

**Bhandari Hosiery Exports Limited**

**20th ANNUAL REPORT  
2012-13**



Bhandari Hosiery  
Caring for Everything  
Much More Than Just Fashion



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

Dear Shareholders,

I have great pleasure in presenting the Twentieth Annual Report and Audited Financial Statements for the financial year ended 31st March, 2013. The year 2012-13 was a year of different responses from different economies across the world. While Europe continued to weather uncertainties, the US economy was trying to show sustainable growth. Japan, on the other hand, after several years of deflation and marginal growth, was seen on the road to recovery. China continued to show above 7% growth, followed by India and other emerging economies. USA Consumer behaviour, prices and margins mirrored that of the EU. The financial year 2012-13 also saw underperforming economies, sluggish growth and emergency rescue efforts by most governments across the world. The financial crisis of Eurozone nations weakened the strength of the economic bloc and adversely impacted global economic growth. Cyprus drowned deep into economic hardships and social chaos and sought major bailout from other Euro nations. However, the US economy showed early signs of recovery, spearheaded by manufacturing growth and prudent policy initiatives.



The Indian economy was also affected by the global ongoing scenario during the year 2012-13. The export of clothing/apparel from India declined during the financial year 2013 to USD 12.92 bn from USD 13.7 bn in the previous year, showing a decline of 5.75% in USD terms. However, in year 2012-13, in rupee terms apparel export of India was to the tune of Rs. 70312 crore compared to Rs. 65709 crore in year 2011-12, representing an increase of approximately 7% due to INR depreciation.

During the year 2012-13, Readymade Garments accounted for almost 39% of the total textiles exports. Apparel and cotton textiles products together contributed nearly 74% of the total textiles exports.

As the Indian Government too, has over the last few months taken some action to revive industrial growth, encourage fresh investment and committed to reforms for industry, our economy in the coming years should regain a trajectory of high growth, nearer to that witnessed in the recent past.

Despite adverse global and Indian scenario, surging and fluctuating prices of cotton, other raw materials and inflation, your Company recorded a satisfactory performance. During the year 2012-13, your Company was able to achieve turnover of Rs. 9652.54 Lacs as against Rs. 9845.17 Lacs in the year 2011-12. The Profits after Tax of the Company for the year ended 31.03.2013 has been Rs.287.77 Lacs as against Rs. 305.97 Lacs in the previous year. The Exports of the Company for the financial year ended 31.03.2013 were to the tune of Rs. 2233.70 Lacs as against Rs. 2838.37 in the previous year. Whereas the global slow down of the various economies hit the garments export, the Company was still able to bear its effects and registered satisfactory performance.

The Company has various plans for modernization, expansion of the dyeing plant/processing house, opening and running of the retail showrooms. The Company is acting towards expanding and modernization of the Dyeing unit by installation of imported automatic machinery. The Company is also planning the setting up of a unit for manufacturing of sewing/stitching thread. It is expected that on fulfillment of the plan, the Company would be able to commence commercial production from June, 2014 onwards. The company is planning to widen its markets both at domestic levels and at international levels. The long term prospects of the company are good along the growth path.

Alongwith the impressive strides in business, we are eagerly working towards playing a committed role in the area of Corporate Social Responsibility. We proudly state that your Company is a **W.R.A.P., B.S.C.I and C-TPAT Certified Company**.

Our success and growth greatly depends on the skills and dedication of our employees, co-operation of our Bankers, and other business constituents, whom I would like to thank sincerely. I am looking forward to another exciting year ahead.

Finally, I take this opportunity to thank all the Company's stakeholders for their confidence in Bhandari Hosiery and I look forward for their continued support in the years to come.

Warm Regards

Sd/-  
NITIN BHANDARI  
CHAIRMAN & MG. DIRECTOR



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## Board of Directors

SR.	NAME	DIN	DESIGNATION
1	Shri Nitin Bhandari	01385065	Chairman & Mg. Director
2	Sh. R.C. Singal	00739667	Director
3	Sh. M.M. Sikka	01194696	Director
4	Sh. Ashish Thapar	00077281	Director
5	Sh. Vikas Nayyar	00071047	Director

### COMPANY SECRETARY

Mr. Gurinder Makkar

### AUDITORS

M/S Vipin Kumar Aggarwal & Co.  
K-206, Kismat Complex,  
Ludhiana- 141003 (Punjab)

### BANKERS

State Bank Of India  
Pahwa Hospital Branch, Ludhiana

### REGISTERED OFFICE & WORKS

Bhandari House, Village Meharban,  
Rahon Road, Ludhiana- 141007  
(Punjab) India  
Phones: +91-88720-16410  
Fax: +91-161-2690394  
EMAIL: bhandari@bhandariexport.com

### WEBSITE:

www.bhandariexport.com

### REGISTRAR & SHARE TRANSFER AGENTS

M/S LINK INTIME INDIA PVT LTD.,  
44, COMMUNITY CENTRE,  
2<sup>nd</sup> FLOOR, NARAINA INDUSTRIAL AREA  
PHASE- I, NEAR PVR NARAINA,  
NEW DELHI -110 028,  
EMAIL: [DELHI@LINKINTIME.CO.IN](mailto:DELHI@LINKINTIME.CO.IN),

PHONES: 011- 41410592-94, FAX: 011-  
41410591

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## Bhandari Hosiery at a Glance

Bhandari Hosiery Exports Limited is a garment manufacturing company having vertical production facility to produce High Fashion Knitted Garments. With more than 20 years experience and state of the art manufacturing facilities, Bhandari Hosiery manufactures garments for leading international and overseas brands and some overseas retail chains. In the international market, we have a presence in around 18 countries including quality conscious markets like USA, Canada, UK and the European Union.

The Company's Unit is spread in an area of around 30000 Sq. Meters with constructed area approximating 35% of the Total Area. The Company has all in house facilities from yarn and knitting to final finishing and packing. The Company has the requisite state of the art infrastructural facilities to produce high end fashion garments.

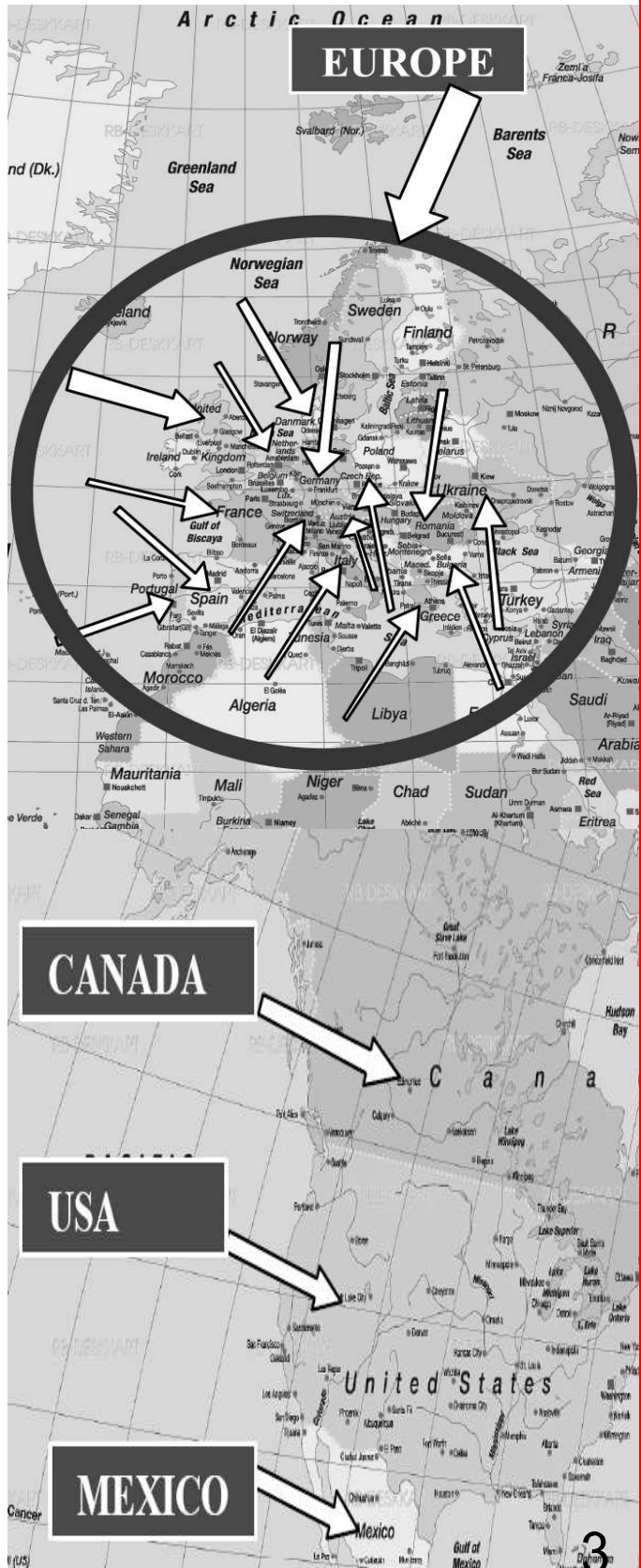
The Company is primarily engaged in the manufacture and export of knitted hosiery garments such as T-Shirts, Pull Overs, Sweat Shirts, Bermudas, Polo shirts, Track Suits, Payjamas, Lowers, ladies knitted tops with embroidery, and prints etc..

Our products are targeted towards trendy fashion oriented line for both sex of the upper middle class segment. Our garments are exported to many of the European and North American Countries. We conform to International standards in Human Resource Practices and adopt Eco- friendly standards in production.

Bhandari Hosiery aims to be the best knitted garment manufacturing and exporting Company. We continuously incorporate the latest technological advances in manufacturing processes to ensure that our esteemed customers receive top-of-line quality products. Our objective is to be the pioneer in implementing new manufacturing technologies, which translate into an even superior product for our customers.

Frequent changes in fashion trends make it imperative for suppliers to deliver newer styles quickly to their customers. Understanding the need for timely delivery we always aim to provide our customers an efficient and satisfying service.

Bhandari Products have met the international quality standards and are being exported to the competitive markets in Europe, U.S.A and Australia. Some of our esteemed clients are Charles Vogele, Adler, Arcadia, MGL Metro, Metro Cash, Cortefiel Commercial S.A., B.J.D. INC., Galeria Kaufhof, The Fielding Group, BHS Ltd., Kitaro, Star Ride kids etc.





# **Bhandari Hosiery Exports Limited**

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## **NOTICE**

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of the Company will be held on Friday, the 27<sup>th</sup> day of September, 2013 at 9.00 A.M. at the Registered Office of the Company at Bhandari House, Village Meharban, Rahon Road, Ludhiana-141007 to transact the following business:-

### **ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2013, Statement of Profit and Loss for the year ended on that date together with the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Sh. R.C. Singal, who retires by rotation at this meeting and being eligible, offers himself for re-appointment.
3. To appoint Auditors for the Year 2013-14 and to fix their remuneration.

### **SPECIAL BUSINESS**

4. TO CONSIDER, AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

**“RESOLVED THAT** subject to the pursuant to the provisions of Sections 198, 269, 309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII of the Companies Act, 1956 and subject to such other consents, approvals as may be required, in partial modification to the Resolution No. 5 passed by the Members at the 17<sup>th</sup> Annual General Meeting held on 27.09.2010 approving the appointment and terms of remuneration of Mr. Nitin Bhandari as Managing Director, the consent of the Company be and is hereby given to the increase in monthly salary of Shri Nitin Bhandari, Mg. Director from Rs. 1,00,000/- (One Lac) per month to Rs. 1,20,000/- (One Lac Twenty Thousand) per month w.e.f. April 1, 2013, for the remainder of the tenure of his appointment.

**RESOLVED FURTHER THAT** In the event of loss or inadequacy of profits, the remuneration as above shall be paid as minimum remuneration to Mr. Nitin Bhandari.

**RESOLVED FURTHER THAT** In any event, the aggregate of salary and perquisites shall be within the overall limits specified in Schedule XIII to the Companies Act, 1956, as applicable to the Company.

**RESOLVED FURTHER THAT** all other terms and conditions of appointment of Mr. Nitin Bhandari as approved earlier by the Members, shall remain unchanged.

**RESERVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to vary or enhance the remuneration from time to time at its discretion on the recommendations of Remuneration Committee within the overall limits specified in Schedule XIII to the Companies Act, 1956 as amended from time to time and to alter, reduce, increase and vary such terms and conditions relating to appointment and payment of remuneration as may be permissible in terms of the Companies Act, 1956 and Schedule XIII thereto or any future amendment thereto as may be applicable from time to time and agreed to by the Board and Mr. Nitin Bhandari, without referring the matter again to the General Meeting.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things as it may deem expedient in the interest of the Company.

5. TO CONSIDER, AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:

**“RESOLVED THAT** pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, read with Directors' Relatives (Office or Place of Profit) Rules, 2011, and all other applicable provision of the Companies Act, 1956, the consent of the Company be and is hereby given to the payment of increased consolidated salary of Rs. 105000/- per month with effect from 1<sup>st</sup> April, 2013, to Shri Naresh Bhandari, President, a Relative of Shri Nitin Bhandari, Mg. Director of the Company.



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RESOLVED FURTHER THAT all other terms and conditions of appointment of Mr. Naresh Bhandari as approved earlier by the Members, shall remain unchanged.

**RESERVED FURTHER THAT** the Board of Directors be and is hereby authorised to amend and decide remuneration from time to time within the limits as set out in the Explanatory Statement, subject to compliance with the applicable provisions of the Companies Act, 1956 and necessary approvals as may be necessary.

**RESERVED FURTHER THAT** the Board of Directors be and is hereby authorised to vary, amend and decide about the terms, designation and conditions for employment from time to time, as they may think fit, as per the requirements of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary and to settle all matters arising out of and incidental thereto and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors and generally to do all acts, deeds and steps that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

**6. TO CONSIDER, AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, read with Directors' Relatives (Office or Place of Profit) Rules, 2011, and all other applicable provision of the Companies Act, 1956, the consent of the Company be and is hereby given to the payment of increased consolidated salary of Rs. 95000/- per month with effect from 1<sup>st</sup> April, 2013, to Ms. Aditi bhandari, Vice-President (Marketing), a Relative of Shri Nitin Bhandari, Mg. Director of the Company.

**RESOLVED FURTHER THAT** all other terms and conditions of appointment of Ms. Aditi Bhandari as approved earlier by the Members, shall remain unchanged.

**RESERVED FURTHER THAT** the Board of Directors be and is hereby authorised to amend and decide remuneration from time to time within the limits as set out in the Explanatory Statement, subject to compliance with the applicable provisions of the Companies Act, 1956 and necessary approvals as may be necessary.

**RESERVED FURTHER THAT** the Board of Directors be and is hereby authorised to vary, amend and decide about the terms, designation and conditions for employment from time to time, as they may think fit, as per the requirements of the Company;

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary and to settle all matters arising out of and incidental thereto and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors and generally to do all acts, deeds and steps that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

**7. TO CONSIDER, AND IF THOUGHT FIT, TO PASS, WITH OR WITHOUT MODIFICATION(S), FOLLOWING RESOLUTION AS A SPECIAL RESOLUTION:**

**"RESOLVED THAT** pursuant to the provisions of Section 314(1) and other applicable provisions, if any, of the Companies Act, 1956, read with Directors' Relatives (Office or Place of Profit) Rules, 2011, and other applicable provisions of the Companies Act, 1956, the consent of the Company be and is hereby given to the payment of increased consolidated salary of Rs. 74000/- per month with effect from 1<sup>st</sup> April, 2013, to Ms. Kusum Bhandari, Chief Merchandiser cum Designer, a Relative of Shri Nitin Bhandari, Mg. Director of the Company.

**RESOLVED FURTHER THAT** all other terms and conditions of appointment of Ms. Kusum Bhandari as approved earlier by the Members, shall remain unchanged.

**RESERVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to amend and decide remuneration from time to time within the limits as set out in the Explanatory Statement, subject



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to compliance with the applicable provisions of the Companies Act, 1956 and necessary approvals as may be necessary.

**RESERVED FURTHER THAT** the Board of Directors be and is hereby authorised to vary, amend and decide about the terms, designation and conditions for employment from time to time, as they may think fit, as per the requirements of the Company;

**RESERVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps as may be necessary and to settle all matters arising out of and incidental thereto and to sign and execute all deeds, applications, documents and writings that may be required, on behalf of the Company and also to delegate all or any of the above powers to the Committee of Directors and generally to do all acts, deeds and steps that may be necessary, proper, expedient or incidental for the purpose of giving effect to the aforesaid Resolution."

**For & On behalf of the Board**

**Place : Ludhiana  
Dated : 27.08.2013**

**Sd/-  
(NITIN BHANDARI)  
Chairman & Mg. Director**

### **NOTES:**

- A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY IN ORDER TO BE EFFECTIVE, MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING. THE BLANK PROXY FORM IS ENCLOSED.**
- The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, the 23<sup>rd</sup> day of September, 2013 to Friday, the 27<sup>th</sup> day of September, 2013 (both days inclusive).
- The Members are requested to notify the changes, if any, in their registered addresses, at the earliest and may also intimate their E-mail address(es), if any, to the Company.
- Members desiring any information as regards the accounts are requested to write to the Company at its Registered Office at least 10 days before the date of Annual General Meeting so as to enable the Management to keep information ready.
- The copies of the relevant documents can be inspected at the Registered Office of the Company on any working day between 10.30 A.M. to 12.30 P.M.
- The members are requested to bring their copy of Annual Report alongwith attendance slip with them to the Annual General Meeting. Members, who hold the shares in dematerialized form are requested to bring their client ID and DP ID Nos. for easier identification of attendance at the Meeting
- Members may please note that "NO GIFTS" will be distributed at the Meeting.
- Pursuant to provisions of Section 205A (5) of the Companies Act, 1956, dividends which remained unclaimed / unencashed for a period of 7 years are required to be transferred to the Investor Education and Protection Fund of the Central Government established under sub-section (1) of Section 205C of the Act. Therefore, shareholders who have not encashed their dividend for the financial year 2006-07, should lodge their request for the same to the RTA or the Company.
- The Ministry of Corporate Affairs ("MCA") has vide Circular Nos. 17/2011 and 18/2011 dated April 21, 2011 and April 29, 2011, respectively, taken a 'Green Initiative in Corporate Governance', by allowing paperless compliances through electronic mode, allowing to send Notices/documents such as Notice convening General Meetings, Audited Financial Statements, Directors' Report, Auditors' Report, etc. and any other notice/documents, henceforth in electronic form in lieu of the paper form. In case you wish to support your Company's concern to prevent global environment degradation, you are requested to please register your E-mail ID with your DP, if you hold the Company's shares in electronic form, under intimation to the Registrar & Transfer Agent through your registered Email ID. However, if you hold the shares in physical form, then you may register your E-mail ID with Registrar & Transfer Agent of the Company by sending a letter under your Registered Signature at the below mentioned address.

**LINK INTIME INDIA PVT. LTD.,  
A-40, 2<sup>nd</sup> Floor, Naraina Industrial Area,  
Phase -II, Near Batra Banquet Hall,  
New Delhi- 110028, Phones: 011- 41410592-94, Fax: 011- 41410591  
EMAIL: :- delhi@linkintime.co.in ; rajan.pk@linkintime.co.in**





# **Bhandari Hosiery Exports Limited**

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## **EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956 IN RESPECT OF ITEMS OF SPECIAL BUSINESS:**

### **\*For Item No. 4 of the Special Business:**

The Board of Directors of the Company had, at its meeting held on 23<sup>rd</sup> November, 2009, appointed Shri Nitin Bhandari as the Chairman cum Managing Director of the Company for a period of Five years w.e.f. November 23, 2009 under the provisions of Sections 198, 269, 309, 311, and other applicable provisions, read with Schedule XIII of the Companies Act, 1956 and subject to the approval of the shareholders of the Company. The approval to his appointment as such and his remuneration was given by the Shareholders by way of Special Resolution passed at the Annual General Meeting of the Company held on 27<sup>th</sup> September, 2010. His appointment as such was approved at a Salary of Rs. One Lac Per Month and subject to some terms and conditions.

Mr. Nitin Bhandari aged 30 years has done Master of Business Administration in Entrepreneurial Management from European Business School, London, U.K. He has been working as the Managing Director of the Company and has developed vast experience in the fields of production management, merchandising, marketing, cost & wastage control etc.. In view of the increased business activities of the Company and the responsibilities cast on Shri Nitin Bhandari, Mg. Director, the Board of Directors of the Company has approved increase in the monthly salary of Shri Nitin Bhandari from Rs. One Lac Per Month to Rs. 1,20,000/- (One Lac Twenty Thousand) per month w.e.f. April 1, 2013, for the remainder of the tenure of his appointment. All other terms and conditions relating to the appointment and remuneration of Shri Nitin Bhandari as already approved by the Members of the Company shall remain unchanged. The Board also took into account, the recommendation made by Remuneration and Selection Committee to increase in his remuneration as stated above. An abstract of revised terms and conditions is as under:

1	<b>PERIOD OF APPOINTMENT</b>	Five years w.e.f. 23.11.2009 (As already approved)
2	<b>REVISED SALARY</b>	Rs. One Lac Twenty Thousand per month.
3.	<b>APPLICABILITY OF REVISED SALARY AND TENURE</b>	W.e.f. 01.04.2013 upto the end of remainder of tenure of appointment.
4	<b>MINIMUM REMUNERATION</b>	In the event of loss or inadequacy of profits, the remuneration as above shall be paid as minimum remuneration.
5	<b>OVERALL CEILING</b>	In any event, the aggregate of salary and perquisites shall be within the overall limits specified in Schedule XIII to the Companies Act, 1956, as applicable to the Company.
6	<b>POWER TO VARY</b>	After the approval of the shareholders to the same, the Board shall have the powers to vary or enhance the remuneration from time to time at its discretion on the recommendations of Remuneration Committee within the overall limits specified in Schedule XIII to the Companies Act, 1956 as amended from time to time, without referring the same again to General Meeting.
7.	<b>OTHER TERMS OF PPOINTMENT</b>	All other terms and conditions of appointment as already approved by the Members, shall remain unchanged.

The appointment and remuneration of Shri Nitin Bhandari, as approved by Remuneration Committee was approved by the Board of Directors, which is further subject to the approval of shareholders of the Company at a General Meeting. Hence Resolution/Item No. 4 of Special Business is put up before the Members as a Special Resolution for their consideration and approval.

### **MEMORANDUM OF INTEREST**

None of the Directors except Sh. Nitin Bhandari, the appointee is interested in this Resolution.

### **\*For Item No. 5 of the Special Business:**

As the Members are aware that Members of the Company at their 17th Annual General Meeting held on 27<sup>th</sup> September, 2010 have accorded their approval to the appointment and remuneration of Shri Naresh Bhandari as President of the Company at a consolidated monthly remuneration of Rs. 49000/- per month. Shri Naresh Bhandari being relative of Shri Nitin Bhandari, Mg. Director of the Company, the said appointment and remuneration was approved u/s 314 of Companies Act read with Directors Relatives (Office or Place of profit) Rules, 2003.



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Shri Naresh Bhandari, aged about 65 years has been a renowned Industrialist with an experience of more than 33 years in manufacture and export of knitted hosiery garments. It was all due to his efforts and wisdom that the Company witnessed growth in Annual Turnover, exports and profitability in recent years. He has to his credit, consistency of performance and entrepreneurship and profitability. The Board of Directors of the Company, keeping in view his efforts for growth, profitability and responsibilities caste upon him, approved the increment in his consolidated salary by Rs. 56000/- per month w.e.f. 1<sup>st</sup> April, 2013, which is further subject to the approval of Shareholders of the Company at a General Meeting.

The Central Government has vide Notification no. GSR 357(E) dated 2nd May, 2011 notified the Directors' Relatives (Office or Place of Profit) Rules, 2011 and raised the remuneration limits from Rs. 50,000/- per month to Rs. 2,50,000/- per month that can be paid to relative of a Director without approval of the Central Government. Accordingly, a relative of Director may be appointed to hold office or to a place of profit at a remuneration of less than Rs. 2,50,000/- per month, with the approval of Members of a Company, by way of Special resolution.

In light of notification of aforesaid Rules, the Board of Directors of the Company recommends the said Resolution for the approval of Members, for payment of consolidated remuneration of Rs. 105000/- per month to Shri Naresh Bhandari, with effect from 1st April, 2013 as also recommended by Remuneration and Selection Committee of the Company. All other terms and conditions of appointment of Shri Naresh Bhandari as approved earlier by the Members, shall remain unchanged.

As Shri Naresh Bhandari is a relative of Shri Nitin Bhandari, Mg. Director of the Company, his appointment is subject to the approval of the Shareholders by way of Special Resolution at Annual General Meeting. Accordingly Resolution/Item No. 5 is put up before the Members as a Special Resolution, for their consideration and approval.

### **MEMORANDUM OF INTEREST**

Except Shri Nitin Bhandari, Mg. Director, being relative of the appointee, none of the other Directors is concerned or interested in the Special Resolutions at Item No. 5 of Special Business

### **\*For Item No. 6 of the Special Business:**

As the Members are aware that Members of the Company at their 18th Annual General Meeting held on 26<sup>th</sup> September, 2011 had accorded their approval to the appointment and remuneration of Ms. Aditi Bhandari as Vice President- Marketing of the Company at a consolidated monthly remuneration of Rs. 70000/- per month. Ms. Aditi Bhandari being relative of Shri Nitin Bhandari, Mg. Director of the Company, the said appointment and remuneration was approved u/s 314 of Companies Act read with Directors Relatives (Office or Place of profit) Rules, 2003 by way of special resolution passed at Annual General Meeting held on 26<sup>th</sup> September, 2011. .

Ms. Aditi Bhandari, aged about 30 years is a Bachelors in Business Administration (BBA) and Master in Management and Information systems .She has the specialization in Management ( marketing and finance). She has the experience and exposure of more than 10 years in merchandising, marketing, finance and costing functions of spinning and garments industry. She is versatile enough to handle efficiently the marketing and merchandising functions of a garment unit.

The Board of Directors, in its Meeting held on 29.05.2013, considering the experience, qualification of Ms. Aditi Bhandari and her immense contribution towards cost cutting and exploring new buyers, had approved increment in her consolidated salary by Rs. 25000/- per month with effect from 1st April, 2013 which is further subject to the approval of Shareholders of the Company at a General Meeting.

The Central Government has vide Notification no. GSR 357(E) dated 2nd May, 2011 notified the Directors' Relatives (Office or Place of Profit) Rules, 2011 and raised the remuneration limits from Rs. 50,000/- per month to Rs. 2,50,000/- per month that can be paid to relative of a Director without approval of the Central Government. Accordingly, a relative of Director may be appointed to hold office or to a place of profit at a remuneration of less than Rs. 2,50,000/- per month, with the approval of Members of a Company, by way of Special resolution.



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In light of notification of aforesaid Rules, the Board of Directors of the Company recommends the said Resolution for the approval of Members, for payment of consolidated remuneration of Rs. 95000/- per month to Ms. Aditi Bhandari, with effect from 1st April, 2013 as also recommended by Remuneration and Selection Committee of the Company. All other terms and conditions of appointment of Ms. Aditi Bhandari as approved earlier by the Members, shall remain unchanged.

As Ms. Aditi Bhandari is a relative of Shri Nitin Bhandari, Mg. Director of the Company, her appointment is subject to the approval of the Shareholders by way of Special Resolution at Annual General Meeting. Accordingly Resolution/Item No. 6 is put up before the Members as a Special Resolution, for their consideration and approval.

### **MEMORANDUM OF INTEREST**

Except Shri Nitin Bhandari, Mg. Director, being relative of the appointee, none of the other Directors is concerned or interested in the Special Resolutions at Item No. 6 of Special Business

### **\*For Item No. 7 of the Special Business:**

The Members of the Company at their 9th Annual General Meeting held on 27<sup>th</sup> September, 2002 have accorded their approval to the appointment and remuneration of Ms. Kusum Bhandari as Chief Merchandiser/Designer of the Company at a consolidated monthly remuneration of Rs. 19000/- per month which was further increased to Rs. 49000/- per month and approval to the same was accorded to by the Members of the Company by way of Special Resolution passed at the Annual General Meeting of the Company held on 29<sup>th</sup> September, 2004. Her appointment as such was made u/s 314 (1) of the Companies Act, 1956 read with Directors Relatives (Office or Place of Profit) Rules, 2003 as she was related to Managing Director.

During all these years Ms. Kusum Bhandari is constantly helping the Company by way of her valuable advices, perfect designs, understanding and making upto foreign buyers requirements of garments and other merchandising activities and due to responsibilities caste upon her and her efforts toward the Company, the Board of Directors of the Company approved increase in her consolidated salary by Rs. 25000/- per month w.e.f. April 1, 2013, which is further subject to the approval of Shareholders at a General Meeting.

The Central Government has vide Notification no. GSR 357(E) dated 2nd May, 2011 notified the Directors' Relatives (Office or Place of Profit) Rules, 2011 and raised the remuneration limits from Rs. 50,000/- per month to Rs. 2,50,000/- per month that can be paid to relative of a Director without approval of the Central Government. Accordingly, a relative of Director may be appointed to hold office or to a place of profit at a remuneration of less than Rs. 2,50,000/- per month, with the approval of Members of a Company, by way of Special resolution.

In light of notification of aforesaid Rules, the Board of Directors of the Company recommends the said Resolution for the approval of Members, for payment of consolidated remuneration of Rs. 74000/- per month to Ms. Kusum Bhandari, with effect from 1st April, 2013 as also recommended by Remuneration and Selection Committee of the Company. All other terms and conditions of appointment of Ms. Kusum Bhandari as approved earlier by the Members, shall remain unchanged.

As Ms. Kusum Bhandari is a relative of Shri Nitin Bhandari, Mg. Director of the Company, her appointment is subject to the approval of the Shareholders by way of Special Resolution at Annual General Meeting. Accordingly Resolution/Item No. 7 is put up before the Members as a Special Resolution, for their consideration and approval.

### **MEMORANDUM OF INTEREST**

Except Shri Nitin Bhandari, Mg. Director, being relative of the appointee, none of the other Directors is concerned or interested in the Special Resolutions at Item No. 7 of Special Business



# **Bhandari Hosiery Exports Limited**

**(A W.R.A.P., BSCI and C-TPAT Certified Company)**

**INFORMATION PURSUANT TO CORPORATE GOVERNANCE CLAUSE 49 OF THE LISTING AGREEMENT(S) REGARDING THE DIRECTORS SEEKING RE-APPOINTMENT IN THE ANNUAL GENERAL MEETING.**

<b>NAME OF DIRECTOR</b>	<b>SH. R.C. SINGAL</b>
<b>DATE OF BIRTH</b>	<b>27.01.1954</b>
<b>DATE OF APPOINTMENT</b>	<b>04.06.1994</b>
<b>QUALIFICATION</b>	<b>M.A. (ECO), F.C.S, AICWA, PGDBM, CAIIB</b>
<b>SHAREHOLDING IN THE COMPANY</b>	<b>6 EQUITY SHARES</b>
<b>RELATIONSHIP WITH OTHER DIRECTORS OF THE COMPANY</b>	<b>NONE</b>
<b>DIRECTORSHIP/CHAIRMANSHIP IN OTHER PUBLIC COMPANIES</b>	<b>DIRECTORSHIPS (9), CHAIRMANSHIPS (0)</b>
<b>MEMBERSHIP/ CHAIRMANSHIP OF COMMITTEES OF BOARD OF OTHER COMPANIES</b>	<b>MEMBERSHIPS (6), CHAIRMANSHIPS (5)</b>

## **NATURE OF EXPERTISE IN SPECIFIC FUNCTIONAL AREAS**

Mr. R.C. Singal, aged about 59 years is a Commerce Graduate and Masters in Economics from Panjab University, Chandigarh, a Fellow Member of the Institute of Company Secretaries of India and an Associate Member of The Institute of Cost Accountants of India. He is also a Member of All India Management Association and Certified Associate of Indian Institute of Bankers. He has to his credit a vast experience of more than 39 years, including being in service with State Bank of India (1974-76), with Corporate Sector at senior positions (1977-89) and being in practice since December 1989 in the fields of Corporate Planning, Company Law and Capital Market. He has been a founder Director and a former President of Ludhiana Stock Exchange Limited. He has been and is on the Board of many joint Sector/ Private Sector Companies and has also been a former Chairman of Northern India Regional Council of the Institute of Company Secretaries of India. He has vast experience in Finance, Capital Markets, Corporate Laws and Planning and Taxation.





# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## DIRECTORS' REPORT

To  
The Members,

### BHANDARI HOSIERY EXPORTS LIMITED

Your Directors have pleasure in presenting their 20th Annual Report together with Audited Accounts of the Company for the year ended 31st March, 2013.

#### FINANCIAL RESULTS

(RS. IN LACS)

PARTICULARS	2012-13	2011-12
Turnover	9652.54	9845.17
GROSS PROFIT before interest depreciation and tax	831.47	910.19
Less: Financial expenses	290.13	376.61
Less: Depreciation and preliminary exp. written off	107.93	80.13
PROFIT BEFORE TAX	433.41	453.45
Less: Provision for tax	145.64	147.48
PROFIT AFTER TAX	287.77	305.97
Add: Balance brought forward	1148.15	842.18
Amount available for appropriation(s)	1435.92	1148.15
Balance carried to Balance Sheet	1435.92	1148.15

#### PERFORMANCE REVIEW

Despite adverse EU countries scenario and its impact on world economies including India, surging and fluctuating prices of cotton and raw materials, your Company recorded a satisfactory performance. During the year 2012-13, the Company was able to achieve turnover of Rs. 9652.54 Lacs as against Rs. 9845.17 Lacs in the year 2011-12. The Profits after Tax of the Company for the year ended 31.03.2013 has been Rs.287.77 Lacs as against Rs. 305.97 Lacs in the previous year. Whereas the global slow down of the various economies hit the garments export, the Company was still able to withstand its effects and registered satisfactory performance.

#### EXPORTS

The exports of the Company were hit due to slow down of various economies and adverse effects of EU Countries marring economies. The Exports of the Company for the financial year ended 31.03.2013 were to the tune of Rs. 2233.70 Lacs as against Rs. 2838.37 in the previous year.

#### OVERVIEW OF TEXTILE INDUSTRY AND EXPORTS

The Textile industry is one of the largest and most important sectors in the Indian economy in terms of output, foreign exchange earnings and employment. India's Textile industry is one of the leading textile industries in the world. It contributes approximately 14% to India's industrial production, 4% to the GDP and 17% to the country's export earnings. It provides direct employment to over 35 million people and is the second largest provider of employment after the agricultural sector.

The industry is expected to grow at a significant rate in the future, as it is fuelled by a strong domestic consumption. After the close of year 2012-13, the position of exports is also improving. The Indian economy was also affected by the global ongoing scenario during the year 2012-13. The export of clothing/apparel from India declined during the financial year 2012-2013 to USD 12.92 bn from USD 13.7 bn in the previous year, showing a decline of 5.75% in USD terms. However, in year 2012-13, in rupee terms apparel export of India was to the tune of Rs. 70312 crore compared to Rs. 65709 crore in year 2011-12, representing an increase of approximately 7% due to INR depreciation.

During the year 2012-13, Readymade Garments accounted for almost 39% of the total textiles exports. Apparel and cotton textiles products together contributed nearly 74% of the total textiles exports.



# **Bhandari Hosiery Exports Limited**

## **(A W.R.A.P., BSCI and C-TPAT Certified Company)**

Notwithstanding signs of recovery from the previous financial crisis, the textile and apparel industry went through a tough year struggling with the surging and fluctuating prices of raw materials. However, the Government is making efforts in boosting the textile industry through various initiatives and investments are increasing steadily. From the second half of the year 2012-13, the Government had announced series of policy measures which included unhindered export of cotton yarn, continuation of Textile Upgradation Fund Scheme and announcement of Foreign Trade Policy which had many positive features for the textile industry including incentive for incremental exports.

### **DIVIDEND**

Your Directors do not recommend any dividend due to need of plough back of funds for normal capital expenditure to enable it to effectively compete in the global markets.

### **SHARE CAPITAL/ ISSUE OF EQUITY SHARES ON PREFERENTIAL BASIS**

During the Financial Year 2012-13, there was a Preferential issue of Equity shares. In accordance with the Special Resolution passed at the Extraordinary general Meeting held on 20.07.2012 and in accordance with the conditions and in-principle approval of BSE, the Company made an allotment on 04.08.2012, of 45,87,500 equity shares of face value of Rs. 10/- each, on Preferential Basis to Some Non-Promoters/ Some Specified Persons of Public at a price of Rs. 44/- per Equity Share (i.e at a premium of Rs. 34/- per equity share). As a result of the said Issue, the Paid up Share Capital of the Company has increased from Rs. 10,06,51,950 divided into 1,00,65,195 fully paid Equity Shares of Rs. 10/- each to Rs. 14,65,26,950/- divided into 1,46,52,695 fully paid equity shares of Rs. 10/- each.. The proceeds of the issue are for the purpose of modernization, expansion of the dyeing plant/processing house, opening and running of the retail showrooms and to part finance company's working capital requirements and other general corporate purposes.

### **CORPORATE GOVERNANCE REPORT**

Pursuant to Clause 49 of the Listing Agreement with Bombay Stock Exchange Limited (BSE), a Report on Corporate Governance is given as a part of this Directors' Report.

### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Management Discussion and Analysis Report is given at the end of Directors' Report and forms part of this Report.

### **DIRECTORS**

Sh. Raghubir Chand Singal, Director of the Company retires by rotation and being eligible offers himself for re-appointment.

### **AUDITORS**

M/s Vipin Kumar Aggarwal & Company, Chartered Accountants, the Statutory Auditors of the Company, retire at the conclusion of the forthcoming Annual General Meeting and are eligible for reappointment. The Company has received a Certificate to the effect that their appointment, if made, would be within the limits prescribed under Section 224 (1-B) of the Companies Act, 1956.

### **AUDITORS' REPORT**

The notes on Accounts referred to in the Auditors' Report are self-explanatory and do not call for further comments as there are no adverse remarks in the Auditors' Report.

### **COST AUDITOR**

Pursuant to the provisions of Section 233B of the Companies Act, 1956 and other applicable provisions/rules/laws, M/S Khushwinder Kumar & Associates, Cost Accountants, have been appointed by the company as Cost Auditors for the financial year 2013-14 to carry out duties contemplated under said Act. Further, the Company has duly filed Cost Compliance Report for the year 2011-12. From year 2012-13, the Cost Audit has become applicable to the Company. For the year 2012-13, the Cost Audit Report of the Company is required to be filed with the Ministry of Corporate Affairs within 180 days of the close of Financial year 2012-13, which the Company shall file before expiry of said time.

### **LISTING OF SECURITIES**

The securities of the Company are listed only on Bombay Stock Exchange Ltd. (BSE), Floor 25, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai. The Company has duly paid the Listing Fees to BSE upto the financial year 2013-14.

The Company has made a Preferential issue/allotment on 04.08.2012, of 45,87,500 equity shares of face value of rs. 10/- each, on Preferential Basis to Some Non-Promoters/ Some Specified Persons of Public at a price of Rs.



# Bhandari Hosiery Exports Limited

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44/- per Equity Share (i.e at a premium of Rs. 34/- per equity share) . As a result of the said Issue, the Paid up, admitted and listed Share Capital of the Company has increased from Rs. 10,06,51,950 divided into 1,00,65,195 fully paid Equity Shares of RS. 10/- each to Rs. 14,65,26,950/- divided into 1,46,52,695 fully paid equity shares of Rs. 10/- each. The said Equity shares issued on preferential basis has been duly listed at BSE during the financial Year 2012-13..

## INDUSTRIAL RELATIONS

The industrial relations remained very cordial and responsive during the year under review.

## CASH FLOW STATEMENT

In conformity with the provisions of Clause 32 of the Listing Agreement with Stock Exchanges, the Cash Flow Statement for the year ended 31st March, 2013 is annexed at the end of Financial Statements.

## RELATED PARTY TRANSACTIONS

Related party transactions have been disclosed in the notes to accounts.

## DISCLOSURE OF COMPLAINTS OF SEXUAL HARRASMENT, CHILD LABOUR ETC.

Sr.	Category	No. of complaints during financial year 2012-13	No. of complaints pending As at end of year 2012-13
1	Child labour/forced labour/involuntary labour	The Company does not hire Child Labour, Forced Labour or Involuntary Labour. <b>No Reported Case.</b>	Not Applicable
2	Sexual Harassment	<b>No reported case</b>	Not applicable
3	Discriminatory employment	<b>No reported case</b>	Not applicable

## CORPORATE SOCIAL RESPONSIBILITY

The Company has an innate desire and zeal to contribute towards the welfare and social upliftment of the community. The Company continues to abide by its Corporate Social Responsibility and maintain following certifications:

### W.R.A.P. CERTIFICATION

The Company's core values on safety, occupational health, environmental stewardship and respect for people permeate all of its actions and will continue to guide its decisions and actions in the future. The Company's commitment to environmental, health and safety processes is practised by the leadership and at all levels of management. The Company takes all reasonable and practicable steps to protect occupational health and safety of employees, community, and the environment affected by its process, products and services. It is all due to the emphasis on Social Responsibility that the Company gets Certification from Worldwide Responsible Apparel Production (W.R.A.P.) USA, a Voluntary Non Profit Organization which certifies Health, Safety, Welfare measures and compliance with Govt. and other Regulatory Authorities laws and bye laws by a Apparel/Textile Unit.

### BSCI (Business Social Compliance Initiative) CERTIFICATION

The Company heading towards good Corporate Social Responsibility, also have s BSCI (Business Social Compliance Initiative) Certification. European retail companies and associations have developed a common monitoring system simplifying and standardizing the requirements and individual monitoring procedures. The BSCI is based on the labour standards of the International Labour Organization (ILO) and other important international regulations like the UN Charta for Human Rights, as well as on national regulations. The Initiative aims at continuously improving the social performance of suppliers, leading to Best Practice like SA8000 certification or equivalents and thus sustainably enhancing working conditions in factories worldwide. The Certification achieved by the Company in the true sense reflects the true spirit of the Company in improving working conditions, social health, safety, welfare and good Corporate practices. Besides the company would be able to get the confidence of EU based customers by ensuring good social compliance.

### C-TPAT CERTIFICATION

The Company has got C-TPAT Certification and achieved another important milestone. C-TPAT (Customs - Trade Protection Against Terrorism) is a voluntary US government-business initiative to build cooperative relationships that improve overall international supply chain and U.S. border security. This initiative was launched to assist the trading community in the war against Terrorism some criteria such as Business Partner Requirements (Security Procedures), Container Security (Seals, Container Inspection etc), Physical Access Control, Procedural Security, Security Training and Awareness, Physical Security, Information Technology.

C-TPAT stands for Customs Trade Partnership Against Terrorism and it is just that: a partnership, or relationship, that a company voluntarily builds with customs to ensure the movement of it's supply chain on the company's side and to reassure customs that the company is not importing anything hazardous into the U.S. C-TPAT focuses on "securing company's supply chains with regards to terrorism." It has no doubt its imperative benefits as the Foreign buyer get more relied about the Company's Risk Management System and Safety and Security procedures adopted.



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## **SUBSIDIARY COMPANY**

There is no Subsidiary of the Company.

## **FIXED DEPOSITS**

The Company has not invited/ received any deposits during the period under review falling within the meaning of Section 58-A of the Companies Act, 1956 read with Companies (Acceptance of deposits) Rules, 1975 as amended and the directives of the Reserve Bank of India.

## **GRATUITY**

The provision for gratuity has been made as provided under the Payment of Gratuity Act.

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

Information required under Section 217 (1)(e) of the Companies Act, 1956, read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are set out in the Annexure- 1, forming part of this Report.

## **PARTICULARS OF THE EMPLOYEES**

There is no employee drawing salary in excess of the limits prescribed under Section 217 (2A) of the Companies Act, 1956. As such, with respect to details of remuneration paid to employees, as required by Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of employees) Rules, 1975, this information is NIL.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217 (2AA) of the Companies Act, 1956, the directors confirm that:

- i) In the preparation of annual accounts, the applicable accounting standards have been followed;
- ii) Appropriate accounting policies have been selected and applied consistently, and have made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as on 31st March, 2013 and profit of the Company for the year ended 31st March, 2013.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The Annual Accounts have been prepared on a going concern basis.

## **DECLARATION REGARDING CODE OF CONDUCT**

As per the provisions of Clause 49 of the Listing Agreement entered with the Stock Exchanges, I hereby declare that all the Board Members and Senior Managerial Personnel have affirmed the compliance of the Code of Conduct of the Company for the financial year ended 31st March 2013.

## **ACKNOWLEDGEMENTS**

Your Directors place on record their appreciation of the continued assistance and co-operation extended to the Company by the Government of India, Government of Punjab, State Bank of India, the large family of shareholders, business associates/customers/buyers, the dedicated employees and all other business constituents, who are continuing to assist your Company.

Place : Ludhiana  
Date : 27.08.2013

On behalf of the Board of Directors  
Sd/-  
(Nitin Bhandari)  
Chairman & Managing Director





# Bhandari Hosiery Exports Limited

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## ANNEXURE-1 TO DIRECTORS' REPORT

Disclosure of particulars under Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988.

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

#### (1) Energy conservation measures taken :

The company provides high priority to energy conservation schemes to conserve natural resources and is regularly taking effective steps to conserve energy wherever possible. This continues to remain thrust area with studies, discussions and analysis being undertaken regularly for further improvements. The Company has given due attention towards conservation of energy. It not only reduces the cost of production but also helps in conservation of natural resources which are depleting very fast. The Company is constantly looking for savings of energy and trying to conserve energy continuously by modifications or trying alternate means and continuously upgrading technology and work practices. Steps are being taken to conserve energy on a continuous basis. Besides continuing the measures taken in earlier years, following steps were taken during the year 2012-13 with a view to reduce the cost of energy and consequently the cost of production.

Conservation measures taken, proposed measures being implemented for reduction of consumption of energy and consequent impact thereof for the year 2012-13:

Measures taken	Saving amount (Rs. In Lacs)	Energy Savings 2012-13 (Units in Lacs)
<ul style="list-style-type: none"> <li>Installation of energy efficient light fittings.</li> <li>Replacement of old &amp; re-wound motors with Energy Efficient Motors</li> <li>Replacement of derated &amp; defective Capacitors,</li> <li>Optimising Water usage in dyeing and reducing load on ETP and power usage.</li> <li>Use of inverters in Unit .</li> </ul>	3.18	0.50

#### FORM -A

#### (2) TOTAL ENERGY CONSUMPTION AND ENERGY CONSUMPTION PER UNIT OF PRODUCTION AS PER FORM-A OF THE ANNEXURE IN RESPECT OF INDUSTRIES SPECIFIED IN THE SCHEDULE THERETO.

S.No.	Particulars	Unit	Current Year	Prev. Year
<b>2.1</b>	<b>Power &amp; Fuel consumption</b>			
2.1.1	Electricity			
	A. Purchased Units	Kwh	525905	851650
	Total Amount	Rs.	3308219	5214484
	Rate per Unit	Rs./Kwh	6.29	6.12
	B} Own Generation Through Diesel Generator			
	Units	Kwh	343800	480850
	Units per Ltr. of diesel	Kwh	7.42	6.47
	Total Amount	Rs.	2200191	2974800
	Cost per unit of Kwh	Rs./Kwh	6.4	6.19
2.1.2	Coal		NIL	NIL
2.1.3	Furnace Oil		NIL	NIL
2.1.4	Other Internal Generation		NIL	NIL
2.1.5	Husk (Kg) for Steam		NIL	1882552
	Amount (Rs.)		NIL	8151861
	Rate per kg. (Rs.)		NIL	4.33
2.1.6	Fuel ( Diesel for Steam)		50996	55621
	Rate Per Ltr.		47.81	40
<b>2.2</b>	<b>Consumption/unit Production</b>			
	Production of Garments	Pcs.	1330879	1549360
	Electricity Consumed	Kwh/Pcs.	0.65	0.86
	Husk Consumed	Kg./Pcs.	NIL	1.22



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## (2) PARTICULARS AS PER FORM 'B'

### (A) RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION

#### 1. Specific areas in which R & D activities were carried out by the Company:

- Quality Improvement
- Yield/Productivity Improvement
- Energy Conservation
- New Technology/Product development

#### 2. Benefits Derived

- Better Quality; reduced wastages
- Cleaner environment
- Safer operations and improved competitiveness

#### 3. Future Plan of Action

Management is committed to strengthen R & D activities for product development as per requirements and to improve its competitiveness in the times to come.

#### 4. Expenditure on R & D

a) Capital : Nil                      b) Recurring : Nil                      Total : Nil

### (B) TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

The Company has not imported any technology from abroad during the last five years. However the company has been using the imported machinery. The Company has been making efforts for absorption of latest technology. Your Company has the modern and the state of art technology for the manufacture/fabrication of garments. The Company has necessary research and quality control facilities.

#### Benefits Derived

The Company has achieved improvement in quality and lower cost of production.

## (3) PARTICULARS OF FOREIGN EXCHANGE EARNING AND OUTGO (RS. IN LACS)

Activities relating to export, initiatives taken to increase exports, development of new export market for products and services and export plans are given hereunder:

- The sale of more environment friendly products has increased.
- The Company has explored new markets and buyers and is going good with recently obtained buyers.
- Targeting growth in the next financial year.

The Company has continued to maintain focus and avail of export opportunities based on economic considerations. There have been concentrated efforts to maintain and improve exports performance and to meet the need of end users.

The Management has laid continuous thrust for exploring new markets and as a result, the Company was also able find some new foreign customers. The position of Foreign Exchange earnings and Outgo for the financial year 2012-13 is as under:

FOREIGN EXCHANGE EARNING AND OUTGO		(RS. IN LACS)	
Sr.	Particulars	2012-13	2011-12
a.	Foreign Exchange Earnings (FOB value of Exports, commission earned)	2085.47	2575.90
b.	Foreign Exchange Outgo (CIF value of Imports and expenditure in foreign currency)	106.17	88.09

Place : Ludhiana  
Date : 27.08.2013

On behalf of the Board of Directors  
Sd/-  
(Nitin Bhandari)  
Chairman & Managing Director



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

*Readers are cautioned that this discussion and analysis contains forward looking statements that involve risks and uncertainties. The Company undertakes no obligation to publicly update or revise any forward looking statements whether as a result of new information, future events or otherwise. Actual results, performance or achievements and risks and opportunities could differ materially from those expressed or implied in these statements. Readers are cautioned not to place undue reliance on these statements that speak only as of their date. The following discussion and analysis should be read in conjunction with the Company's financial statement included herein and notes thereto.*

### a. **INDUSTRY STRUCTURE AND FUTURE OUTLOOK/ DEVELOPMENTS**

The Indian Textile Industry is one of the leading textile industries in the world. The textiles and apparels sector is a major contributor to the Indian economy in terms of gross domestic product (GDP), industrial production and the country's total export earnings. India earns about 27 per cent of its total foreign exchange through textile exports. Besides, the Indian Textile industry contributes 14 per cent of the total industrial production of the Country. This sector provides employment to over 35 million people and it is expected that the textile industry will generate new jobs during the ensuing years. The industry went through a challenging year with the global meltdown ravaging economies. The collapse in consumer sentiments, weak exports, noteworthy drop in discretionary spending in textiles/apparels and down trading by the consumers put immense pressure on both the top-line and the bottom-line of textile companies.

India has been able to face the global economic downturn better than most other countries. India's textile industry has a pervasive effect on its economic life. The Indian textile industry uses a large and diverse range of fibres and yarn, however, cotton is its major input material. Therefore, cotton availability and prices are a major determinant of production efficiency and profitability of textile units. Though the global economy seem to be coming out of the crisis, recovery may be unsteady for a while. The Continuous improvement and investment in weaving and processing will help to meet the demand of quality textiles, which will give an edge to the Indian textile industry over competitors. Upgrading technology and infrastructure is an ongoing process and, with the added support of Government bodies it should boost the Indian textile further.

The Textile industry holds a significant position in India by catering to the most basic needs – clothing. The Indian textiles industry is integrated in terms of being extensively engaged in the procurement of raw materials right up to the final production of the actual textile product. The sector targets USD 6 billion foreign direct investment (FDI) by 2015 to be invested in greenfield units in textiles machinery, fabric and garment manufacturing, as well as technical textiles. (Source: CITI report)

#### **Concerns and Threats**

The unfavorable fluctuations in cotton prices and other input costs make it difficult for Indian exporters to compete in the international market. The unfavorable foreign exchange fluctuations and non-availability of skilled workers also are hurdles faced by the exporters including the Company.

We are trying to focus on cost cutting strategies, development of new markets and maintain the quality of our products to satisfy and exceed the expectations of the market and look forward to a better market sentiment for textiles.

The primary raw material is cotton and cotton yarn, which are being sourced from the domestic market. Cotton is an agricultural product and its supply and quality are subject to forces of nature. Any material shortage or interruption in the domestic supply or deterioration in the quality of cotton due to natural causes or other factors could result in increased production costs, which the industry may not successfully be able to pass on to customers, which in turn would have a material adverse effect on business. There can be no assurance that the price levels of cotton will remain favorable. Any increase in cotton prices would have a material adverse effect on the industry.

However, the Company has over the years developed considerable expertise in responding to the changes in prices & demand. Due to company's integration & order based pricing, the company is generally able to pass on the increase in raw material prices to its customers.

#### **Opportunities**

The good thing about Indian economy and textile industry is that both are more insulated from the effects of world recessions or financial crisis. Fortunately, India has achieved a good break through in cotton production. Around 70 percent of India's garment exports are towards its traditional markets of the US and the EU. However, owing to the ongoing financial crisis in these countries, apparel exporters are currently on the look out for new markets. To reduce dependence on traditional markets like the US and Europe, apparel exporters are exploring new markets in Japan, West Asia, Africa, Middle East and Australia.



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Retail boom in India is credited more to domestic consumers and it is not export driven. Internal consumption of India is very strong, compared to China which depends largely on exports, which has the potential danger of turning into a threat. 60 percent of retail sales in India catering to the domestic market, in fact acts as a shield to the Indian retailer at large.

The need is now that the Government should support in terms of higher duty draw back rates to offset cost disadvantages in India. Side by side it should go for a faster formulation and implementation of sound policies for supporting textile sector. It is expected that the Govt. of India will take suitable steps and adopt suitable policies to boost the Indian textile industry. The apparel industry provides employment to about seven million people, out of which almost half of them are engaged in the export sector. Still there are wide opportunities available to Indian industry not only to grow in international markets but also domestically.

The Government proposes to increase the investment in this sector to generate more employment through various schemes viz. Scheme for Integrated Textile Parks (SITP), Technology Upgradation Fund Scheme (TUFS), Integrated Skill Development Scheme (ISDS), Technology Mission on Technical Textiles (TMTT). The allocation for this sector during the 12th Five Year Plan is significant. Technology Upgradation Fund Scheme for the Textile Sector is one of the few Budget proposals that has been acted upon swiftly as part of Government effort to fast track Industrial recovery.

India's textiles and clothing industry is one of the mainstays of the national economy. It is also one of the largest contributing sectors of India's exports worldwide. The report of the Working Group constituted by the Planning Commission on boosting India's manufacturing exports during 12th Five Year Plan (2012-17), envisages India's exports of Textiles and Clothing at USD 64.41 billion by the end of March, 2017

## b. COMPANY'S GROWTH PROSPECTS AND NEAR TERM OUTLOOK

Although the growth momentum of the Indian economy was impacted with the global economic slowdown, the severity of the impact on India was considerably less when compared to most developed economies. The fiscal and monetary policies implemented by the Government of India helped the economy to weather the downturn phase.

The future seems to be good for the Indian Textile Industry both at domestic and international levels as India is still maintaining itself as an attractive destination for retail industry and foreign investments. While it is not possible to fully escape the impact of the global uncertainties, the Indian economy is better placed than many to withstand the shock.

Despite surging and fluctuating prices of cotton, other raw materials, inflation rising power costs, the Company recorded a satisfactory performance. During the year 2012-13, your Company was able to achieve turnover of Rs. 9652.54 Lacs as against Rs. 9845.17 Lacs in the year 2011-12. The Profits after Tax of the Company for the year ended 31.03.2013 has been Rs.287.77 Lacs as against Rs. 305.97 Lacs in the previous year. The Exports of the Company for the financial year ended 31.03.2013 were to the tune of Rs. 2233.70 Lacs as against Rs. 2838.37 in the previous year.

## c. FINANCIAL ANALYSIS AND REVIEW OF OPERATIONS:

The financial results of the Company during the year are as under: (Rs. In Lacs)

PARTICULARS	2012-13	2011-12
Turnover	9652.54	9845.17
GROSS PROFIT before interest depreciation and tax	831.47	910.19
Less: Financial expenses	290.13	376.61
Less: Depreciation and preliminary exp. written off	107.93	80.13
PROFIT BEFORE TAX	433.41	453.45
Less: Provision for tax	145.64	147.48
PROFIT AFTER TAX	287.77	305.97





# **Bhandari Hosiery Exports Limited**

**(A W.R.A.P., BSCI and C-TPAT Certified Company)**

## **TURNOVER AND PROFITS**

Despite surging and fluctuating prices of cotton, other raw materials, inflation rising power costs, the Company recorded a satisfactory performance. During the year 2012-13, your Company was able to achieve turnover of Rs. 9652.54 Lacs as against Rs. 9845.17 Lacs in the year 2011-12. The Profits after Tax of the Company for the year ended 31.03.2013 has been Rs.287.77 Lacs as against Rs. 305.97 Lacs in the previous year. The Exports of the Company for the financial year ended 31.03.2013 were to the tune of Rs. 2233.70 Lacs as against Rs. 2838.37 in the previous year

### **FIXED ASSETS**

Net fixed assets stood to Rs 3375 Lacs as against Rs. 1036.91 Lacs in the previous year.

### **INVESTMENTS**

The company has not carried out any investment activities during the year.

### **CURRENT ASSETS**

Net Current Assets of the company stood at Rs. 1708.96 Lacs as against Rs. 1715.95 lacs in the previous year.

### **LIABILITIES AND CAPITAL**

The Issued, Subscribed and Paid up, Listed and Admitted Share Capital of the Company increased to Rs. 14,65,26,950 divided into 1,46,52,695 Fully Paid Equity Shares of Rs. 10/- each on account of issue of 45,87,500 fully paid equity shares of Rs. 10/- each on Preferential basis. Reserves and surplus amounted to Rs. 3283.72 Lacs as against Rs. 1436.20 Lacs in the previous year. Secured loans and Borrowings stood to the extent of Rs.2332.68 Lacs as against Rs. 2081.27 Lacs in the previous year.

## **d. INTERNAL CONTROL SYSTEMS**

Your Company has well defined business processes with effective control systems to ensure that assets and interests of company are safeguarded. The Company has special task force working on budgetary controls. Considering the size and nature of operations of the Company, the overall control systems are adequate to meet the requirements.

The Company has its own internal audit team comprising of qualified professionals to monitor business processes and risks associated with them. This also ensures that all transactions are authorised, recorded and reported correctly. Regular checks are carried out to ensure the robustness of the system. The Management also reviews from time to time the internal control systems and procedures to ensure their proper application. The emphasis on internal controls prevails across functions and processes, covering the entire gamut of various activities. Effective and comprehensive reviews by the Audit Committee of the Board further enhance the level and quality of internal controls within the organization.

## **e. DEVELOPMENTS ON HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The year under review has seen changes in the policies and procedures to make the organization high performing and successful. The Company has always valued its human resources and believes in optimum potential of each employee. During the period under review, the industrial relations were cordial without any disruptions of manufacturing activities. Additional appointments were made and annual increments were granted to salaries of employees during the period under review.

## **f. RISKS, THREATS AND RISK MANAGEMENT**

Your Company faces general risks inherent in any business including political, legal, geographical, economical, environmental and competition risks and takes appropriate steps to mitigate them and reduce their impact to the extent possible. The exports of the company are subject to set legal procedures and Govt. Rules, approvals and regulations and any change in them may affect the business of the Company. Raw material prices also affect the financial performance of the company.

### **RISKS AND THREATS**

The opening of the international markets has thrown a host of opportunities with unique set of challenges. Today we can take justifiable pride in having joined the ranks of the US\$ trillion economies of the world. The change being witnessed can be attributed to several factors including increasing purchasing power of the masses, shifts in the buying behavior, demography dynamics, and growing urbanisation, opening up of the retail segment to private and foreign players and changing trends/lifestyle. Investments in the textile sector have increased significantly over the last three to four years.



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The Indian textile sector faces a number of challenges, foremost being fluctuating cotton and raw material prices, infrastructure and inflexible labour laws. Inflow into India of spurious fabric material, counterfeit, fake and misleading selvedge descriptions continues. However, recognizing the threat these spurious imports poses, if continued unchecked, the government has taken a number of steps to check the inflow of such products.

International players are seeking manufacturers with vertically integrated product development facilities and ability for managing quality and costs. Though India is being recognized in this regard and sourcing of value-added products from India is increasing, China continues to be a dominant player in the market with better infrastructure facilities. With its currency in an advantageous position, China is a stronger competitor in exports as well as in the domestic market. The Company is experiencing pressure on margins due to severe competition from other low-cost countries.

Textile being a labour intensive industry, rising labor and skilled human resource costs can put pressure on margins. In order to take advantage of quota-free era, textile and apparel industry require huge investments in infrastructure and also Government's support by various incentives, relaxation and promotions etc, to improve efficiencies and productivity and reduce costs.

### **f. OPPORTUNITIES AVAILABLE TO THE COMPANY**

The Indian Textile industry is expected to get momentum in the coming times. The Company is committed to increase its productivity and bring overall modernization in the manufacturing process. The Company has several plans for modernization and expansion of existing Dyeing unit and is also side by side considering manufacture of allied products in the textile sector.

### **g. SUBSIDIARY**

There is no Subsidiary of the Company.

### **h. SEGMENT WISE PERFORMANCE**

The operations of the Company comprise of only one segment i.e. Textile Manufacturing, therefore the whole position as depicted are in respect of the said segment. In respect of other commercial disclosures, the Notes on Accounts and the Schedules are self explanatory and can be referred to.

### **i. EXPORTS**

The exports of the Company were hit due to slow down of various economies and adverse effects of EU Countries marring economies. The Exports of the Company for the financial year ended 31.03.2013 were to the tune of Rs. 2233.70 Lacs as against Rs. 2838.37 in the previous year.



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## CORPORATE GOVERNANCE REPORT

The Company aims to be an exporter of variety of knitted garments. Despite the tough competition in hosiery/textile industry, the Company has been making its continuous efforts to increase its sales and profitability by manufacturing good quality and variety of products. The Company is committed to increase long term shareholders' value through its efforts and emphasis upon governance process. The Company is committed to manage business effectively in compliance with the legal requirements and best practices in governance. There is harmonious and transparent functioning amongst Board of Directors, its committees and executive management to meet the challenges. This section is given in compliance of the mandatory Clauses on Corporate Governance of the Listing Agreement and also depicts the process of functioning of the Company.

### 1. COMPANY'S PHILOSOPHY

- Production of good quality and variety products in line with the fashion, requirements, tastes and demand.
- Global orientation.
- Accepting change as a way of life.
- Believing individual potential and valuing humanity.
- Total customer focus in operational areas.
- Apprehending our role as a responsible corporate citizen.

### 2. BOARD OF DIRECTORS

- (i) **COMPOSITION:** At present, the Board of Directors of the Company consists of 5 Directors including one Executive Chairman cum Mg. Director. The Composition of the Board is as per stipulated requirements.
- (ii) **BOARD MEETINGS:** During the financial year 2012-13, the Board met 12 times on 28.04.2012, 29.05.2012, 20.06.2012, 28.07.2012, 04.08.2012, 14.08.2012, 28.08.2012, 10.09.2012, 15.11.2012, 09.01.2013, 14.02.2013 and 23.03.2013. Following is the composition of the Board, attendance and other memberships of the directors of the Company:

Name of Director	Designation	Category	No. of B.M. Attended	Attendance At last AGM	No. of Chairmanship/membership on the Board of other Public Companies	No. of Chairmanship/membership on the Committees of other Public Companies	Remarks
Shri Nitin Bhandari	Chairman and Mg. Director	Promoter Director	11	Yes	NIL	NIL	
Shri R.C. Singal	Director	Non Executive and Independent	9	Yes	9 Memberships	6 Memberships 5 Chairmanships	
Shri Ashish Thapar	Director	Non Executive and Independent Director	4	Yes	NIL	NIL	
Shri Vikas Nayyar	Director	Non Executive and Independent	6	No	NIL	NIL	
Shri ManMohan Sikka	Director	Non Executive and Independent Director	8	No	1 Membership	1 Membership	

There are no Nominees or institutional Directors on the Board of Directors of the Company as on date.

### Information of Directors including those being Appointed/Re-appointed

Particulars of Directors seeking appointment/re-appointment are given in the Annexure annexed to the Notice for the ensuing Annual General Meeting.

### INFORMATION AVAILABLE TO BOARD

The Board has complete access to all the relevant information within the Company, and to all our employees. The information regularly supplied to the Board specifically includes:

- Annual operating plans, budgets and any updates therein;
- Capital budgets and any updates therein;



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- Quarterly results for the Company and its operating / business segments;
- Minutes of meetings of Audit Committee and other committees of the Board of the Company
- Information on recruitment/remuneration of senior officers just below board level;
- Material show cause, demand, prosecution notices and penalty notices, if any;
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems, if any;
- Any material default in financial obligations to and by the Company.
- Any issue which involves possible public or product liability claims of substantial nature, if any;
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations like signing of wage agreement, implementation of Voluntary Retirement Scheme etc;
- Sale of material nature, of investments, subsidiaries, assets, which is not in the normal course of business;
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material;
- Status of compliance of any regulatory, statutory nature or listing requirements and shareholders service;
- All proposals requiring strategic decisions;
- Regular business updates.

The above information is generally provided as part of the agenda papers of the board meeting and/or is placed at the table during the course of the meeting.

### 3. COMMITTEES OF THE BOARD

#### (i) Audit Committee:

The Audit committee at present consists of 3 directors viz. Shri Ashish Thapar, Shri R. C. Singal and Shri Manmohan Sikka, all being Non Executive and Independent Directors. Sh. Ashish Thapar acts as Chairman of this Committee. The Company Secretary acts as Secretary to the Meetings of Audit Committee. The Audit Committee met five times during the financial year on 29.05.2012, 14.08.2012, 28.08.2012, 15.11.2012 and 14.02.2013. The Meetings were attended to by all the members except Shri Ashish Thapar to whom leave of absence was granted for Audit Committee Meetings dated 14.08.2012, 15.11.2012 and 14.02.2013.

#### (ii) Shareholders/Investors Grievance Committee

The Company has a Shareholders' Grievance Committee to redress the investors' complaints. The Committee consists of 3 directors viz Shri Ashish Thapar, Shri R. C. Singal and Shri Vikas Nayyar, all being Non Executive and Independent Directors. Mr Vikas Nayyar acts as Chairman of this Committee. The Company Secretary of the Company is the Compliance Officer for this Committee. During the year 2012-13, the Grievance Committee met 12 times on 28.04.2012, 21.05.2012, 31.05.2012, 16.06.2012, 12.07.2012, 31.07.2012, 14.08.2012, 03.09.2012, 15.11.2012, 09.01.2013, 13.02.2013 and 20.03.2013 at which the requisite quorum was present.

During the financial year, the Company had not received any complaint. The Company's complaint redressal systems are in order. There is no pendency in respect of shares received for transfer during the year 2012-13. The Company has its designated Email Address exclusively for redressal of investors Complaints i.e. investor@bhandariexport.com and the same is also mentioned at the Company's Website.

#### (iii) Remuneration and Selection Committee

The Remuneration and Selection Committee presently consists of 3 directors viz. Shri Vikas Nayyar, Shri R.C. Singal and Shri Ashish Thapar. Sh. Ashish Thapar is the Chairman of this Committee. The Company Secretary acts as Secretary to the Meetings of this Committee. During the year 2012-13, only one Meeting of the Remuneration and Selection Committee was held on 28.08.2012 which was attended by Shri Ashish Thapar and Shri Vikas Nayar.

### 4. DIRECTORS' REMUNERATION:

The Company pays remuneration to Chairman & Managing Director. The Details of remuneration paid to Directors during the financial year is as given below:

#### a. Managing/Whole Time Directors

Name	Designation	Salary	Commis-sion	Employer's Contribution to PF and other funds	Other Perquisites	Total (Rs.) 2012-13	Remarks
Shri Nitin Bhandari	Chairman & Mg. Director	1200000/-	NIL	90000/-	NIL	1290000/-	





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## b. **Non Executive Directors**

Non executive directors have not been paid any remuneration except for their sitting fees of Rs. 2500/- for each Meeting of the Board of Directors or Audit Committee attended by them and for such number of respective Meetings attended by them.

## 5. **WHISTLE BLOWER POLICY :**

The Audit Committee has also framed Whistle Blower Policy. The said policy is an extension of Code of Conduct of the Company. The employees of the Company have been made acquainted with the policy and the said Policy has also been placed at the Company's Website i.e www.bhandariexport.com

## 6. **COMPLIANCE WITH CODE OF CONDUCT**

The Company has adopted a "Code of Conduct for Directors and Senior Management Personnel". The Directors and Senior Management Personnel have given an Annual Affirmation during the year 2012-13, to this Code. The said Code has also been placed by the Company on its website i.e. www.bhandariexport.com

## 7. **GENERAL BODY MEETINGS:**

(i) Details of last three **Annual General Meetings (AGMs)** is as follows:

Meeting	Day	Date	Time	Venue	No. of Special Resolutions
19 <sup>th</sup> AGM	Monday	28.09.2012	9.00 A.M.	Bhandari House, Village Meharban, Rahon Road, Ludhiana-141007 (Pb.)	NIL
18 <sup>th</sup> AGM	Monday	26.09.2011	9.00 A.M.	Bhandari House, Village Meharban, Rahon Road, Ludhiana-141007 (Pb.)	2
17 <sup>th</sup> AGM	Monday	27.09.2010	9.00 A.M.	Bhandari House, Village Meharban, Rahon Road, Ludhiana-141007 (Pb.)	2

(ii) Two Extra Ordinary General Meetings of the Shareholders of Company were held on 20.07.2012 and 31.08.2012 during the year 2012-13.

(iii) Number of resolutions passed through postal ballot during the financial year 2012-13 was Nil..

(iv) At the ensuing Annual General Meeting, there is no resolution which is proposed to be passed by postal ballot.

## 8. **CEO/CFO CERTIFICATION**

The Managing Director and Chief Financial Officer have certified to the Board, inter-alia, the accuracy of Financial Statements and adequacy of Internal Controls for the financial reporting purpose as required under Clause 49(V) of the Listing Agreement, for the year ended 31 March, 2013.

## 9. **DISCLOSURES:**

9.1 During the year, there was no material/significant transaction with the directors or the management, their subsidiaries or relatives etc./ related party transactions, having any potential conflict with interest of the Company at large. The Board hereby confirms that no personnel have been denied access to the Audit Committee. The company has complied with all the mandatory requirements of Clause 49 of the Listing Agreement. There has not been any non compliance by the Company in respect of which penalties or strictures were imposed by the Stock Exchanges or SEBI or other authority on any matter related to capital market during the last 3 years.

### 9.2 **Disclosure of relationship between Directors inter-se:**

None of the Director is related to each other.



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## **9.3 Disclosure of shares/ convertible instruments held by Non- Executive Directors as on 31.03.2013**

### **A. SHARES**

1. Shri Ashish Thapar	Nil
2. Shri Vikas Nayyar	Nil
3. Shri Manmohan Sikka	Nil
4. a) Shri R.C. Singal	6
*b) RCS Financial Technology Ltd.	100
*c) RCS Securities Pvt. Ltd.	50

\* In RCS Financial Technology Ltd. and RCS Securities Pvt. Ltd, Sh. R.C. Singal is a Director.

### **B. CONVERTIBLE INSTRUMENTS**

There are no outstanding convertible Instruments as at 31.03.2013.

## **9.4 Disclosure as to Public/ Rights/Preferential Issues/Bonus Issue etc.**

During the financial year 2012-13, there was a preferential issue of equity shares. In accordance with the Special Resolution passed at the Extraordinary general Meeting held on 20.07.2012 and in accordance with the conditions and in-principle approval of BSE, the Company made an allotment of 45,87,500 equity shares of face value of rs. 10/- each, on Preferential Basis to Some Non-Promoters/ Some Specified Persons of Public at a price of Rs. 44/- per Equity Share (i.e. at a premium of Rs. 34/- per equity share). As a result of the said Issue, the Issued, Paid up, Admitted and Listed Share Capital of the Company has increased from Rs. 10,06,51,950 divided into 1,00,65,195 fully paid Equity Shares of Rs. 10/- each to Rs. 14,65,26,950/- divided into 1,46,52,695 fully paid equity shares of Rs. 10/- each.. The proceeds of the issue are for the purpose of modernization, expansion of the dyeing plant/processing house, opening and running of the retail showrooms and to part finance company's working capital requirements and other general corporate purposes.

## **10. MEANS OF COMMUNICATION:**

The Company communicates with the shareholders through its Annual Reports, Publication of quarterly Results, press releases and reports and returns filed with Stock Exchanges and Registrar of Companies etc. All information including business updates, product, process, financials such as Annual Reports, Quarterly results, Shareholding Pattern, different codes are also available on the Company's Website i.e www.bhandariexport.com and information about it is also given in the Annual Reports and publications made by the Company.

## **11. GENERAL SHAREHOLDERS INFORMATION:**

### **A. 20TH ANNUAL GENERAL MEETING**

<b>DATE</b>	27.09.2013
<b>TIME</b>	9.00 A.M.
<b>DAY</b>	Friday
<b>VENUE</b>	Regd.Office At Bhandari House, Village Meharban, Rahon Road, Ludhiana- 141007

### **B. FINANCIAL CALENDAR 2013-14 (TENTATIVE)**

FIRST QUARTER RESULTS	: MIDDLE OF AUGUST, 2013
SECOND QUARTER RESULTS	: MIDDLE OF NOVEMBER, 2013
THIRD QUARTER RESULTS	: MIDDLE OF FEBRUARY, 2014
FOURTH QUARTER RESULTS	: MIDDLE OF MAY, 2014
ANNUAL ACCOUNTS/NOTICE	: AUGUST, 2014

### **C. DATES OF BOOK CLOSURE : 23.09.2013 TO 27.09.2013 (BOTH DAYS INCLUSIVE)**

### **D. FINAL DIVIDEND PAYMENT DATE : No Dividend has been recommended by the Board of Directors**

### **E. LISTING:** The Securities of the Company are listed only on **Bombay Stock Exchange Limited (BSE)**, Feroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001

**BSE SCRIP CODE: 512608      ISIN: INE 474E01011**

The Company has duly paid the Listing fees to the aforesaid Stock Exchange upto Financial Year 2013-14.



# Bhandari Hosiery Exports Limited

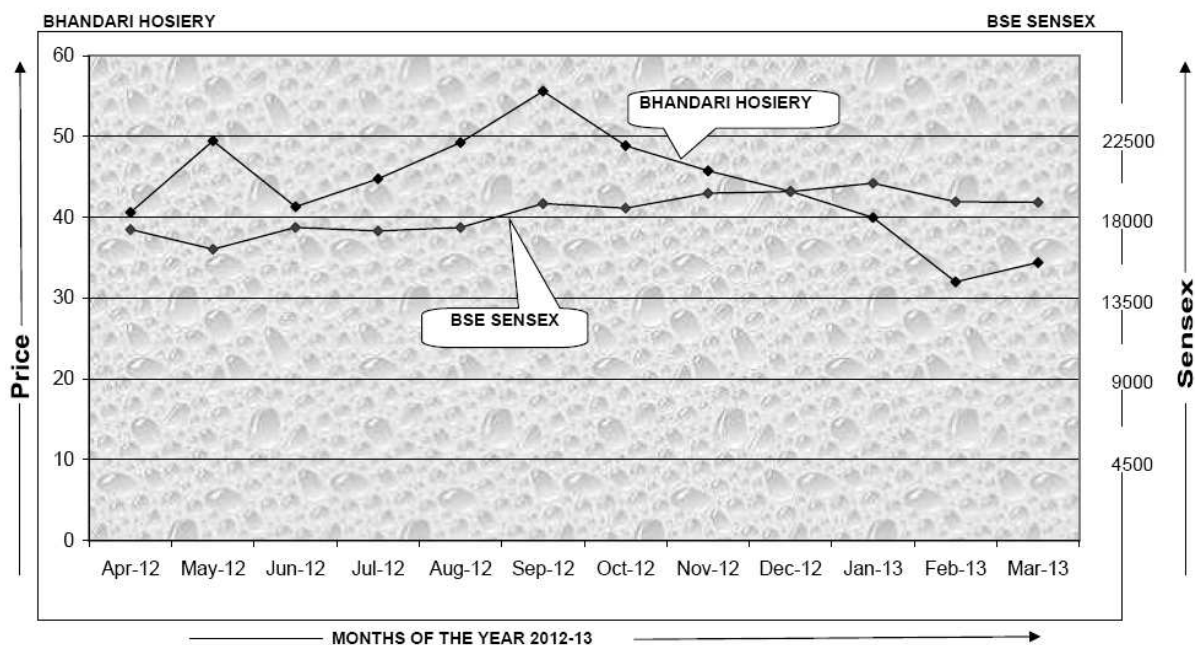
(A W.R.A.P., BSCI and C-TPAT Certified Company)

## F. STOCK MARKET DATA

The month wise highest, lowest and closing stock prices vis a vis BSE SENSEX during the financial year 2012-13 are given below:

BHANDARI HOSIERY EXPORTS LIMITED				BSE SENSEX		
MONTH	HIGH	LOW	CLOSE	HIGH	LOW	CLOSE
Apr 12	44.70	36.05	40.60	17,664.10	17,010.16	17,318.81
May 12	55.60	31.60	49.45	17,432.33	15,809.71	16,218.53
Jun 12	50.00	37.00	41.30	17,448.48	15,748.98	17,429.98
Jul 12	48.25	36.15	44.75	17,631.19	16,598.48	17,236.18
Aug 12	59.90	44.00	49.25	17,972.54	17,026.97	17,429.56
Sep 12	57.50	46.05	55.60	18,869.94	17,250.80	18,762.74
Oct 12	56.40	46.50	48.85	19,137.29	18,393.42	18,505.38
Nov 12	49.90	43.05	45.75	19,372.70	18,255.69	19,339.90
Dec 12	52.00	42.15	43.20	19,612.18	19,149.03	19,426.71
Jan 13	47.15	39.00	39.95	20,203.66	19,508.93	19,894.98
Feb 13	43.95	31.00	32.00	19,966.69	18,793.97	18,861.54
Mar 13	37.00	26.50	34.40	19,754.66	18,568.43	18,835.77

COMPARISON OF MONTHLY CLOSING PRICES/ INDICES : BHANDARI HOSIERY VS. BSE SENSEX



## G. REGISTRAR AND SHARE TRANSFER AGENT :

In accordance with the Circular of Securities and Exchange Board of India (SEBI), the work of physical share transfer of the Company is with M/S **LINK INTIME INDIA PVT LTD., 44, COMMUNITY CENTRE, 2<sup>nd</sup> FLOOR, NARAINA INDUSTRIAL AREA PHASE- I, NEAR PVR NARAINA, NEW DELHI -110 028, EMAIL: DELHI@LINKINTIME.CO.IN, PHONES: 011- 41410592-94, FAX: 011- 41410591.** Electronic Mode i.e de-materialization of shares is already done through them. Thus activities of share transfer and de-mat are at single point with them. The ISIN of the Company is : ISIN INE 474E01011. The shares of the Company are traded compulsorily in Demat form on Bombay Stock Exchange Ltd. and the Company has participation as an issuer with both National Securities Depository Limited (NSDL) and



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Central Depository Services (India) Limited (CDSL). All the fees to both Depositories stands paid till date. The shareholders may operate through any depository.

## H. SHARE TRANSFER SYSTEM:

LINK INTIME INDIA PVT LTD., 44, COMMUNITY CENTRE, 2<sup>nd</sup> FLOOR, NARAINA INDUSTRIAL AREA PHASE- I, NEAR PVR NARAINA, NEW DELHI -110 028, EMAIL: DELHI@LINKINTIME.CO.IN, PHONES: 011- 41410592-94, FAX: 011- 41410591, are the RTAs of the Company to handle both physical and demat of shares activities. Physical Share Transfers are normally completed/replied within 15 days by RTAs .

## I. DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013

RANGE OF SHARES (Nos.)	NO. OF HOLDERS	%OF HOLDERS	NO. OF SHARES	% OF SHARES
Upto 500	4098	85.162	618437	4.22
501 to 1000	220	4.572	166613	1.137
1001 to 2000	170	3.533	268645	1.833
2001 to 3000	75	1.559	191056	1.304
3001 to 4000	39	0.810	142363	0.972
4001 to 5000	33	0.686	156917	1.071
5001 to 10000	56	1.164	449791	3.070
10001 and above	121	2.515	12658873	86.393
Total	4812	100.000	14652695	100.000

## J. DETAILS OF COMPLIANCE WITH MANDATORY REQUIREMENTS AND ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE 49 OF THE LISTING AGREEMENT

PARTICULARS	CLAUSE LISTING AGREEMENT	COMPLIANCE STATUS
<b>I Board of Directors</b>	49 I	YES
(A) Composition of Board	49(IA)	YES
(B) Non-executive Directors' Compensation & Disclosures	49 (IB)	YES
(C) Other Provisions as to Board and Committees	49 (IC)	YES
(D) Code of Conduct	(49 (ID)	YES
<b>II. Audit Committee</b>	49 (II)	YES
(A) Qualified & Independent Audit Committee	49 (IIA)	YES
(B) Meeting of Audit Committee	49 (IIB)	YES
(C) Powers of Audit Committee	49 (IIC)	YES
(D) Role of Audit Committee	49 II(D)	YES
(E) Review of Information by Audit Committee	49 (IIE)	YES
<b>III. Subsidiary Companies</b>	49 (III)	YES
<b>IV. Disclosures</b>	49 (IV)	YES
(A) Basis of Related Party Transactions	49 (IV A)	YES
(B) Disclosure of Accounting Treatment	49 (IV B)	YES
(C) Board Disclosures	49 (IV C)	YES
(D) Proceeds from Public Issues, Rights Issues, Preferential Issues etc.	49 (IV D)	YES
(E) Remuneration of Directors	49 (IV E)	YES
(F) Management	49 (IV F)	YES
(G) Shareholders	49 (IV G)	YES
<b>V.CEO/CFO Certification</b>	49 (V)	COMPLIED / WILL BE COMPLIED
<b>VI. Report on Corporate Governance</b>	49 (VI)	COMPLIED / WILL BE COMPLIED
<b>VII. Compliance</b>	49 (VII)	YES



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## K. SHAREHOLDING PATTERN OF THE COMPANY AS ON 31.03.2013

CATEGORY	NO. OF SHARES	% OF SHAREHOLDING
Promoters/ Promoters Group	3745644	25.563
Mutual Funds	0	0
Banks, FIs, Etc.	17	0.00
Foreign Institutional Investors / Foreign Mutual Funds	0	0
Private Corporate Bodies	1589699	10.85
Non Resident Indians	21288	0.145
Indian Public	9226906	62.97
Clearing Members	69141	0.472
<b>GRAND TOTAL</b>	<b>14652695</b>	<b>100</b>

## L. SHAREHOLDING OF DIRECTORS AS ON 31.03.2013.

The shareholding of the all the Directors in the Equity Share Capital of the Company is given as follows:

Name of Directors	Number of Shares held as on 31.03.2013
Mr. Nitin Bhandari	2767830 (18.89%)
Mr. R. C. Singal	6 (0.00%)
Mr. Manmohan Sikka	NIL
Mr. Vikas Nayar	NIL
Mr. Ashish Thapar	NIL

## M. DEMATERIALISATION OF SHARES:

As on 31.03.2013 approx. 77.57% shares comprising 11366730 equity shares were dematerialised.

## N. COMPLIANCE OFFICER :

Shri Gurinder Makkar, Company Secretary, Phones +91-88720-16410, Fax 0161-2690394.

Email: bhandari@bhandariexport.com; investor@bhandariexport.com

## O. CEO & MG. DIRECTOR:

Shri Nitin Bhandari, Chairman cum Mg. Director, Phones +91-88720-16410, Fax 0161-2690394

**P. CHIEF FINANCIAL OFFICER (CFO):** Shri Surinder Kumar, Chartered Accountant. Phones 88720-16410.

**Q. DESIGNATED EMAIL ID FOR INVESTORS:** investor@bhandariexport.com

## R. UNCLAIMED DIVIDENDS

Pursuant to Section 205C of the Companies Act, 1956, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date they became due for payment shall be transferred to Investor Education and Protection Fund ("Fund").

Members who have not encashed their dividend for the financial year 2006-07, are requested to make their claims to the Registrar/Company. It may be noted that once the unclaimed/unpaid dividend is transferred to the credit of the said Fund, no claim shall lie in respect thereof.

## S. OUTSTANDING GDRS/ADRS/WARRANTS

The company has not issued GDRs/ ADRs/Warrants as of March 31, 2013.

## T. PLANT LOCATIONS:

Bhandari House, Village Meharban, Rahon Road, Ludhiana- 141007.

## U. ADDRESS FOR CORRESPONDENCE:

REGD. OFFICE : BHANDARI HOUSE, VILLAGE MEHARBAN, RAHON ROAD, LUDHIANA-141007

PHONES : 88720-16410, FAX : 0161- 2690394; EMAIL : bhandari@bhandariexport.com

The shareholders in respect of dematerialized shares should address correspondence to their respective Depository Participants (DPs)





# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## CHIEF EXECUTIVE OFFICER (CEO) /CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We, Nitin Bhandari, Chairman and Managing Director and Surinder Kumar, Chief Financial Officer, to the best of our knowledge and belief, hereby certify that:

- (a) We have reviewed financial statements and the cash flow statements for the year and that to the best of our knowledge and belief:
  - (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are no transactions entered into by the Company during the year that are fraudulent, illegal or violative of the Company's Code of Conduct;
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design and operations of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit Committee:
  - (i) Significant changes in the internal control over financial reporting during the year;
  - (ii) Significant changes in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Ludhiana  
Date: 27.08.2013

Sd/-  
**Nitin Bhandari**  
Chairman & Managing Director/(CEO)

Sd/-  
**Surinder Kumar**  
CFO

### **Declaration**

I hereby confirm that the Company has obtained from all the members of the Board and Senior Management team, an affirmation of compliance with the Code of Conduct for Directors and Senior Management in respect of financial year ended March 31, 2013

Sd/-

Place: Ludhiana  
Date: 27.08.2013

**Nitin Bhandari**  
Chairman & Managing Director/(CEO)  
LUDHIANA (PUNJAB)

## **AUDITORS' CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE CLAUSE OF THE LISTING AGREEMENTS.**

TO

THE MEMBERS

BHANDARI HOSIERY EXPORTS LIMITED

We have examined the compliance of the conditions of Corporate Governance by M/s Bhandari Hosiery Exports Limited for the year ended on March 31, 2013 as required in clause 49 of the Listing Agreements of the Company with the Stock Exchanges.

The compliance of the 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 to the best of our information and according to the explanations given to us based on the representation made by the directors and the management, we certify that the Company has complied with the conditions of corporate governance as required under Clause 49 of the listing agreements. Further, we state that no investors' grievances are pending for a month which are unreplied/unredressed as per records.

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.

PLACE : LUDHIANA  
DATED : 27.08.2013

For VIPAN KUMAR AGGARWAL & CO.  
(CHARTERED ACCOUNTANTS)  
Sd/-  
(VIPAN AGGARWAL)  
PROPRIETOR  
MEMBERSHIP NO. 081198



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## INDEPENDENT AUDITORS' REPORT

To the Members of  
M/s Bhandari Hosiery Exports Limited

### 1. Report on the Financial Statements

We have audited the accompanying financial statements of Bhandari Hosiery Exports Limited ('the Company') which comprise the balance sheet as at 31 March 2013, the statement of profit and loss and the cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

### 2. 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.

### 3. 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.

### 4. 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:

- (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2013;
- (ii) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### 5. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, 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 subsection (3C) of section 211 of the Companies Act, 1956; and
- e) on the basis of written representations received from the Directors as on 31<sup>st</sup> March 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> 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 Vipin Kumar Aggarwal & Co.,

(Chartered Accountants)

Sd/-

(Vipin Aggarwal)

(Prop.)

Membership No. 081198

Place : Ludhiana.

Date : 29.05.2013



# **Bhandari Hosiery Exports Limited**

**(A W.R.A.P., BSCI and C-TPAT Certified Company)**

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

**Referred to in paragraph 5 of our report of even date on the accounts for the year ended 31<sup>st</sup> March, 2013 of M/s BHANDARI HOSIERY EXPORTS LIMITED**

1. (a) The company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets.  
(b) According to the information and explanations given to us, the management during the year has physically verified fixed assets. No material discrepancies were noticed on such verification. In our opinion, the frequency of physical verification of fixed assets is reasonable having regard to the size of the company and the nature of its business.
2. (a) According to the information and explanations given to us inventories have been physically verified during the year by the management at the close of the year.  
(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management as evidenced by the written procedures and instructions are reasonable and adequate in relation to the size of the company and the nature of its business.  
(c) On the basis of our examination of the records of the company, we are of the opinion that the company is maintaining proper records of inventory. Discrepancies in inventories noticed during verification has been properly dealt with and accounted for.
3. (a) According to the information and explanations given to us, the company has not accepted any loans from its directors covered in the register maintained under Section 301 of the Companies Act, 1956.  
(b) In our opinion and according to the information and explanations given to us no loan have been taken from the parties listed in the registers maintained under Section 301 of the Companies Act 1956.  
(c) No loans has been taken from or granted to the companies, firm or other parties listed in the registers maintained under Section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls procedures.
5. Based on the audit procedures applied by us and according to the information and explanations given to us, the transactions that need to be entered into the register maintained under section 301 have been so entered.
6. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or agreements entered in the registers maintained under section 301 of the Companies Act 1956 and exceeding the value of five lakh rupees in respect of any party during the year have been made at prices which are reasonable having regard to the prevalent market prices at the relevant time.
7. In our opinion and according to the information and explanations given to us, the company has not invited or accepted any deposits from the public.
8. In our opinion, the company has internal audit system commensurate with the size and nature of its business.
9. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government, the maintenance of cost records has been prescribed under section 209(1) (d) of the Companies Act, 1956 and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained.
10. (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, custom duty, excise-duty, cess and other statutory dues applicable to it.  
  
(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, wealth-tax, sales tax, custom duty and excise duty were outstanding, as at 31.03.2013 for a period of more than six months from the date they became payable.



## **Bhandari Hosiery Exports Limited**

**(A W.R.A.P., BSCI and C-TPAT Certified Company)**

(c) According to the records of the company, there are no dues of sales tax, , custom tax/wealth-tax, excise duty/cess as on 31-03-2013. An amount of Rs. 11,48,751.00 (Rs. 7,51,486/- for year 2004-05 and Rs. 3,97,265/- for year 2008-09) on account of Income Tax has not been deposited due to appeals pending before the Appellate Authorities .

11. There are no working losses to the company. The company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.
12. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that the company has not defaulted in repayment of interest and principal dues to the banks.
13. Based on our examination of documents and records, we are of the opinion that the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. The company is a manufacturing company and therefore, the provision of Clause 4 (xiii) of the Companies (Auditors' Report) Order 2003 in regard to the Nidhi and chit funds, are not applicable to the company.
15. According to the information and explanations given to us, the Company has not dealt or traded in shares, securities, debentures and other investments. Therefore, the provisions of clause 4 (xiv) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
16. The company has not given any guarantee for loans taken by others from bank or financial institutions.
17. To the best of our knowledge and belief and according to the information and explanations given to us, in our opinion, term loans availed by the company were prima facie, applied by the company during the year for the purposes for which the loans were obtained.
18. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment. Further no long-term funds have been used to finance short-term assets
19. Based on our examination of records and the information provided to us by management we report that the company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act 1956.
20. During the year under review, covered by our audit report, the company has not issued any debentures. The question of creation of any security in the respect of debentures does not arise.
21. During the year under review, the company has not raised any money by public issue. Therefore the provisions of clause 4(xx) of the Companies (Auditor Report), order 2003 are not applicable to the company.
22. Based upon the audit procedures performed and information and explanation given by the management, we report that no fraud on or by the company has been noticed or reported during the course of our audit.

For Vipan Kumar Aggarwal & Co.,  
(Chartered Accountants)

Sd/-

**(Vipan Aggarwal)**  
(Prop.)

Membership No. 081198

Place : Ludhiana.  
Date : 29.05.2013



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## BALANCE SHEET AS AT 31<sup>ST</sup> MARCH, 2013

PARTICULARS	NOTE		AS AT 31.03.2013 (Rs.)		AS AT 31.03.2012 (Rs.)
Corporation information	1				
Accounting policies	2				
<b>I. EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' Funds</b>					
a) Share Capital	3	146,526,950		100,651,950	
b) Reserves & Surplus	4	328,372,429	474,899,379	143,620,129	244,272,079
<b>2. Non-Current Liabilities</b>					
a) Long Term Borrowings	5	13,248,326		13,536,056	
b) Deferred Tax Liability	6	20,248,558	33,496,884	17,478,438	31,014,494
<b>3. Current Liabilities</b>					
a) Short Term Borrowings	5	220,020,296		194,591,273	
b) Trade Payables	7	101,424,957		72,268,009	
c) Other Liabilities	8	4,864,726		3,349,490	
d) Short Term Provisions	9	12,932,018	339,241,997	15,333,117	285,541,889
<b>Total</b>			<b>847,638,260</b>		<b>560,828,462</b>
<b>II. ASSETS</b>					
<b>1. Non-Current Assets</b>					
<b>a) Fixed Assets</b>					
i) Tangible assets	10	214,353,482		100,868,700	
ii) Intangible assets	10	177,225		187,721	
iii) Capital Work-in-Progress	10	122,970,000	337,500,707	2,634,911	103,691,332
b) Non-current investments		-	-	-	-
c) Long term loans and advances		-	-	-	-
d) Other non-current assets		-	-	-	-
<b>2. Current Assets</b>					
a) Inventories	11	344,678,030		337,996,245	
b) Trade Receivables	12	101,727,417		75,304,079	
c) Cash & Bank Balances	13	3,994,985		6,491,493	
d) Short Terms Loans & Advances	14	6,128,965		16,836,981	
e) Other Current Assets	15	53,608,156	510,137,553	20,508,332	457,137,130
<b>Total</b>			<b>847,638,260</b>		<b>560,828,462</b>

The accompanying Notes referred to above form an integral part of the Financial Statements.

As per our separate Report of even date

For Vipin Kumar Aggarwal & Co.

FRN : 007245N

Chartered Accountants

Sd/-  
(Vipin Kumar Aggarwal )  
Proprietor  
Membership No. 081198  
Place : Ludhiana  
Date : 29.05.2013

Sd/-  
(Surinder Kumar)  
Chief Financial Officer

Sd/-  
(Gurinder Makkar )  
Company Secretary

Sd/-  
(R.C. Singal)  
Director  
DIN :00739667

Sd/-  
( Nitin Bhandari)  
Chairman & Mg.  
Director  
DIN : 01385065





# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31.03.2013

PARTICULARS	NOTE		AS AT 31.03.2013 (Rs.)		AS AT 31.03.2012 (Rs.)
<b>Revenue</b>					
I. Revenue from Operations	16	964,834,884		984,209,527	
II. Other Income	17	419,846		308,039	
III. Total Revenue (I+II)			965,254,730		984,517,566
<b>IV. Expenses</b>					
Cost of Raw Materials Consumed	18		706,400,407		678,246,075
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19		(10,477,205)		(4,347,826)
Manufacturing Expenses	20		114,574,710		144,642,888
Employee benefits expense	21		22,281,044		20,694,978
Office & Administrative Expenses	22		14,054,770		16,767,350
Auditors Remuneration	23		101,124		50,000
Finance Cost	24		29,012,756		37,660,611
Selling & Distribution Expenses	25		35,172,972		37,445,410
Depreciation Expense	10		10,792,925		8,012,821
Other Expenses	-		-		-
<b>Total Expenses</b>			921,913,503		939,172,307
<b>V. Profit Before Exceptional And Extra- Ordinary Items And Tax</b>			43,341,227		45,345,259
VI. Exceptional Items			-		-
VII. Profit before extraordinary items and tax (V+VI)			43,341,227		45,345,259
VIII. Extraordinary items			-		-
IX. Profit before tax (VII-VIII)			43,341,227		45,345,259
X. Tax Expense					
a) Current Tax		11,779,004		14,622,812	
b) Deferred Tax		2,770,200		87,700	
c) Wealth Tax 2010-11		14,723		21,891	
d) Excess Provision income tax of earlier years written back			14,563,927	15,508	14,747,911
<b>XI. Profit after taxation (From continuing Operations)</b>			28,777,300		30,597,348
Surplus carried over to Balance Sheet			28,777,300		30,597,348
Net Profit available for Equity Shareholders			28,777,300		30,597,348
Number of equity shares			14,652,695		10,065,195
<b>Basic Earning per Share of Rs. 10/- each (Please refer Note 26)</b>	26		2.20		3.04
<b>Diluted Earning per Share of Rs. 10/- each /Weighted Average (Please refer Note 26)</b>	26		2.20		3.04

The accompanying Notes referred to above form an integral part of the Financial Statements.  
As per our Report of even date

For Vipan Kumar Aggarwal & Co.  
FRN : 007245N  
Chartered Accountants

Sd/-  
(Vipan Kumar Aggarwal )  
Proprietor  
Membership No. 081198

Sd/-  
(Surinder Kumar)  
Chief Financial Officer

Sd/-  
(Gurinder Makkar )  
Company Secretary

Sd/-  
(R.C. Singal)  
Director

DIN:00739667

Sd/-  
(Nitin Bhandari)  
Chairman & Mg.  
Director

DIN:01385065

Place : Ludhiana  
Date : 29.05.2013



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2013

### NOTE1- CORPORATE INFORMATION

Bhandari Hosiery Exports Limited is a public limited Company incorporated under the provisions of Companies Act, 1956. The Company's CIN is L17115PB1993PLC013930 and the Company's Registered Office is situated in Punjab at Bhandari House, Village Meharban, Rahon Road, Ludhiana. The Company is listed at Bombay Stock Exchange Limited (BSE). The Company does not have any subsidiary Company. The Company is a garment manufacturing company having vertical production facility to produce High Fashion Knitted Garments. With more than 18 year experience and state of that art manufacturing facilities, Bhandari Hosiery manufactures garments of leading international and overseas brands and some overseas retail chains..in the international market, we have a presence in around 18 countries including quality conscious markets like USA,, Canada,, UK and European Union..

The company is engaged primarily in the manufacture and export of knitted hosiery garments such as T- Shirts,, Pull Overs,, Sweat Shirts,, Bermudas,, Pollo Shirts,, Track Suits,, Payajamas,, Lowers,, Ladies Knitted Tops with embroidery and prints etc. The Company conform to International standards in Human Recourses Practices and adopt Eco- friendly standards in production.

### NOTE 2-ACCOUNTING POLICIES

#### 2.1 ACCOUNTING POLICIES

##### (a) Basis of Accounting :

The accounts of the Company are prepared on accrual basis under the historical cost convention and comply with the mandatory accounting standards issued by the Institute of Chartered Accountants of India and the disclosure requirements of Schedule VI (REVISED) to the Companies Act, 1956.

##### (b) Presentation and disclosure of Financial Statements

For the year ended 31 March 2013, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for preparation and presentation of its Financial Statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

##### (c) Use of Estimates

The preparation of financial statements requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. The estimates and assumptions used in the financial statements are based upon the Management's evaluation of the relevant facts and circumstances as on the date of financial statements. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Future results may vary from these estimates.

##### (d) Revenue Recognition:

- (i) Sale is recognized on despatch of goods and returns if any made by the parties.
- (ii) Claims and Benefits: Insurance and other claims are accounted for to the extent realized, as the ultimate collection thereof is uncertain at the time of raising the claim.
- (iii) Opening Stock, Purchases, Sales and Closing stock are stated at net value excluding VAT. Any amount payable/ receivable towards VAT is shown in the Balance Sheet under the head Current Liabilities/ Current Assets.

##### (e) Retirement Benefits:

a.	Short term benefits	Short term employee benefit are charged off at the undiscounted amount in the year in which the related service is rendered.
b.	Long term post retirement	Post retirement benefits comprise of Provident fund and gratuity which are accounted for as follows:
i	Provident fund	This is a defined contribution plan , and contributions made to the fund are charged to revenue. The company has no further obligation for future provident fund benefits other than monthly contribution.
ii	Gratuity fund	This is a defined benefit plan . The liability of the company is determined based on the actuarial valuation using projected unit credit method . Actuarial gains and losses are recognized in full in the Statement of profit and loss for the period in which they occur. The retirement benefit obligation recognized in the Balance Sheet represents the present value of the defined benefit obligation as per Actuarial Valuation.
iii	Leave with wages	Provisions for leave with wages are made on the basis of leave accrued to the employee during the year.



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

**(f) Fixed Assets:**

Fixed Assets are stated at historical cost less accumulated depreciation. The company has capitalized all costs relating to acquisition and installation of fixed assets. No borrowing Costs have been capitalized during the year.

**(g) Depreciation:**

Depreciation for the year is provided on straight-line method at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956.

**(h) Inventories:**

Stores and spares and raw material are valued at Cost.

Semi Finished Goods are valued at cost of materials and labour together with relevant factory overheads or net realizable value, whichever, is less.

Finished goods are valued at cost or net realizable value, whichever is less. Cost includes materials, direct labour and allocable overheads.

**(i) Foreign Currency Conversion/Translation**

(i) The export sales are converted at the exchange rates prevailing on the date of custom clearance of export bills. The fluctuations in the exchange rates are accounted for as and when the payment is received and the amount is credited/ debited to the respective Sale Account.

(ii) In respect of export bills remaining unrealized at the year end against which the payments received in the subsequent years the difference arising thereon is recognized as difference in exchange rates under the head misc. income/expenses.

(iii) The total sales are inclusive of export incentives and rebate & discounts and rebate of Rs. 13,851,731/- (Previous Year Rs. 16,159,642/-) has been shown separately under selling expenses in Statement of Profit and Loss..

**2.2 Contingent Liabilities not provided for**

(Rs. In Lacs)

Particulars	As at 31.03.2013	As at 31.03.2012
(a) Letter of Credit Outstanding	70.47	88.83
(b) Bank Guarantees Outstanding	0.00	2.00
(c) Bill discounting with bank against irrevocable Letter of Credit	356.76	229.78

**(d) Following cases are lying pending in appeal against different appellate authorities.**

Nature of the case	Authority	Period	Amount (in lacs)	Status
Income tax Assessment	CIT Appeal	A Y 2004-05	8.33	Pending
Income tax Assessment	CIT Appeal	A Y 2008-09	2.96	Pending

**2.3** (a) Sales tax/ VAT liability has been provided for as per the return filed. According to our view there is no other liability in addition to the liability provided but in case any additional liability arises at the time of assessment, the same shall be provided at that time.

(b) Provision for Income Tax has been made in the Statement of Profit & Loss on the basis of actual tax liability as per the Income Tax Act, 1961.

**2.4 Legal cases by and against Company**

There are no legal cases pending or initiated against the Company. Following cases were filed by the Company against some parties and are pending:

Name of the Complaint Sr. No. / Plaintiff	Court of JMJC	Nature of Proceedings	Status
1. BHEL/s Sharda Logistics	Deepali Gupta	U/S 138 of N.I.A	P.O. declared
2. BHEL/s Sharda Logistics	Deepali Gupta	U/S 138 of N.I.A	P.O. declared
3. BHEL/s Sharda Logistics	Deepali Gupta	U/S 138 of N.I.A	P.O. declared
4. BHEL/s Avtar Singh	Vipindeep Kaur	U/S 138 of N.I.A	P.O. declared
5. BHEL/s SRS Exports ( Ravneek Uppal)	Yukti Goel	U/S 138 of N.I.A	P.O. declared
6. BHEL/s Ambika Traders ( Kanti Gupta)	Randir Verma	Civil Suit	For Reply
7. BHEL/s Raj Kumar	Deepali Gupta	U/S 138 of N.I.A	P.O. Declared
8. BHEL/s Sunil Kumar	Balwant Singh	U/S 138 of N.I.A	P.O. Declared

**2.5** Interest on FDRs is accounted for on accrual basis and the same has been accounted for under the head other Income. Other Income also includes Rent Received.

**2.6 Impairment of Assets:-** An asset is treated as impaired when the carrying cost of assets exceeds its recoverable value.



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An impairment loss will be charged to the Statement of profit and loss in the year in which an assets is identified as impaired.

2.7 Party's balances (under Debtors, Creditors and Advances) as at the year end are subject to confirmation. However Company has a perpetual system of reconciling the accounts with its suppliers & customers during the year.

2.8 In the opinion of the Board, current assets, loans and advances have a value in the ordinary course of business at least equal to that stated in the Balance Sheet.

## 2.9 Segment Reporting

The Company is mainly engaged in the business of manufacturing of textiles consisting of fabric and garments. Considering the nature of the business and financial reporting of the company, the company has only one segment viz Garments as reportable segment. The company operates in domestic and export segment geographically. The sales for both is separately given. But due to the nature of business the assets / liabilities and expenses for these activities can not be bifurcated separately. Domestic Sales consist sales made in different parts of India. Export Sales consist exports made to Germany, Switzerland, USA, U.K., Netherland,, Dubai and other countries of European Union (EU). The Export sales and Domestic sales are as under:

Particulars	2012-13 (Rs.)	2011-12 (Rs.)
Sales -Export	223,370,497	283,837,472
Sales-Domestic	741,464,387	700,372,055
<b>Total</b>	<b>964,834,884</b>	<b>984,209,527</b>

## 2.10 Investments

Particulars	2012-13	2011-12
Investment in shares , etc.	Nil	Nil

## 2.11 Deferred Tax Liability

As per requirements of the Accounting standard -22, the company has created deferred tax liability for the year of Rs.2,770,200/- (previous year 87,700/- ) which consists of the following:

PARTICULARS	At the beginning of the Year	Charged during the year	At the close of year
Timing Difference on account of			
-Depreciation	17,478,438	2,770,200	20,248,638
-Others	0	-80	-80
<b>-Net Deferred Tax Liability</b>	<b>17,478,438</b>	<b>2,770,120</b>	<b>20,248,558</b>

## 2.12 Micro, Small and Medium Industries:-

In accordance with the Notification No.GSR 719 (E) dated 16.11.2007 issued by the Ministry of Corporate Affairs ,certain disclosers are required to be made relating to Micro ,Small and Medium Enterprises as defined under the Micro ,Small and Medium Development Act, 2006. The Company is in the process of compiling relevant information from its suppliers about their coverage under the said Act. Since the relevant information is not readily available, no disclosures have been made in these Financial Statement. However, in the considered view of the management and as relied upon by the auditors, impact of interest, if any that may be payable in accordance with the provisions of this Act is not expected to be material.

## 2.13 Related Party Disclosure

Detail of disclosures as required by Accounting Standard (AS-18) on "Related Party Disclosures" issued by the Institute of Chartered Accountants of India are as under: -

Particulars	Key Management Personnel	Enterprises over which KMP is able to exercise Significant influence	Total (Amt. in Rs.)
(1)	(2)	(3)	(4)
Purchase of Goods/Job work	0	63,736,667	63,736,667
Sale of Goods / Job Work	0 Bhandari Knit Exports ,	33,273,770	33,273,770
	0 Miracle Clothing Company(Pur)	8,880,005	8,880,005
	Miracle Clothing Company (Sale)	19,575,284	19,575,284
Managerial Remuneration	1,290,000	0	1,290,000

Note :-

1. Associates : Bhandari Knit Exports (BKE)  
: Miracle Clothing Company (MCC)
2. Key Management Personnel : Sh. Nitin Bhandari



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: Sh. Naresh Bhandari  
 : Mrs. Kusum Bhandari  
 : M/s Bhandari Knit Exports  
 : M/s Miracle Clothing Company

3. Enterprises over which KMP is able to exercise Significant influence

## 2.14 Leases

There are no rental/ lease agreements entered into by the Company requiring disclosure under AS-19.

## 2.15 Additional Information

<b>a) Value of Imports Calculated on C.I.F. Basis</b>	<b>2013 (Rs.)</b>	<b>2012 (Rs.)</b>
(i) Stores, Spares, Needles, Labels, Packing Material, Leather goods etc.	<b>6,744,084</b>	5,435,443
<b>b) Expenditure in Foreign Currency</b>		
(a) Travelling and Conveyance	<b>2,102,384</b>	2,434,292
(b) Quality claim, rebate & discount etc.	<b>1,771,151</b>	939,983
<b>c) Foreign Exchange Earnings</b>		
(a) FOB Value of Exports	<b>208,546,880</b>	257,590,221

## d) The Value of Consumption of Raw Materials and Stores

Particulars	Year ended 31st March	Raw Material	% age	Stores	% age
<b>a) Imported</b>	<b>2013</b>	<b>NIL</b>	<b>NIL</b>	<b>6,744,084</b>	<b>28.71</b>
<b>b) Indigenous</b>	<b>2013</b>	<b>706,400,407</b>	<b>100</b>	<b>16,742,706</b>	<b>71.29</b>
a) Imported	2012	NIL	NIL	5,435,443	22.32
b) Indigenous	2012	678,246,075	100	18,916,374	77.68

2.16 Previous year's figures have been recast/ regrouped wherever necessary to make them comparable with the current year's figures.

2.17 Note 1 to 26 form an integral part of the financial statement

For Vipin Kumar Aggarwal & Co.

FRN : 07245N

Chartered Accountants

Sd/-  
(Vipin Kumar Aggarwal)

Sd/-  
(Surinder Kumar)  
Chief Financial Officer

Sd/-  
(Gurinder Makkar)  
Company Secretary

Sd/-  
(R.C.Singal)  
Director

Sd/-  
(NitinBhandari)  
Chairman & Mg.  
Director

DIN :00739667

DIN : 01385065

Proprietor  
Membership N. 081198

Place : Ludhiana  
Date : 29.05.2013





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## NOTE 3- SHARE CAPITAL

PARTICULARS	AS AT 31.03.2013 (Rs.)	AS AT 31.03.2012 (Rs.)
<b>SHARE CAPITAL</b>		
<b>a) Authorised Capital</b> 2,50,00,000 equity shares of Rs. 10/- each (Previous Year 25000000 equity shares of Rs. 10/- each)	<b>250,000,000</b>	250,000,000
<b>b) Issued Share Capital</b> 14,652,695 equity shares of Rs. 10/- each (fully paid up) (Previous Year 10,065,195 equity shares of Rs. 10/- each fully paid up)	<b>146,526,950</b>	100,651,950
<b>c) Subscribed &amp; Paid up Capital</b> 14,652,695 equity shares of Rs 10/-each(fully paid up) including 4,587,500 equity shares issued under preferential allotment. (Previous Year 10065195 Equity shares of Rs 10/-each fully paid up)	<b>146,526,950</b>	100,651,950

### c) Reconciliation of shares outstanding at the beginning and at the end of the reporting periods

Particulars	Year Ended March 31, 2013	Year Ended March 31, 2012
	No. of Shares	Amount (Rs.)
At the beginning of the period	10,065,195	100,651,950
Add: Shares Issued during the year	4,587,500	45,875,000
Less: Shares bought back during the year	NIL	NIL
Add: Other movements during the year	NIL	NIL
Outstanding at the end of the period	14,652,695	146,526,950

### d) Shares held by each share holder holding more than 5% share in the company

Name of Shareholder	31.03.2013	31.03.2012
	No of Share % of Holding	No of Share % of Holding
1. NITIN BHANDARI	2,767,830 18.89	3,095,971 30.76
2. NITIKA BHANDARI	976,081 6.66	1,756,588 17.45

### e) Aggregate number of shares issued for consideration other than cash, bonus shares issued and shares bought back during the period of 5 years immediately preceding the reporting date.

Particulars	Year (Aggregate No. of Shares)
	2012-13 2011-12 2010-11 2009-10 2008-09 2007-08
<b>EQUITY SHARES:</b>	
Opening Balance as a beginning of year	10,065,195 10,065,195 7,455,700 7,455,700 7,455,700 5,955,700
Fully paid up pursuant to contract(s) without payment being received in cash	NIL NIL NIL NIL NIL NIL
Fully paid up by way of bonus shares	NIL NIL 2,609,495 NIL NIL NIL
Shares bought back	NIL NIL NIL NIL NIL NIL
Rights issue/FPO/Preferential issue/ Conversion of Warrants/ any other	4,587,500 NIL NIL NIL NIL 1,500,000
<b>TOTAL/BAL. AT CLOSE OF YEAR</b>	<b>14,652,695 10,065,195 10,065,195 7,455,700 7,455,700 7,455,700</b>
<b>PREFERENCE SHARES**:</b>	NIL NIL NIL NIL NIL NIL
Fully paid up pursuant to contract(s) without payment being received in cash	NIL NIL NIL NIL NIL NIL
Fully paid up by way of bonus shares	NIL NIL NIL NIL NIL NIL
Shares bought back	NIL NIL NIL NIL NIL NIL
<b>TOTAL/BAL. AT CLOSE OF YEAR</b>	<b>NIL NIL NIL NIL NIL NIL</b>

\* 1,500,000 Equity shares were issued on 14.03.2008 on account of conversion of Preferential Warrants into Equity Shares, in the year 2007-08. So as at March 31,2008, the Share Capital of the Company consisted of 7,455,700 fully paid equity share of Rs. 10/- each.

\*\* The company's Share Capital consists of Fully Paid Equity Share only and there are no Preference Shares or other type of capital.

\*\*\* 45,87,500 Equity shares were issued as fully paid up shares of Rs. 10/- each at a price of Rs. 44/- per equity share pursuant to Preferential allotment to persons of public , during the year 2012-13.

\*\*\*\* There are no outstanding warrants/securities convertible into equity shares as at 31<sup>st</sup> March 2013



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## f) Terms/rights attached to equity shares.

The company has only one class of equity shares having face value of Rs. 10/- per share. Each holder of equity share is entitled to one vote per share. The company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive the realized value of the assets of the Company, remaining after payment of all preferential dues. The distribution will be in proportion to the number of equity shares held by the shareholders.

## g) Shares held by holding/ ultimate holding company/ or their subsidiaries/ associates—NIL/N.A.

## NOTE-4 RESERVE & SURPLUS

PARTICULARS		AS AT 31.03.2013 (Rs.)		AS AT 31.03.2012 (Rs.)
<b>a) Share Premium Reserves</b>				
Opening Balance	-		-	
Addition during the Year (Preferential allotment of 4587500 shares at Premium of Rs 34/- per Share)				
Less Utilized for issue of Bonus Shares	-	155,975,000-		-
<b>b) General Reserves</b>				
Opening Balance	28,805,050			
Less Utilized for issue of Bonus Shares	-	28,805,050	28805.050	28,805,050
<b>c) Surplus in Statement of Profit &amp; Loss</b>				
Opening Balance of Profits	114,815,079		84,217,731	
Add : Profit for the year	28,777,300	143,592,379	30,597,348	114,815,079
<b>Total of Reserves &amp; Surplus (a+b+c)</b>		<b>328,372,429</b>		<b>143,620,129</b>

## NOTE-5 LONG TERM AND SHORT TERM BORROWINGS

### LONG TERM BORROWINGS

#### SECURED LOANS:

PARTICULARS		AS AT 31.03.2013 (Rs.)		AS AT 31.03.2012 (Rs.)
<b>Term Loans</b>				
a. S.B.I. Term Loan A/C No-30307794275		-		3,375,236
b. S.B.I. Term Loan A/C No. 31416133417		2,172,312		3,989,849
c. S.B.I. Corporate Loan A/C		-		2,569,887
Total (a)		2,172,312		9,934,972
<b>Terms of Payments of Term Loans</b>				
		2012-13	2013-14	2014-15
S.B.I. Term Loan A/c No. 31416133417	Rs. In Lacs		18.00	3.72

S.B.I. Term Loan A/C No. 31416133417 at point b) above is repayable in 60 monthly installments of Rs. 1.5 Lacs Per month. . Rate of interest is 12.25% p.a. There is no default in repayment of loan and interest thereon.

### Security given to Bank

For term loans (a,b,c of note 5) the first charge on the fixed assets is given to the lending bank. Second charge on the current assets has been given to lending bank .



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All the credit facilities are guaranteed by personal guarantee of the Managing Director. Term loans at s no. a,b,c are also collaterally secured by Equitable mortgage of the land & Building of M/s Bhandari Knit Exports.

PARTICULARS	31.03.2013 (Rs.)		31.03.2012 (Rs.)
<b>Financial lease Hire Charges obligations</b>			
d. Kotak Mahindra Bank Ltd. Car Loan A/C	516,386		2,939,906 223,350
e. ICICI Bank Car Loan	78,330		437,828
f. HDFC Bank Vehicle Loan	238,868		
g. Kotak Mahindra Bank Ltd.	5,007,520		
h. Tata Capital Financial Services Ltd	2,745,950		
i. Magma Fin-corp. Ltd	2,488,960		
Total (b)	11,076,014		3,601,084

Car loans are secured by way of hypothecation of respective car to the respective banks. & personal guarantee of the Managing Director

## SHORT TERM BORROWING

PARTICULARS	31.03.2013 (Rs.)		31.03.2012 (Rs.)
Working Capital Limits.			
j. S.B.I E.P.C & SLC	63,998,482		80,773,857
k. S.B.I. CC 30729399785	148,974,814		104,934,416
l. LC Payable	7,047,000		8,883,000
Total (c)	220,020,296		194,591,273
GRAND TOTAL (a+b+c)	233,268,622		208,127,329

## Security provided to the banks, Financial institutions

Working capital limits (j, k, l of note-5) are secured by first charge on all stocks consisting of Raw material, Work in process, finished goods, stores & spares, goods with fabricators, goods in transit, stock lying on docks, book debts and all other current assets of the company both present & future. Extension of charge on the entire fixed assets of the company also given to the lending bank.. All the credit facilities are guaranteed by personal guarantee of the Managing Director. Working limits (j, k, l ) are also collaterally secured by Equitable mortgage of land & Building of M/s Bhandari Knit Exports.

-EPC is repayable on demand. Rate of interest payable is 11.50% p.a. There is no default in repayments of the amounts and interest thereon.

- C/C is repayable on demand. Rate of interest payable is 14.75% p.a. There is no default in repayments of the amounts and interest thereon

## NOTE-6 DEFERRED TAX LIABILITY

PARTICULARS	31.03.2013 (Rs.)		31.03.2012 (Rs.)
Deferred Tax Liability ( See note 2.10 also)			
Opening Balance	17,478,438		17,390,738
Add:-Provision for the year	2,770,120		87,700
	20,248,558		17,478,438

## NOTE 7- TRADE PAYABLES

PARTICULARS	31.03.2013 (Rs.)		31.03.2012 (Rs.)
Trade Payables	101,424,957		72,268,009
	101,424,957		72,268,009



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## NOTE-8- OTHER LAIBILITIES

PARTICULARS	31.03.2013 (Rs.)	31.03.2012 (Rs.)
Unpaid dividend ( See Note 13 also)	222,488	224,377
Statutory dues	426,157	536,231
Other payables	3,456,865	2,588,882
Advances from customers	759,216	-
<b>Total</b>	<b>4,864,726</b>	<b>3,349,490</b>

## NOTE 9- PROVISIONS

PARTICULARS	31.03.2013 (Rs.)	31.03.2012 (Rs.)
Provision for Gratuity	1,153,014	710,305
Provision of Income Tax	11,779,004	14,622,812
	<b>12,932,018</b>	<b>15,333,117</b>

## NOTE-10-FIXED ASSETS FOR THE YEAR ENDED 31.03.2013 (Amount in Rs.)

NATURE OF ASSETS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	AS AT	ADDITIONS	SALE/DEL	AS AT	AS AT	WRITTEN	FOR THE	UP TO	AS AT	AS AT
	01.04.2012	THE YEAR	ETION	31.03.2013	01.04.2012	BACK	YR.	31.03.2013	31.03.2013	31.03.2012
<b>(I) TANGIBLE ASSETS</b>										
FREE HOLD LAND	3,732,500	-	-	3,732,500	-	-	-	-	3,732,500	3,732,500
BUILDING SITE & DEVELOPMENT	34,950,296	122,634,911	-	157,585,207	10,814,342	-	4,261,346	15,075,688	142,509,519	24,135,954
TEMPORARY FITTING	916,131	-	-	916,131	510,102	-	27,759	537,861	378,270	406,029
PLANT & MACHINERY	91,971,208	1,244,066	265,500	92,949,774	38,635,673	65,682	4,374,094	42,944,085	50,005,689	53,335,535
FURNITURE & FIXTURE	6,053,439	293,389	-	6,346,828	2,641,287	-	369,982	3,011,269	3,335,559	3,412,152
OFFICE EQUIPMENT	2,150,013	65,050	-	2,215,063	751,557	-	102,981	854,538	1,360,525	1,398,456
ELECTRIC FITTING & EQUIPMENT	15,682,771	229,613	-	15,912,384	6,661,814	-	600,992	7,262,806	8,649,578	9,020,957
CAR	10,233,175	-	-	10,233,175	5,573,708	-	946,929	6,520,637	3,712,538	4,659,467
VEHICLES	1,154,945	-	-	1,154,945	387,294	-	98,346	485,640	669,305	767,651
<b>TOTAL</b>	<b>166,844,478</b>	<b>124,467,029</b>	<b>265,500</b>	<b>291,046,007</b>	<b>65,975,777</b>	<b>65,682</b>	<b>10,782,429</b>	<b>76,692,524</b>	<b>214,353,483</b>	<b>100,868,701</b>
<b>(II) Intangible assets</b>	<b>220,958</b>	<b>-</b>	<b>-</b>	<b>220,958</b>	<b>33,237</b>	<b>-</b>	<b>10,496</b>	<b>43,733</b>	<b>177,225</b>	<b>187,721</b>
<b>(III) Capital Work in Progress</b>	<b>2,634,911</b>	<b>122,970,000</b>	<b>2,634,911</b>	<b>122,970,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>122,970,000</b>	<b>2,634,911</b>
<b>TOTAL</b>	<b>169,700,347</b>	<b>247,437,029</b>	<b>2,900,411</b>	<b>414,236,965</b>	<b>66,009,014</b>	<b>65,682</b>	<b>10,792,925</b>	<b>76,736,257</b>	<b>337,500,707</b>	<b>103,691,332</b>
PREVIOUS YEAR	175,198,487	3,208,259	8,706,400	169,700,346	64,412,614	6,416,421	8,012,821	66,009,014	103,691,332	110,785,873

## NOTE-11-INVENTORIES

PARTICULARS	AS AT 31.03.2013 (RS.)	AS AT 31.03.2012 (RS.)
(Valued at Cost or net realisable value, whichever is lower as certified by the Management of the Company)		
-Stores and Spares( At cost )	3,635,375	5,728,125
-Raw Materials ( At cost )	33,809,630	35,512,300
-Finished Goods & wastage ( At cost or net realizable value whichever is lower)	165,740,835	102,527,964
- Work-in-Progress( At estimated cost)	141,492,190	194,227,856
	<b>344,678,030</b>	<b>337,996,245</b>

### Inventories: Method of Valuation

Store and spares and raw material are valued at cost

Semi Finished Goods are Valued at cost of materials and labour together with relevant factory overheads or net realizable value, whichever, is less.

Finished Goods are Valued at cost or net realizable value, whichever, is less. Cost includes materials, direct labour and allocable overheads.



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## NOTE-12-TRADE RECEIVABLES

PARTICULARS	31.03.2013 (Rs.)		31.03.2012 (Rs.)
<b>a) Debts Outstanding for a period exceeding six month from the date they are due for payment.</b>			
(Unsecured, Considered Goods unless otherwise stated)			
Domestic	12,616,853		9,601,198
Foreign	2,351,658		287,132
Total	14,968,511		9,888,330
<b>b) Others</b>			
Domestic	72,523,260		44,230,755
Foreign	49,912,565		44,163,412
	122,435,825		88,394,167
Less Negotiated from bank	35,676,919		22,978,418
	101,727,417		75,304,079

## NOTE-13-CASH & BANK BALANCES

PARTICULARS	31.03.2013 (Rs.)		31.03.2012 (Rs.)
Cash in hand	361,507		1,707,005
Cheques deposited but not clear	146,978		500,000
Balance with scheduled banks	958,437		2,705,991
Bank Deposit with original Maturity of More than 3 months and up to 12 months.	2,303,686		1,354,120
Dividend account (Unpaid Dividend Account)	224,377		224,377
	3,994,985		6,491,493

## NOTE-14-LOANS & ADVANCES

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
( Unsecured, Considered Good unless otherwise stated )			
a) Advances recoverable in cash or kind or value to be received	4,406,115		6,811,511
Less:-Provision for unrecoverable Receivables	-		-
	4,406,115		6,811,511
b) Securities and Deposits	1,722,850		10,025,470
TOTAL	6,128,965		16,836,981

## NOTE-15-OTHER THAN CURRENT ASSETS

PARTICULARS	AS AT 31.03.2013 (Rs.)		AS AT 31.03.2012 (Rs.)
<b>OTHER CURRENT ASSETS</b>			
VAT Refund Receivable	8,161,047		6,840,323
Investments Proceeds Realisable	630,000		630,000
Export incentive Receivables	6,124,389		3,623,546
Advance Income Tax for the A.Y. 2013-14	11,962,637		5,167,598
Income Tax under appeal A.Y 2004-05	833,829		833,829
Income Tax under appeal A.Y 2008-09	200,000		200,000
Advances to suppliers for Capital Goods	535,000		3,213,036
Advances to suppliers for Raw Materials	25,161,254		-
	53,608,156		20,508,332





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## NOTE-16- REVENUE FROM OPERATIONS

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
<b>Turnover</b>			
Sales -Export	223,370,497		283,837,472
Sales-Domestic	741,464,387		700,372,055
	964,834,884		984,209,527

## NOTE-17- OTHER INCOME

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
<b>Other Income</b>			
Misc. Income	412,342		279,004
Profit on Sale of Assets	1,132		-
Sundry Balance Written Back	6,372		29,035
	419,846		308,039

## NOTE-18-COST OF RAW MATERIALS CONSUMED

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
<b>Material Consumed</b>			
Opening stock of Raw materials	35,512,300		29,770,577
Purchase of raw materials	150,752,250		148,167,323
	186,264,550		177,937,900
Less: Closing stock of raw materials	33,809,630		35,512,300
Material Consumed	152,454,920		142,425,600
Add: Purchase of finished and semi-finished goods	553,945,487		535,820,475
	706,400,407		678,246,075

## NOTE-19- CHANGES IN INVENTORIES OF FINISHED GOODS, WORK IN PROGRESS AND STOCK IN TRADE

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS)
<b>Increase in Stock</b>			
Closing stock of WIP	141,492,190		194,227,856
Closing stock of finished goods	165,740,835		102,527,964
	307,233,025		296,755,820
<b>Less:</b>			
Opening stock of Work-in-Process	194,227,856		256,647,699
Opening Stock of Finished Goods	102,527,964		35,760,295
	296,755,820		292,407,994
<b>Increase in stock</b>	10,477,205		4,347,826



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## NOTE 20-MANUFACTURING EXPENSES

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
<b><u>MANUFACTURING EXPENSES</u></b>			
Consumables	23,486,790		24,430,247
Dyeing & Finishing	43,391,766		54,832,326
Wages	23,658,829		27,142,071
Knitting Charges	16,090,796		19,177,301
Power & Fuel	7,946,529		19,060,943
	<b>114,574,710</b>		<b>144,642,888</b>

## NOTE 21- EMPLOYEES BENEFITS EXPENSES

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
<b><u>PERSONNEL EXPENSES</u></b>			
Director's Remuneration	1,290,000		1,290,000
Salary	18,544,968		16,058,886
Contr. to PF, ESI etc.	1,559,741		1,502,264
Worker's Welfare, Bonus, LWW, L.T.C. etc.	886,335		1,843,828
	<b>22,281,044</b>		<b>20,694,978</b>

### Retirement Benefits:

- |                              |  |
|------------------------------|--|
| a) Short Term Benefits       | Short Term employee benefit are charged off at the undiscounted amount in the year in which the related service is rendered.   |
| b) Long Term Post retirement | Post retirement benefit comprise of provident fund and gratuity which are accounted for as follows.  |
| i) Provident Fund            | This is defined contribution plan and contribution made to the fund are charged to revenue. The company has no further obligation for the future provident fund benefits other than monthly contribution.  |
| ii) Gratuity Fund            | This is defined contribution plan. The liability of the company is determined based on the actuarial valuation using projected unit credit method. Actuarial gain and losses are recognised in full to the Statement of profit & loss for the period in which they occur. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the benefit obligation as per Actuarial Valuation. |
| iii) Leave with Wages        | Provision for the leave with wages is made on the basis of leave accrued to the employees.   |



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## NOTE-22 OFFICE ADMINISTRATIVE EXPENSES

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
<u>office administrative expenses</u>			
Repair & Maintenance			
- Building	320,366		590,794
- Electric	394,477		401,731
- General	465,226		522,407
- Machinery	1,656,600		2,362,910
- Vehicle	463,550		444,934
Telephone & Telex	620,684		580,005
Printing & Stationery	903,345		632,901
Insurance Charges	581,844		395,574
<u>Traveling &amp; Conveyance</u>			
- Directors (Foreign)	702,283		496,776
- Directors (Domestic)	63,048		302,146
-Others	4,756,289		4,058,003
Charity and Donation	6,750		15,700
Vehicle Running Expenses	381,814		412,531
Security Charges	-		66,621
Legal & Professional	682,185		515,189
Fee & Taxes	122,748		379,934
Misc. Expenses	981,561		965,923
Loss on Sale of Assets	-		866,329
Rent Paid for showrooms	952,000		572,742
Rent Paid for Factory & Office Building	-		2,184,200
	14,054,770		16,767,350

## NOTE-23 AUDITORS REMUNERATION

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
<u>Auditors Remuneration</u>			
Audit Fee	90,124		39,000
Tax Audit	11,000		11,000
	101,124		50,000



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## NOTE-24 FINANCE COSTS

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
<b>FINANCIAL EXPENSES</b>			
Bank Charges & Commission	1,330,507		4,944,667
Loss of Forward contract booking	599,179		6,059,611
Bank Interest	27,083,070		26,656,333
	<b>29,012,756</b>		<b>37,660,611</b>

## NOTE-25 SELLING & DISTRIBUTION EXPENSES

PARTICULARS	AS AT 31.03.2013 (RS.)		AS AT 31.03.2012 (RS.)
<b>SELLING &amp; DISTRIBUTION EXPENSES</b>			
Commission	2,730,516		1,839,110
Export Expenses	902,431		416,879
Packing Expenses	4,817,765		5,259,669
Courier Expenses	2,137,880		1,780,393
Rebate & Discount ( Sales)	13,851,991		16,159,642
Rebate & Discount ( Quality Claim )	1,771,151		931,138
Sale Promotion & Exhibition	1,455,548		1,341,475
Shipping & Freight	7,505,690		9,717,104
	<b>35,172,972</b>		<b>37,445,410</b>

## NOTE 26 - EARNING PER SHARE (EPS)

SR.	PARTICULARS	F.Y. ENDED 31 <sup>ST</sup> MARCH, 2013	F.Y. ENDED 31 <sup>ST</sup> MARCH, 2012
A	Net profit as per Statement of Profit and Loss	28,777,300	30,597,348
B	Net profit available to Equity Share holders	28,777,300	30,597,348
C	No. of equity shares at year end	14,652,695	10,065,195
D	Weighted average number of Equity shares used as denominator for calculating EPS *	13081634	10,065,195
E	Basic and Diluted Earning per Share (Rs.)	2.20	3.04
F	Face value per Equity Share	Rs. 10/-	Rs. 10/-

\* 4,587,500 Fully Paid Equity shares of face value of Rs. 10/- each were issued and allotted on 04.08.2012 by way of Preferential issue to non promoters/ Specified Persons of Public. The Basic and Diluted EPs has been calculated in accordance with Accounting Standard AS-20 accordingly in view of above Preferential issue during financial year 2012-13.

For Vipin Kumar Aggarwal & Co.

FRN : 07245N

Chartered Accountants

Sd/-  
(Vipin Kumar Aggarwal )

Sd/-  
(Surinder Kumar)  
Chief Financial Officer

Sd/-  
(Gurinder Makkar)  
Company Secretary

Sd/-  
(R.C.Singal)  
Director  
DIN :00739667

Sd/-  
(NitinBhandari)  
Chairman & Mg.  
Director  
DIN : 01385065

Proprietor  
Membership N. 081198

Place : Ludhiana  
Date : 29.05.2013



# Bhandari Hosiery Exports Limited

(A W.R.A.P., BSCI and C-TPAT Certified Company)

CASH FLOW STATEMENT FOR THE YEAR 2012-13		(Rs. In Lacs)
<b>A) CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>CURRENT YEAR</b>	<b>PREVIOUS YEAR</b>
Net Profit before Tax and Extraordinary items	433.41	453.45
Adjustment For :		
Depreciation after written back	107.27	15.96
Interest Received	-4.20	-3.08
Interest and Financial Expenses	290.13	376.61
Adjustment against Reserves and Surplus	0.00	0.00
Operating Profit before Working Capital Changes	826.61	842.94
<b>Adjustment For :</b>		
Trade and other receivables	-488.15	-457.15
Increase decrease in inventories	-66.82	-74.59
Increase decrease in Trade Payables	282.71	-445.44
Cash Generated from Operations	554.36	-134.24
Less Interest Paid	290.13	376.61
Less Direct Tax Paid	117.94	146.60
Cash flow before extraordinary items	146.29	-657.44
Extraordinary items	0.00	0.00
<b>Net Cash from Operating Activities</b>	<b>146.29</b>	<b>-657.44</b>
<b>B) CASH FROM INVESTING ACTIVITIES</b>		
Issue of fresh capital	458.75	0.00
Share premium on fresh capital	1559.75	0.00
Purchase of fixed assets	-2474.37	-32.08
Sale of fixed Assets	29.00	87.06
Interest received	4.20	3.08
Realisation from Investments	0.00	0.00
<b>Net Cash from Investing Activities</b>	<b>-422.67</b>	<b>58.06</b>
<b>C) CASH FROM FINANCING ACTIVITIES</b>		
Increase in Bank Borrowing	251.41	234.37
Repayment of Short Term Borrowings	0.00	0.00
Repayment of Unsecured Loan if any	0.00	0.00
<b>Net Cash from Financing Activities</b>	<b>251.41</b>	<b>234.37</b>
<b>D ) Net Increase or decrease in Cash and Cash equivalents ( A+B+C)</b>	<b>-24.96</b>	<b>-365.01</b>
Cash & Cash equivalents ( Opening Balance )	64.91	429.92
Cash and Cash equivalents (Closing Balance)	39.95	64.91

By Order of the Board  
for **BHANDARI HOSIERY EXPORTS LIMITED**

Sd/-

**(NITIN BHANDARI)**

Chairman & Managing Director

PLACE : LUDHIANA

DATED : 29.05.2013

## AUDITORS' CERTIFICATE

We have examined the attached Cash Flow Statement of **Bhandari Hosiery Exports Limited** for the year ended 31st March, 2013. The statement has been prepared by the Company in accordance with the requirements of Clause 32 of the Listing Agreement of the Bombay Stock Exchange Limited and is based on and is in agreement with the corresponding Statement of Profit & Loss and the Balance Sheet of the Company Covered by our report of even date of the Members of the Company.

For **Vipan Kumar Aggarwal & Co.**  
(Chartered Accountants)

Sd/-

**(Vipan Aggarwal)**

Proprietor

(Membership No. 081198)

Place : Ludhiana

Dated : 29.05.2013





**Bhandari Hosiery Exports Limited**  
(A W.R.A.P., BSCI and C-TPAT Certified Company)

**BHANDARI HOSIERY EXPORTS LIMITED**

Regd. Office : Bhandari House, Village Meharban, Rahon Road, Ludhiana-141 007 (Punjab)

**PROXY FORM**

I/We .....  
of .....  
being a Member/Members of **BHANDARI HOSIERY EXPORTS LIMITED** hereby appoint .....  
..... of .....  
or failing him/her ..... of .....  
as my/our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 20<sup>TH</sup> Annual General Meeting of the Company to be held on Friday, the 27<sup>th</sup> day of September, 2013 at 9.00 A.M. at the Registered Office of the Company or at any adjournment thereof.

**for OFFICE USE ONLY**

Proxy No. : .....

Folio No. : .....

\* DP ID .....

\* Client ID .....

No. of Shares : .....

Signature

Affix  
Re. 1/-  
Revenue  
Stamp

**Notes :**

- (a) The form should be signed across the revenue stamp as per specimen signature.
- (b) The Proxy form duly completed must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the aforesaid meeting.
- \* Applicable for investors holding shares in electronic form.

**BHANDARI HOSIERY EXPORTS LIMITED**

**Regd. Office :** Bhandari House, Village Meharban, Rahon Road, Ludhiana-141 007.

**ATTENDANCE SLIP**

(ATTENDANCE SLIP to be filled in and handed over at the entrance of the meeting hall)

Full Name of the attending member .....

Regd. Folio No. ....

\* DP ID ..... \* Client ID .....

No. of Shares held .....

Full Name of Proxy (In BLOCK LETTERS) .....  
(If attended by Proxy)

SIGNATURE OF THE MEMBER (S) OR PROXY/PROXIES PRESENT .....

I hereby record my presence at the **TWENTIETH ANNUAL GENERAL MEETING** held on Friday, the 27<sup>th</sup> Day of September, 2013 at 9.00 A.M. at the Registered Office of the Company

\* Applicable for investors holding shares in electronic form.



# **Bhandari Hosiery Exports Limited**

(A W.R.A.P., BSCI and C-TPAT Certified Company)

## **INNER AND OUTER VIEWS OF “BHANDARI HOSIERY” SHOWROOMS/RETAIL OUTLETS**







**Bhandari Hosiery Exports Limited**  
(A W.R.A.P., BSCI and C-TPAT Certified Company)

**INNER AND OUTER VIEWS OF "BHANDARI HOSIERY" SHOWROOMS/RETAIL OUTLETS**





**FORM A**  
**FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH THE**  
**STOCK EXCHANGE**

1. Name of the company BHANDARI HOSIERY EXPORTS LIMTIED.  
2. Annual financial statements for the year ended 31<sup>ST</sup> MARCH, 2013  
3. Type of Audit observation UNQUALIFIED  
4. Frequency of observation NOT APPLICABLE  
5. To be signed by-

1. CEO/Managing Director *Nitin Bhandari* (MR. NITIN BHANDARI, MG. DIRECTOR)

2. CFO *Surinder Kumar* (SHRI SURINDER KUMAR, CFO)

3. Auditor of the company *Vipin Kumar Aggarwal* (VIPAN KUMAR AGGARWAL & CO. )  


*Ashish Thapar*  
4. Audit Committee Chairman (SHRI ASHISH THAPAR)