of Book Closure</b>	From Thursday, the 1st August, 2013 to Wednesday, the 7th August, 2013 (both days inclusive)
iv.	<b>Dividend payment date</b>	N.A.
v.	<b>Listing on Stock Exchanges</b>	BSE Limited (BSE) P. J. Towers, Dalal Street, Fort, Mumbai – 400 001
vi.	<b>Stock Code ISIN</b>	533018 INE457H01019

### vii. Market Price Data

The monthly high and low quotations of shares traded on the BSE from April, 2012 to March, 2013 are as follows:

Month	Volume (No. of shares)	Price (₹)		BSE Sensex	
		High	Low	High	Low
April, 2012	1,817	20.05	15.10	17,664.10	17,010.16
May, 2012	3,727	19.20	15.40	17,432.33	15,809.71
June, 2012	2,260	23.10	17.20	17,448.48	15,748.98
July, 2012	3,426	29.90	22.00	17,631.19	16,598.48
August, 2012	3,392	39.25	26.15	17,972.54	17,026.97
September, 2012	2,693	24.85	19.25	18,869.94	17,250.80
October, 2012	8,947	22.25	18.25	19,137.29	18,393.42
November, 2012	9,378	23.90	18.00	19,372.70	18,255.69
December, 2012	8,268	23.00	17.30	19,612.18	19,149.03
January, 2013	8,844	22.40	14.75	20,203.66	19,508.93
February, 2013	2,982	17.64	13.50	19,966.69	18,793.97
March, 2013	494	21.90	17.45	19,754.66	18,568.43

### viii. Share Transfer Agent

Freedom Registry Limited  
Plot No. 101/102, 19th Street,  
MIDC, Satpur, Nashik – 422 007  
Phone : (0253) 2354032 Fax : (0253) 2351126  
E-mail: support@freedomregistry.in

### ix. Share Transfer System

All shares sent or transferred in physical form are registered by the Share Transfer Agent within 30 days of the lodgment, if documents, are found in order. Shares under objection are returned within two weeks. All requests for dematerialization of shares are processed and confirmations are given to the respective Depositories i.e. National Securities Depository Limited and Central Depository Services (India) Limited within 15 days.

**x. Shareholding Pattern as at 31st March, 2013**

Category	Number of shares held	Percentage of Shareholding
<b>(A) Shareholding of Promoter and Promoter Group</b>	<b>21,61,286</b>	<b>72.03</b>
<b>(B) Public shareholding</b>		
<b>(1) Institutions</b>		
(a) Mutual Funds/ UTI	357	0.01
(b) Financial Institutions/ Banks	4,843	0.16
(c) Insurance Companies	4,48,760	14.96
<b>(2) Non-Institutions</b>		
(a) Bodies Corporate	24,069	0.80
(b) Individuals -		
i. holding nominal share capital up to ₹ 1 lac.	3,53,785	11.80
ii. holding nominal share capital in excess of ₹ 1 lac.	-	-
(c) Non Residents	7,315	0.24
(d) Directors and their Relatives	60	0.00
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>8,39,189</b>	<b>27.97</b>
<b>TOTAL (A)+(B)</b>	<b>30,00,475</b>	<b>100.00</b>

**Distribution of shareholding as on 31st March, 2013**

Category	Number of Shareholders	Percentage of Total Number of Shareholders	Total Number of Shares	Percentage of Total Number of Shares
1 to 500	5,276	97.70	2,31,657	7.72
501 to 1,000	63	1.17	43,246	1.44
1,001 to 5,000	47	0.87	97,998	3.27
5,001 to 10,000	2	0.04	11,066	0.37
10,001 & above	12	0.22	26,16,508	87.20
<b>Total</b>	<b>5,400</b>	<b>100.00</b>	<b>30,00,475</b>	<b>100.00</b>

**xi. Dematerialization of shares and liquidity**

About 94.49 percent shares have been dematerialized as on 31st March, 2013. The Equity shares of the Company are traded on BSE.

The Company has paid the Listing fees for the year 2013 – 2014 to the BSE on which its shares are listed.

**xii. Outstanding ADRS, GDRS, Warrants or any convertible instruments, conversion date and impact on Equity**

The Company has not issued any ADRs, GDRs, warrants or any convertible instruments.

**xiii. Plant**

Village - Shivni,  
Opp. Shivni Shivpur Railway Station,  
Dist. Akola – 444101, Maharashtra

# SIMPLEX MILLS COMPANY LIMITED

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## xiv. Address for Investor Correspondence

For any assistance regarding dematerialization of shares, share transfers, transmissions, change of address or any other query relating to shares, please write to:

Simplex Mills Company Limited  
30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai- 400011  
Tel. : (022) 2308 2951  
Fax : (022) 2307 2773  
E-mail : mills@simplex-group.com  
Website : www.simplex-group.com

**OR** Freedom Registry Limited

### **Registered Office**

Plot No. 101/102, 19th Street,  
MIDC, Satpur, Nashik- 422007  
Tel. : (0253) 2354032  
Fax : (0253) 2351126  
E-mail : support@freedomregistry.in

### **Liasioning Office**

104, BaySide Mall,  
35/C, M.M.Malviya Marg, Tardeo Road,  
Haji Ali, Mumbai- 400034  
Tel.: (022) 23525589

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## DECLARATION UNDER CLAUSE 49 (I) (D) (ii) OF THE LISTING AGREEMENT

It is hereby declared that all the Board Members and Senior Management Personnel of the Company have affirmed adherence to and compliance with the code of conduct for the year ended 31st March, 2013.

For **Simplex Mills Company Limited**

Mumbai, 15th May, 2013

**S.M.Soni**  
Director

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## CERTIFICATE OF COMPLIANCE FROM THE AUDITORS

To the Members of **Simplex Mills Company Limited**

We have examined the records concerning Compliance of the Conditions of Corporate Governance by Simplex Mills Company Limited for the year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the BSE Limited.

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

In our opinion and based on the information and explanations given to us and the representations made by the management and to the best of our knowledge and belief, we certify that the Company has 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 the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

Mumbai, 15th May, 2013

**Ajay Rungta**  
Partner  
Membership No.F- 40333

## **AUDITORS' REPORT**

### **TO THE MEMBERS OF SIMPLEX MILLS COMPANY LIMITED**

#### **Report on the Financial Statements**

We have audited the accompanying financial statements of Simplex Mills Company Limited (the Company), which comprise the Balance Sheet as at 31st March, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and 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 control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

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

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

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

#### **Opinion**

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

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 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.

# SIMPLEX MILLS COMPANY LIMITED

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## 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 sub-section (4A) of section 227 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 purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e. on the basis of written representations received from the directors as on 31st March, 2013 and taken on record by the Board of Directors, 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 **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

**Ajay Rungta**  
Partner  
Membership No.F- 40333

Mumbai, 15th May, 2013



## **ANNEXURE TO AUDITORS' REPORT**

[Referred to in Paragraph 1 of our report of even date to the members of Simplex Mills Company Limited on the financial statements for the year ended 31st March, 2013]

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to information and explanation given to us, during the year, the management conducted physical verification of certain fixed assets in accordance with its policy of physical verification in a phased manner. In our opinion, such frequency is reasonable having regard to the size of the Company and the nature of its fixed assets. As explained to us, the discrepancies noticed on physical verification as compared to book records maintained, were not material and have been properly dealt with in the books of account.
- (c) In our opinion, a substantial part of fixed assets has not been disposed off by the Company during the year.
- (ii) (a) As explained to us, management conducted physical verification of stocks of raw materials, finished goods and stores and spares at reasonable intervals during the year, as also as at the balance sheet date.
- (b) In our opinion, and according to the information and explanations given to us, the procedures followed by the management for physical verification of inventory during the year, are reasonable and adequate in relation to the size of the Company and nature of its business.
- (c) On the basis of our examination of inventory records, we are of the opinion that the Company has maintained proper records of inventory. Discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.
- (iii) The Company has not granted / taken any loans, secured or unsecured to / from companies, firms or parties covered in the register maintained under section 301 of the Companies Act, 1956.
- (iv) In our opinion and according to information and explanation given to us, during the year under report, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets, and for the sale of goods. Further, on the basis of our examination of books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control procedures.
- (v) (a) To the best of our knowledge and belief and according to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in Section 301 of the Act have been entered in the register required to be maintained under that Section.
- (b) In our opinion and according to the information and explanations given to us, transactions (other than those already dealt with in paragraph (iii) above) made pursuant to contracts or arrangements referred to in (v)(a) above and exceeding the value of ₹ five hundred thousand in respect of each party during the year, have been made at prices which are reasonable having regard to the market prices prevailing at that time, where available.
- (vi) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public, to which the directives issued by the Reserve Bank of India and the provisions of Section 58A, 58AA or any other provisions of the Companies Act, 1956 or the 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.

## SIMPLEX MILLS COMPANY LIMITED

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(viii) We have broadly reviewed the books of account maintained by the Company relating to the manufacture of cotton textile products, pursuant to the order made by the Central Government for the maintenance of cost records under Section 209(1)(d) of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determining whether they are accurate and complete.

(ix) (a) According to the information and explanations given to us, the Company was regular during the year in depositing undisputed statutory dues including Provident fund, Income tax, Sales tax, Customs duty and Excise duty with the appropriate authorities. According to the information and explanation given to us, as at the balance sheet date, the Company has no undisputed statutory dues of a material nature which remained unpaid for a period exceeding six months from the date on which they were payable.

(b) According to the information and explanation given to us, as at the balance sheet date, the Company has not deposited dues of Excise duty aggregating to ₹5,51,42,947/- on account of the following disputes pending before authorities:

Period to which dues relate	Pending before	(In ₹)
1984-85 and 1994 to 1996	Assistant Commissioner	2,97,52,484
1981-84, 1981-95, and 2004	CESTAT	1,52,86,878
1981 to 1984	High Court	59,53,030
2002-03	Supreme Court	41,50,555
	<b>Total</b>	<b>5,51,42,947</b>

(x) As at the balance sheet date, the Company's accumulated losses does not exceed fifty percent of its net worth within the meaning of Section 2(29A) of the Companies Act, 1956. The Company has not incurred cash losses during the year under report. However, the Company has incurred cash loss in the immediately preceding year.

(xi) According to the information and explanations given to us, the Company has not committed default in repayment of dues in respect of its bank borrowings. The Company did not have any borrowings from financial institutions.

(xii) In our opinion, and according to the information and explanations given to us, during the year under report, the Company has not granted any loans or advances against security by way of pledge of shares and securities; accordingly, the provisions of clause (xii) of paragraph 4 of the said Order are not applicable.

(xiii) The Company is not a chit fund/nidhi/mutual benefit fund / society and accordingly, the provisions of clause (xiii) of paragraph 4 of the said Order are not applicable.

(xiv) According to the information and explanations given to us, the Company is not dealing or trading in shares, securities and other investments as its principal business, and accordingly, the provisions of clause (xiv) of paragraph 4 of the said Order are not applicable to the Company.

(xv) According to the information and explanations given to us, as at the balance sheet date, the Company has not given any guarantees for loans taken by others from banks or financial institutions.

(xvi) In our opinion and according to the information and explanations given to us, the Company did not avail any term loans during the year under report. Accordingly, the provisions of clause (xvi) of paragraph 4 of the said Order are not applicable.

(xvii) In our opinion, and according to the information and explanations given to us, and on an overall examination of the balance sheet of the Company, prima facie, funds raised on a short-term basis have not been used for long-term investments.

- (xviii) According to the information and explanations given to us, during the year under report, the Company did not make any preferential allotment of shares to parties listed in the register maintained under section 301 of the Act.
- (xix) The Company has not issued any debentures during the year under report.
- (xx) During the year under report, the Company did not raise any money through a public issue; consequently, the provisions of clause (xx) of paragraph 4 of the Order are not applicable.
- (xxi) To the best of our knowledge and belief and according to the information and explanations given to us, there have been no cases of fraud on or by the Company noticed or reported during the year under report.

For **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

**Ajay Rungta**  
Partner  
Membership No.F- 40333

Mumbai, 15th May, 2013

# SIMPLEX MILLS COMPANY LIMITED

## BALANCE SHEET AS AT 31ST MARCH, 2013

	Note	As at 31.03.2013 ₹	As at 31.03.2012 ₹
<b>I EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
Share capital	2	3,00,04,750	3,00,04,750
Reserves and surplus	3	7,96,00,527	8,18,69,365
		<u>10,96,05,277</u>	<u>11,18,74,115</u>
<b>2. Non-Current Liabilities</b>			
Deferred tax liability (net)	4	-	-
Long-term provisions	5	1,37,75,789	1,30,11,232
		<u>1,37,75,789</u>	<u>1,30,11,232</u>
<b>3. Current Liabilities</b>			
Short-term borrowings	6	1,19,42,136	1,80,72,109
Trade payables		1,03,56,966	1,01,37,268
Other current liabilities	7	89,70,241	99,97,476
Short-term provisions	8	39,05,960	21,69,333
		<u>3,51,75,303</u>	<u>4,03,76,186</u>
<b>TOTAL</b>		<u>15,85,56,369</u>	<u>16,52,61,533</u>
<b>II ASSETS</b>			
<b>1. Non-Current Assets</b>			
Fixed assets			
Tangible assets	9	11,91,61,735	12,40,84,350
Long-term loans and advances	10	41,99,175	41,73,405
		<u>12,33,60,910</u>	<u>12,82,57,755</u>
<b>2. Current Assets</b>			
Trade receivables	11	88,53,154	1,05,40,100
Inventories	12	2,07,87,960	2,13,30,221
Cash and cash equivalents	13	3,45,476	14,17,404
Short-term loans and advances	14	46,28,679	32,53,553
Other current assets	15	5,80,190	4,62,500
		<u>3,51,95,459</u>	<u>3,70,03,778</u>
<b>TOTAL</b>		<u>15,85,56,369</u>	<u>16,52,61,533</u>

### NOTES FORMING PART OF FINANCIAL STATEMENTS 1 to 31

As per our report of even date attached

For **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

**Ajay Rungta**  
Partner  
Membership No.F - 40333  
Mumbai, 15th May, 2013

For and on behalf of the Board

**S.M.Soni**  
**Sita Laxman**  
Directors

Mumbai, 15th May, 2013

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

	Note	2012-13 ₹	2011-12 ₹
<b>I Revenue from operations</b>	<b>16</b>	<b>16,76,55,799</b>	13,38,52,346
<b>II Other income</b>	<b>17</b>	<b>14,93,973</b>	12,40,491
<b>III Total Revenue (I+II)</b>		<b>16,91,49,772</b>	13,50,92,837
<b>IV Expenses</b>			
Cost of materials consumed	18	8,91,57,217	7,09,74,333
Purchase of stock-in-trade	19	1,40,67,699	1,60,98,603
Changes in inventories of work-in-progress, finished goods and stock-in-trade	19	26,68,040	1,53,37,582
Employee benefits expense	20	2,90,72,970	2,50,79,632
Finance costs	21	21,98,909	23,70,608
Depreciation	9	49,18,589	49,58,213
Other expenses	22	2,93,35,186	2,34,26,231
<b>Total Expenses</b>		<b>17,14,18,610</b>	15,82,45,202
<b>V Loss before tax</b>		<b>(22,68,838)</b>	(2,31,52,365)
Deferred tax assets (net)		-	(50,75,424)
<b>VI Loss for the period</b>		<b>(22,68,838)</b>	(1,80,76,941)
<b>Earnings per equity share [Face value of share ₹ 10/- each]</b>			
Basic		(0.76)	(6.02)
Diluted		(0.76)	(6.02)

### NOTES FORMING PART OF FINANCIAL STATEMENTS 1 TO 31

As per our report of even date attached

For **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

**Ajay Rungta**  
Partner  
Membership No.F - 40333  
Mumbai, 15th May, 2013

For and on behalf of the Board

**S.M.Soni**  
**Sita Laxman**  
Directors

Mumbai, 15th May, 2013

# SIMPLEX MILLS COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 ₹	2011-12 ₹
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
<b>LOSS BEFORE TAX</b>	<b>(22,68,838)</b>	<b>(2,31,52,365)</b>
<b>Adjustment for :</b>		
Depreciation	49,18,589	49,58,213
Finance costs	21,98,909	23,70,608
Interest income	(1,22,975)	(1,30,820)
Profit on sale of fixed assets	(16,482)	-
Balances written off	(44,549)	-
	<b>69,33,492</b>	<b>71,98,001</b>
<b>OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES</b>	<b>46,64,654</b>	<b>(1,59,54,364)</b>
<b>(Increase)/Decrease in :</b>		
Trade payables	2,19,699	61,92,342
Other current liabilities	(38,97,276)	33,87,012
Long-term provisions	7,64,557	2,27,958
Short-term provisions	17,36,627	6,24,456
Trade receivables	16,86,946	(32,35,029)
Inventories	5,42,261	2,20,81,647
Short-term loans and advances	(13,75,126)	92,432
Other current assets	1,158	2,17,678
Long-term loans and advances	(25,770)	-
	<b>(3,46,924)</b>	<b>2,95,88,496</b>
<b>CASH GENERATED FROM OPERATIONS</b>	<b>43,17,730</b>	<b>1,36,34,132</b>
Direct taxes paid	(89,738)	(66,576)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES</b>	<b>(A) 42,27,992</b>	<b>1,35,67,556</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Purchase of fixed assets/capital advances paid	(25,714)	(1,90,761)
Sale of fixed assets	46,222	-
Interest received	93,865	1,32,432
<b>NET CASH GENERATED FROM/(USED IN) INVESTING ACTIVITIES</b>	<b>(B) 1,14,373</b>	<b>(58,329)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 ₹	2011-12 ₹
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
Net change in borrowings	(32,15,384)	(1,13,39,976)
Interest paid	(21,98,909)	(23,70,608)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>(54,14,293)</b>	<b>(1,37,10,584)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>	<b>(10,71,928)</b>	<b>(2,01,357)</b>
<b>CASH AND CASH EQUIVALENTS - AT START OF THE YEAR</b>	<b>14,17,404</b>	<b>16,18,761</b>
<b>CASH AND CASH EQUIVALENTS - AT END OF THE YEAR</b>	<b>3,45,476</b>	<b>14,17,404</b>
<b>Cash and cash equivalents comprise of :</b>	<b>As on 31-Mar-13</b>	<b>As on 31-Mar-12</b>
Cash on hand	18,075	61,017
Balances with scheduled banks :		
- in Current accounts	2,97,955	13,26,884
- in Unpaid fractional shares account	29,446	29,503
	<b>3,45,476</b>	<b>14,17,404</b>

### NOTES FORMING PART OF THE FINANCIAL STATEMENTS - 1 TO 31

As per our report of even date attached

For **Vijay Rungta & Co.**  
Chartered Accountants  
(Firm Registration No.111427W)

**Ajay Rungta**  
Partner  
Membership No.F - 40333  
Mumbai, 15th May, 2013

For and on behalf of the Board

**S.M.Soni**  
**Sita Laxman**  
Directors

Mumbai, 15th May, 2013

# SIMPLEX MILLS COMPANY LIMITED

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

### CORPORATE INFORMATION

Simplex Mills Company Limited (the Company) is in manufacturing of cotton yarn and industrial fabrics and trading in textile products (i.e. cloths). The Company is a Public Limited Company and is listed on BSE Limited.

### 1. SIGNIFICANT ACCOUNTING POLICIES

**(i) Basis of preparation:**

These financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP) on the historical cost convention on the accrual basis. GAAP comprises mandatory accounting standards as prescribed by the Companies (Accounting Standard) Rules, 2006, provisions of the Companies Act, 1956 and guidelines issued by Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied.

The Company adopts the accrual basis in the preparation of accounts except insurance claims and sales tax refunds.

**(ii) Revenue recognition:**

Sales of goods are recognized on dispatch of goods to customers, or when substantial risks and rewards of ownership are transferred by the Company. Sales are inclusive of excise duty and exclude sales tax / VAT.

**(iii) Tangible fixed assets:**

All fixed assets (including assets taken on hire purchase) are carried at cost. The cost of fixed assets includes expenses incidental to acquisition. Interest on specific borrowings, obtained for the purposes of acquiring fixed assets is capitalised upto the date of commissioning of the assets.

**(iv) Capital work-in-progress:**

Capital work-in-progress is carried at cost. Cost comprises direct costs, related incidental expenses and interest on borrowings.

**(v) Investments:**

Investments are either classified as current or long term based on management's intention at the time of purchase.

Long term investments are carried at cost less provision recorded to recognize any decline, other than of a temporary nature, in the carrying value of each investment. Current investments are valued at cost or fair value whichever is lower and the resultant decline, if any, are charged to Statement of Profit and Loss.

**(vi) Inventories:**

Stores and spare parts are valued at cost. Process stock is valued at estimated cost. Raw materials are valued at cost or market rate, whichever is lower. Finished products and waste are valued at cost or market rate whichever is lower, whereas the sold quantity is valued at contract rates. (Cost includes direct cost and overheads). Cost of finished goods and work in process is ascertained by applying the absorption cost basis.

**(vii) Borrowing costs:**

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

**(viii) Export sales:**

Export sales in foreign currency are accounted at the exchange rates prevailing on the dates of the transactions.

**(ix) Foreign exchange transactions:**

Transactions in foreign currency are recorded at the exchange rate prevailing at the time of the transaction. As at



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

the balance sheet date, monetary assets and liabilities denominated in foreign currency are reported at closing rates. Gains or losses on settlement/restatement of foreign currency transactions are recognized in the Statement of Profit and Loss in the period in which they arise.

### (x) Depreciation:

Depreciation has been provided on all fixed assets (excluding furniture, fixtures and equipments) on straight-line method and on furniture, fixtures and equipments on the written down value basis at rates prescribed in Schedule XIV to the Companies Act, 1956.

### (xi) Retirement benefits:

Liabilities on account of gratuity and leave encashment benefit are determined by actuarial valuation at each balance sheet date using the Projected Unit Credit Method. Actuarial gain and losses are recognized immediately in the Statement of Profit and Loss for the period in which they occur. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

The Company's contributions to provident fund and family pension fund are recognised as expenses in the Statement of Profit and Loss in the period in which they are incurred.

### (xii) Taxation:

Current income tax is determined as the amount of tax payable in respect of taxable income for the period based on applicable tax rate and laws. Deferred tax is recognized on timing difference, being difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The deferred tax effect is calculated using the tax rates and the tax laws enacted or substantively enacted by the Balance Sheet date. Deferred tax assets are recognized only to the extent there is a reasonable certainty of realization, except in case of unabsorbed depreciation and business losses in respect of which, deferred tax asset is recognized only if the Company is virtually certain of having sufficient future taxable income against which the losses/depreciation can be set off. Deferred tax assets are reviewed at each Balance Sheet date to re-assess realization.

### (xiii) Impairment of assets:

Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life.

### (xiv) Provisions and contingent liabilities:

Provisions are recognised in respect of probable obligations, the amount of which can be reliably estimated. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company.

### (xv) Cash and cash equivalents:

Cash and cash equivalents include cash in hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

### (xvi) Use of estimates:

The preparation of financial statements in accordance with the generally accepted accounting principles requires the Management to make estimates and assumptions that affect the reported amount of assets and liabilities as of the date of financial statements and the reported amount of expenses of the year. Actual results could differ from these estimates. Any revision to such accounting estimates is recognized in the accounting period in which such revision takes place.

# SIMPLEX MILLS COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013	31.03.2012
	₹	₹
<b>2. SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
31,00,000 Equity shares of ₹ 10/- each	<u>3,10,00,000</u>	<u>3,10,00,000</u>
<b>ISSUED SUBSCRIBED AND PAID UP</b>		
30,00,475 (Previous year 30,00,475) Equity shares of ₹10/- each fully paid up	<u>3,00,04,750</u>	<u>3,00,04,750</u>
<b>Total Issued, subscribed and fully paid up share capital</b>	<u>3,00,04,750</u>	<u>3,00,04,750</u>

### a. Reconciliation of the shares outstanding at the beginning and at the end of the period

Particulars	31.03.2013		31.03.2012	
	Number	₹	Number	₹
Shares outstanding at the beginning of the year	30,00,475	3,00,04,750	30,00,475	3,00,04,750
Shares issued during the year	-	-	-	-
Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>30,00,475</b>	<b>3,00,04,750</b>	<b>30,00,475</b>	<b>3,00,04,750</b>

### b. Terms/rights attached to the equity shares

The Company has one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts, in proportion to their shareholding.

### c. Details of the shareholders holding more than 5% shares in the Company

Name of Shareholder	31.03.2013		31.03.2012	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Simplex Realty Limited	14,70,000	48.99	14,70,000	48.99
Life Insurance Corporation of India	3,78,869	12.63	3,87,439	12.91
Shreelekha Global Finance Limited	2,52,553	8.42	2,52,553	8.42
New Textiles Private Limited	2,50,847	8.36	2,50,847	8.36

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 ₹	31.03.2012 ₹
<b>3. RESERVES AND SURPLUS</b>		
<b>CAPITAL RESERVE</b> - (Backward area incentive )	25,00,000	25,00,000
<b>GENERAL RESERVE</b>	12,78,59,088	12,78,59,088
<b>(SURPLUS) IN THE STATEMENT OF PROFIT AND LOSS</b>		
Opening balance	(4,84,89,723)	(3,04,12,782)
Loss for the year	(22,68,838)	(1,80,76,941)
<b>Closing balance</b>	(5,07,58,561)	(4,84,89,723)
<b>Total Reserves and Surplus</b>	7,96,00,527	8,18,69,365
	31.03.2013 ₹	31.03.2012 ₹
<b>4. DEFERRED TAX LIABILITY</b>		
<b>Deferred tax liability</b>		
Difference between tax depreciation and depreciation charged for financial reporting	1,07,30,298	1,10,71,021
<b>Gross deferred tax liability</b>	1,07,30,298	1,10,71,021
<b>Deferred tax assets</b>		
1. Provision for gratuity	51,71,675	44,26,139
2. Provision for leave benefits	2,91,985	2,64,656
3. Disallowance u/s 40(a)(ii) of the Income Tax Act, 1961	-	32,785
4. Unabsorbed depreciation	18,25,386	18,24,283
5. Carried forward business losses	46,68,298	45,23,158
<b>Gross deferred tax assets</b>	1,19,57,344	1,10,71,021
<b>Net deferred tax liability *</b>	-	-
* Deferred tax assets not recognised.		
	31.03.2013 ₹	31.03.2012 ₹
<b>5. LONG-TERM PROVISIONS</b>		
<b>For employee benefits</b>		
Gratuity	1,37,75,789	1,30,11,232
	1,37,75,789	1,30,11,232

# SIMPLEX MILLS COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 ₹	31.03.2012 ₹
<b>6. SHORT-TERM BORROWINGS</b>		
Cash credit from bank (secured)*	75,55,240	95,36,239
Bills discounted from bank	23,61,397	52,75,987
Credit limit from bank against pledge of raw materials	-	15,55,489
Interest free loan and advances taken from related party (unsecured, repayable on demand)	20,25,499	17,04,394
	<b>1,19,42,136</b>	<b>1,80,72,109</b>

\*Cash credit facility with banks secured by hypothecation of movable assets including stock of stores and spare parts, stock-in-trade, book debts, other current assets and by a charge on immovable assets.

	31.03.2013 ₹	31.03.2012 ₹
<b>7. OTHER CURRENT LIABILITIES</b>		
<b>Other Liabilities</b>		
Advance received from customer	31,78,340	51,12,095
Unpaid fractional shares entitlement	29,446	29,503
Unpaid bonus/wages	2,05,972	1,79,647
Cumulative time deposit	1,205	3,655
<b>Other payables</b>		
Tax deducted/collected at source	1,09,932	87,175
Interest free deposit	30,000	30,000
Wages, ex-gratia and bonus	22,03,672	22,07,109
Statutory dues	2,23,114	1,90,882
Electricity charges	19,11,700	12,84,170
Professional fees	2,38,602	2,86,750
Liabilities for expenses	3,89,174	1,99,104
Statutory recoveries from salaries/wages	4,49,084	3,87,386
	<b>89,70,241</b>	<b>99,97,476</b>

	31.03.2013 ₹	31.03.2012 ₹
<b>8. SHORT-TERM PROVISIONS</b>		
<b>For employee benefits</b>		
Gratuity	29,61,023	13,12,841
Leave benefits	9,44,937	8,56,492
	<b>39,05,960</b>	<b>21,69,333</b>

# NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

## 9. TANGIBLE ASSETS

	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April, 2012	Additions during the year	Deductions during the year	As at 31st March, 2013	Upto 31st March, 2012	Provided during the year	On Deductions	Upto 31st March, 2013	As at 31st March, 2013	As at 31st March, 2012
Land	3,76,89,402	-	-	3,76,89,402	-	-	-	-	3,76,89,402	3,76,89,402
Buildings	4,43,82,473	-	-	4,43,82,473	97,23,055	12,99,084	-	1,10,22,139	3,33,60,334	3,46,59,418
Plant, Machinery and Computers*	7,45,10,964	25,714	-	7,45,36,678	2,40,55,225	33,94,721	-	2,74,49,946	4,70,86,732	5,04,55,739
Furniture and Office Equipments	12,90,208	-	-	12,90,208	9,28,861	64,069	-	9,92,930	2,97,278	3,61,347
Vehicles	18,54,469	-	1,00,000	17,54,469	9,36,025	1,60,715	70,260	10,26,480	7,27,989	9,18,444
<b>Total</b>	15,97,27,516	25,714	1,00,000	15,96,53,230	3,56,43,166	49,18,589	70,260	4,04,91,495	11,91,61,735	12,40,84,350
Previous Year	15,95,36,755	1,90,761	-	15,97,27,516	3,06,84,953	49,58,213	-	3,56,43,166		

\* Includes Electrical Installations, Humidifiers, Fire Services and Sprinkler Installations.

# SIMPLEX MILLS COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 ₹	31.03.2012 ₹
<b>10. LONG-TERM LOANS AND ADVANCES</b>		
(Unsecured, considered good)		
Capital advances	20,77,797	20,77,797
Security deposits	21,21,378	20,95,608
	<b>41,99,175</b>	<b>41,73,405</b>

	31.03.2013 ₹	31.03.2012 ₹
<b>11. TRADE RECEIVABLES - (SHORT-TERM)</b>		
(Unsecured, considered good, unless stated otherwise)		
Outstanding for a period exceeding six months	15,341	5,533
Other receivables	88,37,813	1,05,34,567
	<b>88,53,154</b>	<b>1,05,40,100</b>

	31.03.2013 ₹	31.03.2012 ₹
<b>12. INVENTORIES</b>		
(As valued and certified by the management)		
Raw materials	86,18,065	63,18,605
Process stock	62,26,551	64,08,011
Finished goods (including waste)	49,48,405	74,34,985
Stores and spare parts	9,94,939	11,68,620
	<b>2,07,87,960</b>	<b>2,13,30,221</b>

Stores and spare parts are valued at cost. Process stock is valued at estimated cost. Raw materials are valued at cost or market rate, whichever is lower. Finished products and waste are valued at cost or market rate whichever is lower, whereas the sold quantity is valued at contract rates. (Cost includes direct cost and overheads). Cost of finished goods and work in process is ascertained by applying the absorption cost basis.

	31.03.2013 ₹	31.03.2012 ₹
<b>13. CASH AND CASH EQUIVALENTS</b>		
Balances with banks		
In current accounts	2,97,955	13,26,884
Cash on hand	18,075	61,017
Earmarked balance with bank	29,446	29,503
	<b>3,45,476</b>	<b>14,17,404</b>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	31.03.2013 ₹	31.03.2012 ₹
<b>14. SHORT-TERM LOANS AND ADVANCES</b> (Unsecured, considered good)		
Other advances	1,03,605	2,80,786
Advance income tax (net of provisions for taxation)	2,26,610	1,36,872
Loans to employees	2,40,739	1,89,145
Sales tax/VAT receivables	37,87,267	23,57,229
Balances with government authorities	2,70,458	2,89,521
	<b>46,28,679</b>	<b>32,53,553</b>
	31.03.2013 ₹	31.03.2012 ₹
<b>15. OTHER CURRENT ASSETS</b>		
Interest accrued on deposits	1,26,215	97,105
Prepaid expenses	4,09,364	3,30,274
Others	44,611	35,121
	<b>5,80,190</b>	<b>4,62,500</b>
	2012-13 ₹	2011-12 ₹
<b>16. REVENUE FROM OPERATIONS</b>		
<b>Revenue from operations</b>		
Sale of products		
Finished goods	15,14,99,106	11,71,21,931
Traded goods	1,55,51,350	1,46,31,743
<b>Other operating revenue</b>		
Waste sales	11,30,938	7,68,786
Conversion charges received	4,16,568	19,61,850
<b>Revenue from operations (gross)</b>	<b>16,85,97,962</b>	<b>13,44,84,310</b>
Less: Excise duty	9,42,163	6,31,964
<b>Revenue from operations (net)</b>	<b>16,76,55,799</b>	<b>13,38,52,346</b>
<b>Details of products sold</b>		
Finished goods		
Cloth	4,86,97,748	5,02,22,544
Yarn	10,28,01,358	6,68,99,387
	<b>15,14,99,106</b>	<b>11,71,21,931</b>
Traded goods		
Cloth	1,55,51,350	1,46,31,743
	<b>16,70,50,456</b>	<b>13,17,53,674</b>

# SIMPLEX MILLS COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 ₹	2011-12 ₹
<b>17. OTHER INCOME</b>		
<b>Interest received</b>		
On bank deposits	-	492
From others	1,22,975	1,42,897
<b>Others</b>		
Building rent received	9,68,518	3,34,626
Sale of duty entitlement pass book licences	62,126	1,06,725
Inspection charges received	2,71,352	4,18,124
Sales tax refund	-	1,99,852
Foreign exchange fluctuation gain	23,247	4,562
Insurance claims	26,573	32,886
Miscellaneous receipts	2,700	327
Profit on sale of fixed assets	16,482	-
	<b>14,93,973</b>	<b>12,40,491</b>
	2012-13 ₹	2011-12 ₹
<b>18. COST OF MATERIALS CONSUMED</b>		
Inventory at the beginning of the period	63,18,605	1,31,58,859
Add: Purchases during the year	9,14,56,677	6,41,34,079
	9,77,75,282	7,72,92,938
Less: Inventory at the end of the year	86,18,065	63,18,605
Cost of raw materials consumed	8,91,57,217	7,09,74,333
<b>Products</b>		
Cotton	8,73,26,713	6,73,41,466
Yarn	18,30,504	36,32,867
	<b>8,91,57,217</b>	<b>7,09,74,333</b>



## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 ₹	2011-12 ₹
<b>19. INCREASE/(DECREASE) IN INVENTORIES</b>		
<b>Closing stock</b>		
Traded goods	-	8,310
Process stocks	62,26,551	64,08,011
Finished goods	49,48,405	74,26,675
	<u>1,11,74,956</u>	<u>1,38,42,996</u>
<b>Less: Opening stock</b>		
Traded goods	8,310	5,986
Process stocks	64,08,011	98,27,050
Finished goods	74,26,675	1,93,47,542
	<u>1,38,42,996</u>	<u>2,91,80,578</u>
<b>Decrease in stock</b>	<u>(26,68,040)</u>	<u>(1,53,37,582)</u>
<b>Purchase of traded goods</b>		
Cloth	<u>1,40,67,699</u>	<u>1,60,98,603</u>
<b>Details of Inventory</b>		
<b>Traded goods</b>		
Cloth	<u>-</u>	<u>8,310</u>
<b>Work-in-progress</b>		
Cotton	25,41,024	10,69,161
Cloth	4,09,220	44,30,334
Yarn	32,76,307	9,08,516
	<u>62,26,551</u>	<u>64,08,011</u>
<b>Finished goods</b>		
Cloth	10,75,989	39,39,538
Yarn	35,50,693	31,20,270
Waste	3,21,723	3,66,867
	<u>49,48,405</u>	<u>74,26,675</u>

	2012-13 ₹	2011-12 ₹
<b>20. EMPLOYEE BENEFITS EXPENSE</b>		
Salaries and wages	2,60,25,750	2,24,15,520
Contribution to provident and other funds	21,45,086	18,34,041
Staff welfare expenses	9,02,134	8,30,071
	<u>2,90,72,970</u>	<u>2,50,79,632</u>

### Retirement Benefit Plan

As per Accounting Standard-15 "Employee Benefits", the disclosures as defined in the accounting standard are given below:

#### I) Defined Contribution Plan

- Provident fund
- Pension fund

The Company has recognized the following amounts in the Statement of Profit and Loss which are included under Contribution to Provident and other funds:

# SIMPLEX MILLS COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 ₹	2011-12 ₹
Provident fund	8,63,190	6,64,453
Pension fund	12,59,372	11,51,822
	<u>21,22,562</u>	<u>18,16,275</u>

### II) Defined Benefit Plans

a) Contribution to gratuity fund (Non-funded)

b) Leave encashment (Non-funded)

In accordance with the Accounting Standard (AS 15) (Revised 2005) Employee Benefits, actuarial valuation was done in respect of the aforesaid defined benefit plans of gratuity and leave encashment based on the following assumptions:

	2012-13	2011-12
<b>Actuarial assumptions</b>		
Discount rate	8.00%	8.65%
Salary escalation rate	5.00%	5.00%
Attrition rate	0.50%	0.50%

	2012-13 ₹	2011-12 ₹
<b>GRATUITY</b>		

#### A. Changes in value of obligations

Liability at the beginning of the year	1,43,24,073	1,36,03,177
Interest cost	12,02,034	10,83,234
Current service cost	15,32,154	13,08,490
Benefit paid	(8,55,449)	(6,89,001)
Actuarial (gain) / loss on obligations	5,34,000	(9,81,827)
Liability at the end of the year	<u>1,67,36,812</u>	<u>1,43,24,073</u>

#### B. Amount recognized in the Balance Sheet

Present value of defined benefit obligation as at the year end	1,67,36,812	1,43,24,073
Fair Value of Plan Assets as at the year end	-	-
Liability/(Net asset) recognized in the Balance Sheet	<u>1,67,36,812</u>	<u>1,43,24,073</u>

#### C. Expenses recognized in the Statement of Profit and Loss

Interest cost	12,02,034	10,83,234
Current service cost	15,32,154	13,08,490
Net actuarial (gain) / loss recognized	5,34,000	(9,81,827)
Expenses recognized in the Statement of Profit and Loss	<u>32,68,188</u>	<u>14,09,897</u>

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13 ₹	2011-12 ₹
<b>LEAVE BENEFIT</b>		
<b>A. Changes in value of obligations</b>		
Liability at the beginning of the year	3,78,039	7,24,974
Interest cost	14,310	25,076
Current service cost	6,28,067	5,22,741
Benefit paid	(4,25,220)	(8,36,098)
Actuarial (gain) / loss on obligations	3,49,741	(58,654)
Liability at the end of the year	9,44,937	3,78,039
<b>B. Amount recognized in the Balance Sheet</b>		
Present value of defined benefit obligation as at the year end	9,44,937	3,78,039
Fair value of plan assets as at the year end	-	-
Liability/ (Net asset) recognized in the Balance Sheet	9,44,937	3,78,039
<b>C. Expenses recognized in the Statement of Profit and Loss</b>		
Interest cost	14,310	25,076
Current service cost	6,28,067	5,22,741
Actuarial (gain) / loss recognized	3,49,741	(58,654)
Expenses recognized in the Statement of Profit and Loss	9,92,118	4,89,163
<b>D. Short term compensated absence liability</b>		
No.of days	-	2,787
Amount (not included in the net liabilities above)	-	4,78,453
	2012-13 ₹	2011-12 ₹
<b>21. FINANCE COSTS</b>		
Interest	17,65,341	16,96,200
Other borrowing cost	4,33,568	6,74,408
	21,98,909	23,70,608

# SIMPLEX MILLS COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

	2012-13		2011-12
	₹		₹
<b>22. OTHER EXPENSES</b>			
Stores and spare parts consumed	39,43,851		34,77,306
Packing materials	1,79,119		1,96,466
Power and fuel	1,95,23,855		1,47,71,590
Hank yarn obligation	2,59,238		(2,64,330)
Water charges	46,047		40,885
Repairs to			
Buildings	31,953		10,926
Machinery	5,96,771		5,01,100
Insurance	1,03,241		1,56,121
Discount, commission and brokerage on sales	14,32,842		11,77,938
Rates and taxes	3,89,905		3,89,905
Travelling and conveyance expenses	3,33,396		4,60,439
Director's sitting fees	5,250		4,500
Advertisements	42,951		49,669
Postage, stationery and printing	2,26,387		2,10,624
Bank charges/commission	35,427		41,728
Motor maintenance	1,84,436		2,41,737
Professional fees	14,39,057		13,19,583
Sundry expenses	4,21,010		4,99,594
Auditors' remuneration			
Audit fees	1,12,360	1,12,360	
Tax audit fees	28,090	28,090	1,40,450
	<b>2,93,35,186</b>		<b>2,34,26,231</b>

### 23. Contingent liabilities not provided for:

Particulars	31.03.2013	(In ₹) 31.03.2012
Appeals filed in respect of disputed demands:		
i) Central Excise	5,51,42,947	5,51,42,947
ii) Labour Matters	5,74,290	3,09,000

24. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 2,85,99,008/- (net of advances) (Previous year ₹ 2,85,99,008/-).

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

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

26. Earnings per Share (EPS) is calculated by dividing the profit / (loss) attributable to the equity share holders by weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares, except when the results would be anti-dilutive.

Particulars	<b>2012-13</b>	<b>2011-12</b>
(a) Loss after tax - ₹	<b>(22,68,838)</b>	(1,80,76,941)
(b) Weighted average number of shares	<b>30,00,475</b>	30,00,475
(c) Face value of shares (₹ per share)	<b>10/-</b>	10/-
(d) Basic - ₹	<b>(0.76)</b>	(6.02)
(e) Diluted - ₹	<b>(0.76)</b>	(6.02)

27. The Company's activities are classified as belonging to a single business segment of manufacture and trading in yarns, textiles and textile products. The Company's operations are largely limited to India.

28. Related party disclosure (as identified by the management):

(In ₹)

Name of Related Party	Type of Related Party	Description of the nature of the transactions	Volume of transactions during 2012-13	Volume of transactions during 2011-12	As on 31.03.13 Receivable/ (Payable)	As on 31.03.12 Receivable/ (Payable)
Simplex Realty Ltd.	Controlling Company	Loan taken / (repaid)	<b>3,21,105</b>	(71,21,673)	<b>(20,25,499)</b>	(17,04,394)
Simplex Papers Ltd.	Common Directors	Loan given Loan (repaid)	-	77,93,530 (78,12,050)	-	-

29. Earnings in foreign exchange on account of export of goods on FOB basis:

Particulars	<b>2012-13</b> ₹	2011-12 ₹
Direct Exports	<b>18,09,247</b>	24,52,302

30. Value of materials consumed:

(In ₹)

Particulars	2012-13		2011-12	
	Value in ₹	% of Total Consumption	Value in ₹	% of Total Consumption
(i) Raw Materials				
(a) Directly imported	-	-	-	-
(b) Indigenously obtained	<b>8,91,57,217</b>	<b>100</b>	7,09,74,333	100
(ii) Stores, Spare Parts and Components				
(a) Directly imported	-	-	-	-
(b) Indigenously obtained	<b>39,43,851</b>	<b>100</b>	34,77,306	100

# SIMPLEX MILLS COMPANY LIMITED

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2013

### 31. Previous year figures:

The financial statements for the year ended 31st March, 2013 are prepared as per Revised Schedule VI. The previous year figures have been reclassified to conform to this year's classification, wherever necessary to conform current year's presentation.

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As per our report of even date attached

For **Vijay Rungta & Co.**

Chartered Accountants

(Firm Registration No.111427W)

**Ajay Rungta**

Partner

Membership No.F - 40333

Mumbai, 15th May, 2013

For and on behalf of the Board

**S.M.Soni**

**Sita Laxman**

Directors

Mumbai, 15th May, 2013



Registered Office: 30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk, Mumbai - 400 011

## ATTENDANCE SLIP

I hereby record my presence at the 15th ANNUAL GENERAL MEETING held at M.C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai-400001, at 12.30 P.M. or soon after the conclusion of the Annual General Meeting of Simplex Realty Limited convened on the same day, whichever is later on Wednesday, the 7th day of August, 2013.

DP. ID. No. \_\_\_\_\_

Client I.D. No. \_\_\_\_\_

Folio No. \_\_\_\_\_

Full Name of the Member \_\_\_\_\_

Signature \_\_\_\_\_

Full Name of Proxy (in Block Capitals) \_\_\_\_\_

Signature \_\_\_\_\_

- 1) Members / Proxy holders are requested to bring the attendance slip duly completed when they come to the Meeting and hand them over at the entrance after affixing their signatures on them.
- 2) Members / Proxy holders should bring their copy of the Annual Report for reference at the Meeting.



Registered Office: 30, Keshavrao Khadye Marg, Sant Gadge Maharaj Chowk, Mumbai - 400 011

## PROXY FORM

I/We \_\_\_\_\_  
 of \_\_\_\_\_ in the district of \_\_\_\_\_  
 \_\_\_\_\_ being a member(s) of the above named Company,  
 hereby appoint \_\_\_\_\_  
 of \_\_\_\_\_ in the district of \_\_\_\_\_  
 or failing him/her \_\_\_\_\_  
 of \_\_\_\_\_ in the district of \_\_\_\_\_

as my / our proxy and to vote for me / us on my / our behalf at the 15th ANNUAL GENERAL MEETING of the Company to be held on Wednesday, the 7th day of August, 2013 at 12.30 P. M. or soon after the conclusion of the Annual General Meeting of Simplex Realty Limited convened on the same day, whichever is later at M.C. Ghia Hall, 4th Floor, Bhogilal Hargovindas Building, 18/20, Kaikhushru Dubash Marg, Kala Ghoda, Mumbai-400001.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013

Signed by the said,

DP. ID. No. \_\_\_\_\_

Client I.D. No. \_\_\_\_\_

Regd. Folio No. \_\_\_\_\_

No. of Shares held \_\_\_\_\_

Affix  
 Re. 1.00  
 Revenue  
 Stamp  
 (Signature)

Notes:

- 1) The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.
- 2) The Proxy need not be a Member.

Book - Post

*If undelivered, please return to:*

**Simplex Mills Company Limited**

30, Keshavrao Khadye Marg,  
Sant Gadge Maharaj Chowk,  
Mumbai - 400 011