

SPL INDUSTRIES LTD.

21ST ANNUAL
REPORT
2011-12



SPL INDUSTRIES LTD.

Corporate Profile

Board of Directors

1. Mr. H. R. Gupta - Chairman
2. Mr. Mukesh Aggarwal - Managing Director
3. Mr. Vijay Jindal - Director
4. Mr. Anil Garg - Director

CFO

Mr. Ajay Bansal

Compliance Officer

Mr. B. B. Sharma

Bankers

State Bank Of India

Statutory Auditors

M/S Singhi Chugh & Kumar, Chartered Accountants

Share Transfer Agent

Karvy Computershares Pvt. Ltd.

Registered Office

C-2/54, 5th Floor, Rajasthali Appartment,
Pitampura, New Delhi-110034.
Tel : 011-27026840

Corporate Office

Plot No.21, Sector-6,
Faridabad (Haryana)
Pin Code -121006.

Website

www.spillimited.com

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NOTICE

The 21st Annual General Meeting of the members of **SPL INDUSTRIES LIMITED** will be held on Saturday, the 29th day of September, 2012 at 9.00 AM at **INDIA CORPORATE CENTRE, J-2/B-1, MOHAN COOPERATIVE, MATHURA ROAD, NEW DELHI-110044** to transact the following business-

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Profit and Loss Account for the year ended 31st March, 2012 and Balance Sheet as on that date and the Report of Directors and Auditors thereon.
2. To appoint a Director in place of MR. RAJESH GOYAL, who retires by rotation, and being eligible, offers him self for re-appointment.
3. To appoint a Director in place of MR. HARI RAM GUPTA, who retires by rotation, and being eligible, offers him self for re-appointment.
4. To appoint Statutory Auditors in place of the retiring Auditors of the Company, as Statutory Auditors of the Company to held office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at the remuneration to be decided by the Board of Directors.
5. To appointment cost auditor and to fix their remuneration.

**By order of the Board of Directors
For SPL INDUSTRIES LIMITED**

**Place : New Delhi
14th August, 2012**

**(MUKESH AGGARWAL)
Managing Director**

Notes

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED MUST REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME OF THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Wednesday, 19th day of September, 2012 to Saturday, the 29th day of September, 2012(both days inclusive).
3. The relevant Explanatory Statement pursuant to Clause 49 of the Listing Agreement read with Section 173(2) of the Companies Act, 1956 in respect of re-appointment of Directors and the Special Business set out above is mentioned below.
4. Members/Proxies are requested to bring their copy of Annual Report to the meeting and are requested not to bring any articles, briefcase, handbags, carry bags etc. as the same will not be allowed to be taken inside the venue. Further the company or any of its officials shall not be responsible for their articles, bags etc. being misplaced, stolen or damaged at the Meeting place.
5. NO GIFT(S) WILL BE DISTRIBUTED AT THE ENSUING 21ST ANNUAL GENERAL MEETING OF YOUR COMPANY.
6. Members are requested to notify immediately change of address, if any, to their Depository Participants (DPs) in respect of their electronic share accounts, and to the Company or its Share Transfer Agent in respect of their physical share folios.
7. Members who are holding shares in identical order or names in more than one folio are requested to sent to the company the details of such folios together with the Share Certificates for consolidating their holdings in one folio. The Share Certificates will be returned to the Members after making requisite changes thereon.
8. All documents referred to in the accompanying Notice are open for inspection at the Registered office of the company on all working days expect Saturday between 11.00 AM to 1.00PM up to the date of the Annual General Meeting

**By order of the Board of Directors
For SPL INDUSTRIES LIMITED**

**Place: New Delhi
14th August,2012**

**(MUKESH AGGARWAL)
Managing Director**

**DIRECTORS' REPORT****To the Members of SPL Industries Limited**

The Directors of your Company have pleasure in presenting the 21st Annual Report on the business and operations of the Company and the Audited Financial Accounts for the year ended 31st March, 2012.

Operations

The financial results of the company for the year ending 31st March, 2012 are given below:

	(Figures in Rupees)	
	2011-12	2010-11
Profit/(Loss) before tax and Extraordinary items	(392,438,163)	(682,198,528)
Extraordinary item	(16,087,731)	—
Profit Before tax	(408,525,894)	(682,198,528)
Tax Expenses :		
Current Tax	(60,231)	(77,130)
Earlier Years Tax	(14,183,000)	(42,220,847)
Deferred Tax	43,190,000	26,784,518
	28,946,769	(15,513,459)
Profit (Loss) for the period	(379,579,125)	(697,711,987)
Earning Per Equity Share		
Basic	(13)	(24)
Diluted	(13)	(24)

Dividend

In view of continuous losses and insufficient profits, the Board of Directors of your company has expressed its inability to recommend any dividend.

Fixed Deposits

During the year under review, your company has not accepted any fixed deposits from the general public.

Statutory Disclosures

The Statement of employees required under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 is not annexed as there are none of the Employees drawing salary exceeding the present limits as provided under the said Act. .

The Statement containing the necessary information as required under Section 217(1)(e) of the Companies Act, 1956 read with Rule 2 of Companies (Disclosures of Particulars in the Report of the Board of Directors) Rules 1988, relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are annexed hereto and forms an integral part of this report.

Pursuant to Clause 49 of the Listing Agreement, a report on Corporate Governance and Management Discussion and Analysis are annexed hereto and form an integral part of this report.

Director's Responsibility Statement

As required under Section 217(2AA) of the Companies Act, 1956 this is to confirm that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. Such accounting policies have been selected and applied consistently and made judgments/estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.
3. Proper and sufficient care have been taken with best of knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the said Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
4. The annual accounts have been prepared on going concern basis.

Auditors

M/S SINGHI CHUGH & KUMAR, Chartered Accountants, the statutory auditors of the company retires at the conclusion of this meeting and being eligible offer themselves for the re appointment. The audit committee and the Board of Directors recommended the re appointment of M/S SINGHI CHUGH & KUMAR, Chartered Accountants, as Statutory Auditors of the company for 2012-13.



Directors

During the year under review, there are four executive and four non executive directors on the board of the company and it has been decided in view of the continuous losses, no managerial remuneration will be paid to any executive director.

Although, the management of your company is making its all out efforts to revamp the financial position of the company to the track by adopting innovative business policies and techniques.

In order to ease out the financial burden of secured loans taken by the company from the banks, the management of the company has obtained the positive consent from its shareholders in the EGM held on 12th day of March,2012., pursuant to the provisions of Section 293(1)(a) of the Companies Act,1956 in order to dispose of its investment in shares of one or more of its subsidiary companies and to sale/lease or otherwise dispose of the whole or substantially the whole of the undertaking(s) of the company where the company owns more than one undertaking, of the whole, or substantially the whole, of any such undertaking. In view of the above consent, the management of the company has disposed off its entire investment in shares of one of its subsidiary company to a buyer at the best market price.

Further, in view of the above consent, the management of the company has approached to some prospective buyers for the outright disposal of some property in order to repay the banks.

Acknowledgement

Your Directors wish to place on record the overwhelming response received from the investors, financial institutions ,bankers, business associates, suppliers for the consistent support received from them during the year.

Your Directors wish to place on record their appreciation for the team spirit, dedication and commitment shown by the work force of the company during this year.

**By order of the Board of Directors
For SPL INDUSTRIES LIMITED**

**Place : New Delhi
14th August.2012**

**(MUKESH AGGARWAL)
Managing Director**

**ANNEXURE TO DIRECTORS' REPORT**

Information under Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988 and forming part of the Directors report for the year ended 31st March, 2012.

A. CONSERVATION OF ENERGY

(a) Energy conservation measures taken:

The Company has taken various measures and steps to conserve the energy viz:

- Optimization and economical use of various forms of energy.
- Compressors and Capacitors installed to improve power factors.
- Department wise monitoring of energy consumption.
- Installation of wind ventilators, resulting in saving of power cost etc.

(b) Additional Investments and proposals, if any being implemented for reduction in consumption of energy.

There is no such proposal as such for additional investment. The status of power and fuel consumption is given below in Form A

B. PARTICULARS WITH RESPECT TO TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT

The Company has independent R&D department for its different divisions which regularly provides suggestions for improvement so as to minimize the cost of production and improve the quality.

FOREIGN EXCHANGE EARNING AND OUTGO

Activities relating to exports, initiatives taken to increase export, development of new export markets for product services and export plans:

There have been concerted efforts to maintain export performance in Garments. The Company is also exploring markets for export of other varieties of its products. During the year under review, the details of the Foreign Exchange earnings and outgo are as under:

Amount in Rs.		
Particulars	2011-2012	2010-2011
Earnings in Foreign Currencies FOB value of Exports	17570883.98	1170326546.68
Expenditure in Foreign Currency	—	—

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**INTERNAL CONTROL SYSTEM**

1. The Company has in place proper and adequate internal control systems and procedures to ensure efficiency in decision making for optimal utilization and protection of resources and compliance with applicable statutory laws and regulations as also internal policies before the Audit Committee of the Board of Directors.
2. The Company's system and processes in all areas are regularly reviewed by internal Audit team and their reports are placed before the Audit Committee of the Board.
3. Management information reports are compiled every month for analysis and review of performance and to enable implementation of corrections wherever required. Quarterly reports are also discussed in the Audit Committee meetings.

HUMAN RESOURCES

In view of continuous losses in the operations, the management of the company is making efforts at all level to reduce the cost of operations keeping in view that the HR efforts were directed towards teamwork and increase in manpower productivity.

CORPORATE SOCIAL RESPONSIBILITY AND CONSERVATION OF RESOURCES

Company is conscious of its responsibility to the society at large and to its employees in each of its units. Adequate arrangements have been made for the safety in respect of air, water and noise pollution etc.

STATEMENT OF CAUTION

Representations and statements made under "Management Discussion and Analysis" is based on the projection and expectation on the basis of present market conditions. Actual results may materially differ due to several factors which could influence the company's business operations such as demand and supply conditions, prices of input, changes in Government levies and regulations, industrial relations and other economic developments in the country.



SPL INDUSTRIES LTD.

REPORT ON CORPORATE GOVERNANCE -2011-2012

Company philosophy on code of governance

SPL 's business objective and that of its management and employees is to manufacture and market the company products in such a way that can create wealth and values that can be sustained over the long term for the customer, shareholders, employees and business associates and the national economy.

Attendance of Directors at the Board Meetings & AGM and number of Companies in which the director is a member of the Board or its Committees as a member or chairperson thereof during the financial year.

Name of the Director & Designation	Category	Board Meetings Held	Board Meetings Attended	No. of Companies in which a Direct	No. of Committees in which a Member	No. of Board/ Committees in which a Chairperson
Committees in which a Chairperson						
Mr.H.R.Gupta	Chairman	19	19	01	01	na
Mr.Mukesh Aggarwall	Managing Director	19	19	na	01	na
Mr.Vijay Jindal	Executive Director	19	19	na	01	na
Mr.Anil Garg	Executive Director	19	19	na	na	na
Mr. Rajesh Goyal	Non Executive Director	19	04	Na	01	na
Mr. Arun Kumar	Non Executive Director	19	04	na	na	na
Mr.Vijender Goyal	Non Executive Director	19	04	na	01	01
Mr.Charnjit Singh Bhatia	Non Executive Director	19	04	02	02	na

Date and number of Board Meeting held

The Board meets nineteen times during the year on 02/05/2011, 16/05/2011, 30/05/2011, 06/06/2011,29/06/2011, 30/06/2011, 08/08/2011, 12/08/2011, 17/08/2011, 21/09/2011, 08/10/2011, 31/10/2011, 08/11/2011, 12/12/2011, 23/12/2011, 11/01/2012, 31/01/2012, 14/02/2012 and 15/02/2012.

Code of Conduct

The Code of conduct in line with the provisions of clause 49 of the Listing Agreement has been framed/ adopted by the Board and is applicable to all the members of the Board and Senior Management Executives. The Company Secretary is the Compliance Officer for the purpose of this code. The Code envisages that the Board Members and Senior Executives observes the highest standards of ethical conduct and integrity and work to the best of their ability and judgments

Audit Committee

During the year , the Audit Committee consists of Mr. Arun Kumar, Mr. Vijender Goyal , the non executive independent Directors and Mr.Mukesh Aggarwal, Managing Director of the Company . The Statutory Auditors, CFO and Internal auditors of the Company also attended such meetings.

Power, Role and Review of Information by the Audit Committee

The role and terms of reference of the Audit Committee covers the area mentioned under clause 49 of the Listing Agreement and section 292A of the Companies Act,1956 besides other terms as may be referred by the Board of Directors. These inter alia includes review of the company's financial report and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible. The main role of the audit committee is to review annual and quarterly financial statements with the management before submission to the Board and to insure the adequacy of internal control system with the management and to review the company' s financial risks/ management policies.

Date and number of Audit Committee Meeting's held

The Audit Committee meets four times during the year under report.

Attendance of Director

Name of Member	Designation	No. of Meeting held	No. of Meeting attended
Mr. Vijender Goyall Chairman	Independent Non Executive Director	04	04
Mr. Arun Kumar Member	Independent Non Executive Director	04	04
Mr. Mukesh Aggarwal Member	Executive Non Independent Director	04	04

Composition of the Board of Directors

The total number of Directors on Board of the Company as on 31st March,2012 is eight and has a optimum combination of four Executive Non independent Directors and four Non Executive independent Directors with considerable expertise and experience.

Subsidiary Companies

During the year the company has disposed off its entire investment in its subsidiary company M/S Elkay Strips Ltd.

**Disclosures****Basis of related party transactions**

No transaction of a material nature has been entered into by the Company with the Directors, Senior Management personnel and their relatives that may have a potential conflict with the interest of the company except as disclosed under the related party transactions as per Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants of India which are set out in the annual report.

Disclosure of Accounting Treatment

The financial statements are prepared under the historical cost conventions on accrual basis in accordance with generally accepted accounting policies and applicable accounting standards and the provisions of the Companies Act, 1956.

Remuneration of Directors

Keeping in view the losses, the management of the company has decided not to pay any managerial remuneration to its directors.

Management

Management Discussion & Analysis Report is annexed and form a part of the Directors Report.

Shareholders Grievance Committee

The Shareholder's Committee consists of Mr. Charn Jit Singh, Mr. H.R Gupta and Mr. Vijay Jindal. The said committee normally meets once in a period of three months under the chairmanship of Mr. H.R.Gupta, to oversee proper re-dressal of grievance of the shareholders/investor's matters of transfer/transmission of shares, sub division/consolidation and issue of new/duplicate certificates. In the normal course of business, all the complaints of the investors are looked after by the Registrar and Transfer Agent of the company.

Number of Complaints received, not solved & pending transfer

All complaints received and replied to the entire satisfaction of the shareholders during the year under review. There were no pending complaints as on 31st March, 2012. There is no share transfer or any other correspondence pending for more than fifteen days as on that date.

General Body Meetings

The last three annual General Meetings of the Company were held on 30.09.2011, 20.09.2010 and 29.09.2009 at ICC, J-2/B-1, Mohan Cooperative, Mathura Road, New Delhi-44.

Details of non compliance, penalties etc imposed by Stock Exchange, SEBI etc on any matter related to capital market during the last three years.

No such penalty or structure have been imposed on the company since listing of its securities on THE NATIONAL STOCK EXCHANGE OF INDIA LTD. And THE BOMBAY STOCK EXCHANGE LTD. Or the SECURITIES EXCHANGE BOARD OF INDIA (SEBI) or any other statutory authority on any matter related to the Capital Market during the last three years.

Means of Communication

- | | |
|--|---------------------------------------|
| (a) Quarterly Results | Through publication |
| (b) News papers wherein results normally published | The Business Standard/ Economics Time |
| | The Nav Bharat Times (Hindi) |

General Shareholder Information

AGM	21st Annual General Meeting will be held on 29th day of September, 2012 at 9.00 AM.
Venue	INDIA CORPORATE CENTRE J-2/B-1, EXTENSION, MOHAN COOPERATIVE, MATHURA ROAD, NEW DELHI-110044.

Date of Book Closure

Book closure is from 19th September, 2012 to 29th September, 2012 (both days inclusive)

Listing on Stock Exchange(s)

The National Stock Exchange of India Ltd. And Bombay Stock Exchange Ltd.,

ISIN CODE NO.	INE978G01016
SCRIPT NAME	SPLIL
SCRIPT CODE	532651
DATE OF ALLOTMENT	18.07.2005



SPL INDUSTRIES LTD.

Registrar and Transfer Agent:

KARVY COMPUTERSHARES PRIVATE LIMITED

KARVY HOUSE" 46, AVENUE 4, STREET NO.1.

BANJARA HILLS, HYDERABAD-500034

ANDHRA PRADESH (INDIA)

TEL NO. 91-40233102545,FAX NO.91-402331968

E-mail : mailmanager @ karvy.com

Website: www.karvy.com

Distribution of shareholding

S. no.	Category Amount	No. of shareholders	% of shareholders	No of Shares	% of shareholding
1	1 - 5000	7648	78.12	11972360	4.13
2	5001 - 10000	932	9.52	8031240	2.77
3	10001 - 20000	520	5.31	8207100	2.83
4	20001 - 30000	214	2.19	5437250	1.87
5	30001 - 40000	95	0.97	3433380	1.18
6	40001 - 50000	81	0.83	3844350	1.33
7	50001 - 100000	112	1.14	8154470	2.81
8	100001 & Above	188	1.92	240919890	83.08
	Total	9790	100.00	29000004	100.00

Consolidated Shareholding Pattern as on March 31st ,2012

Category	No. of Cases	Total Shares	% To Equity
CLEARING MEMBERS	1	50	0.00%
COMPANY PROMOTERS	53	19500004	67.24%
HUF	369	479183	1.65%
FOREIGN INSTITUTIONAL INVESTORS	1	5000	0.02%
BODIES CORPORATES	240	2280208	7.86%
RESIDENT INDIVIDUALS	9041	6559049	22.62%
TOTAL	9790	29000004	100.00%

SPL INDUSTRIES LIMITED (SCRIPT CODE : 532651)

The Price movement of the Script of the company during the year under review revolves around Rs.3.00 per shares.

Plant Locations

During the year under review dying and knitting activities were performed by the company and the locations of the plants of the Company are :

- 1 SPL INDUSTRIES LIMITED, PLOT NO.21/6,FARIDABAD.
- 2 SPL INDUSTRIES LIMITED, PLOT NO.22/6,FARIDABAD.
- 3 SPL INDUSTRIES LIMITED, PLOT NO.7/6,FARIDABAD.
4. SPL INDUSTRIES LIMITED, PLOT NO.39/6,FARIDABAD.

Address for Correspondence

Registered Office:

SPL INDUSTRIES LTD

C-2/54, 5TH FLOOR, RAJASTHALI APPARTMENTS,

PITAMPURA, DELHI-110034.

Corporate Office"

Plot No.21 Sector-6

Faridabad (Haryana)

Declaration

As provided under clause 49 of the Listing Agreement with the Stock Exchanges, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct and Ethics for the period ended March 31,2012.



Place: New Delhi
Dated: 14.08.2012

For SPL INDUSTRIES LIMITED
COMPANY SECRETARY

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To The Members of **SPL Industries Limited**

We have examined the compliance of conditions of Corporate Governance by SPL Industries Limited as at 31st March, 2012 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchange(s).

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that as per the records maintained by the Company, no investor grievance is pending for a period exceeding one month.

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

For **M/S SINGHI CHUGH & KUMAR,**
Chartered Accountants

Place : New Delhi
Date: 14.08.2012

PARTNER
M. NO.: 88123



AUDITORS' REPORT

To

The Members of SPL Industries Limited

1. We have audited the attached Balance Sheet of M/s SPL INDUSTRIES LIMITED as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ending on that date annexed thereto. These financial statements are the responsibility of company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether financial statements are free from material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the annexure referred to in paragraph 3 above, we report that
 - a. Trade Debtors amounting to Rs. 8,31,00,095/- outstanding for more than six months and advances to suppliers amounting to Rs. 5,98,49,784/- after making provision for doubtful debts are subject to confirmation.
 - b. The working capital and term loan liabilities of the Company from State Bank of India became NPA on 23rd May 2011 and on 26th December 2011 State Bank of India issued notice under SARAFESI Act for recovery of amount of Rs. 85,27,33,800. This amount includes Rs. 12,99,34,285 on account of derivative losses which have not been provided for, as the Company is disputing the same. The amount claimed by the Bank is fully covered by the present market value of the collateral security provided by the Company.
5. Further to our comments in the annexure referred to in paragraph 3 & 4 above, we report that:
 - a) We have obtained all the information and explanation to the best of our knowledge and belief that 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 the 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 dealt with by this report are in compliance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.
 - e) On the basis of written representations received from the Directors as on March 31, 2012 and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and notes thereon give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
 - i. In the case of the Balance Sheet of the state of affairs of the company as at 31st March, 2012;
 - ii. In the case of the Statement of Profit and Loss, of the loss for the year ended on that date.
 - iii. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

for **SINGHI CHUGH & KUMAR**
Chartered Accountants

(Harsh Kumar)
Partner

M.No. 88123

Firm Regn. No. 013613N

Place: New Delhi

Date: 28.07.2012

**Annexure**

(REFERRED TO IN PARAGRAPH 3 OF THE REPORT OF THE EVEN DATE FOR THE YEAR ENDED 31ST MARCH, 2012)

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and in terms of the information and explanations given to us and the books and records examined by us in the normal course of audit, we report that:

- (i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As informed to us, physical verification of the fixed assets was conducted by the management during the year. As per the management no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and the going concern status of the Company is not affected due to this.
- (ii) (a) As explained to us physical verification of inventory was done on reasonable intervals.
- (b) In our opinion and according to the information and explanation given to us, the procedures of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business.
- (c) In our opinion and according to information and explanations given to us, the company has maintained proper records of inventory and no material discrepancies were noticed on physical verification carried out by the management.
- (iii) As per the information and explanation given to us, the company has not granted any loan, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.

In respect of loans secured or unsecured, taken by the Company from Companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanation given to us:

The Company has taken a short term interest free loan Rs. 2,68,47,529/- from Companies listed in register maintained under Section 301, other terms and conditions of such loans are, in our opinion is not prejudicial to the interest of the Company. The nature of loan is short term and repayment terms of the same are not stipulated.

- (iv) In our opinion and according to the information and explanations given to us, there is adequate internal control system commensurate with the size and nature of its business during the year with regard to purchase of inventory and fixed assets and sale of goods and services. During the course of our audit we have not observed any major weakness in such internal control system.
- (v) (a) According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
- (vi) To the best of our knowledge, the company has not accepted any deposits covered under section 58A and 58AA or any other relevant provision of the Companies Act, 1956.
- (vii) In our opinion and as per information and explanation provided to us the Company has an inbuilt mechanism of internal audit which as per the management is commensurate with its size and the nature of its business.
- (viii) In the case of the company maintenance of cost records has not been prescribed by the Central Government under clause (d) of sub-section (1) of section 209 of the Act.
- (ix) (a) To the best of our knowledge and according to the information and explanations given to us undisputed statutory dues including provident fund, employee state insurance, income tax, sales tax, service tax have generally been regularly deposited with appropriate authorities though there has been some delay in some cases.
- (b) According to information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, custom duty, excise duty and cess were in arrears, as at 31st March, 2012 for a period of more than six months from the date they became payable except as stated hereunder:

Service Tax Liability on rent of Rs. 2,75,000/- per month for the nine months period April to December, 2011 of Rs. 2,31,120/-. The above amount with interest was deposited on 24th May, 2012 for a total amount of Rs. 2,61,147/-.
- (d) To the best of our knowledge and according to the information and explanation given to us there are no dues of sales tax/ custom duty/ wealth tax/ excise duty / cess/ service tax which have not been deposited on account of any dispute. Disputed statutory dues of Income Tax, which are pending to be deposited are as under.



S. No.	Name of the Statute	Nature of Dues	Amount (Rs. Lakhs)	Period to which amount relates	Forum where dispute is pending
1	Income Tax Act, 1961	Tax & interest demand due to Sec. 80HHC Disallowance. Stay of demand granted by the High Court.	76.48	AY 2002 - 03	High Court Chandigarh
2	Income Tax Act, 1961	Tax & interest demand due to Sec. 80HHC Disallowance. Stay of demand granted by the High Court.	55.08	AY 2003 - 04	High Court Chandigarh
3	Income Tax Act, 1961	Penalty u/s 271(1)(c)	37.92	AY 2005 - 06	High Court, Delhi
4	Income Tax Act, 1961	Penalty u/s 271(1)(c). CIT(A) dropped the penalty vide order dated 18-6-2012.	191.33	AY 2006 - 07	Order of CIT(A) dropping the penalty received on 18-6-2012
5	Income Tax Act, 1961	Demand Raised u/s 143(3)	23.76	AY 2006 - 07	ITAT
6	Income Tax Act, 1961	Penalty u/s 271(1)(c)	69.10	AY 2007 - 08	CIT (A)
7	Income Tax Act, 1961	Tax Demand due to Disallowance under section 14A	13.56	AY 2008 - 09	ITAT, Delhi

- (x) The company has incurred cash losses during the financial year covered by our Audit and in the immediately preceding financial year. Its accumulated losses at the end of the current financial year exceed fifty percent of its net worth.
- (xi) The company had defaulted in repayment of dues to the bank (State Bank of India) as stated in the Balance Sheet and the Auditors' Report.
- (xii) The company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion the company is not a chit fund or a nidhi/ mutual benefit fund/ society therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xiv) In our opinion the company is not dealing or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xv) In our opinion and according to information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, the provisions of clause 4(xv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvi) To the best of our knowledge and according to the information and explanations given to us, the term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on 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. No long-term funds have been used to finance short-term assets except permanent working capital.
- (xviii) According to the information and explanations given to us, 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.
- (xix) According to the information and explanation given to us the company has not issued any debentures.
- (xx) To the best of our knowledge and according to information and explanation given to us, the company has not raised any money by public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the company has been noticed or reported during the year.

for **SINGHI CHUGH & KUMAR**
Chartered Accountants

(Harsh Kumar)
Partner
M.No. 88123

Firm Regn. No. 013613N

Place: New Delhi
Date: 28.07.2012

**Balance Sheet as at 31st March, 2012**

(Figures in Rupees)

Particulars	Note	As at 31st March, 2012		As at 31st March, 2011	
Equity And Liabilities					
Shareholders Funds					
Share Capital	1	290,000,040		290,000,040	
Reserves And Surplus	2	<u>447,675,315</u>	737,675,355	<u>144,004,543</u>	434,004,583
Share Application Money Pending allotment			—		—
Non-Current Liabilities					
Long Term Borrowings	3	11,993,997		24,900,541	
Deferred Tax Liabilities (Net)	4	—		43,190,000	
Long-Term Provisions	5	<u>1,915,452</u>	13,909,449	1,052,888	69,143,429
Current Liabilities					
Short Term Borrowings	6	627,703,861		815,205,145	
Trade Payables	7	134,283,111		202,583,745	
Other Current Liabilities	8	51,652,180		128,575,769	
Short Term Provisions	9	76,382,298	890,021,450	9,692,217	1,156,056,876
Total			<u>1,641,606,254</u>		<u>1,659,204,889</u>
Assets					
Non-Current Assets					
Fixed Assets					
	10				
Tangible Assts		1,191,819,903		577,410,675	
Intangible Assets		—		24,396	
Non-Current Investments	11	—		35,153,070	
Long-Term Loans And Advances		—			
Other Non-Current Assets	12	<u>597,629</u>	1,192,417,532	<u>—</u>	612,588,141
Current Assets					
Inventories	13	92,215,794		497,055,671	
Trade Receivables	14	101,578,825		256,523,359	
Cash & Cash Equivalents	15	8,942,469		17,911,072	
Short-Term Loans And Advances	16	165,717,000		273,152,625	
Other Current Assets	17	80,734,634	44,91,88,722	1,974,021	1,046,616,748
Total			<u>1,641,606,254</u>		<u>1,659,204,889</u>
Significant Accounting Policies	34				
Notes on Financial Statements					

As per our Audit Report of even date attached
for SINGHI CHUGH & KUMAR
Chartered Accountants

for and on behalf of Board

(Partner)

M.No.: 88123

FRN: 13613N

Chairman

Managing Director

Place : New Delhi

Date : 28.07.2012

Chief Financial Officer

Company Secretary


Statement of Profit & Loss for the year ended 31st March, 2012

(Figures in Rupees)

Particulars	Note	Current Reporting Period 2011-12	Previous Reporting Period 2010-11
Income			
Revenue From Operations	18	601,438,579	1,568,954,044
Other Income	19	152,301,817	2,381,334
Total Revenue (A)		753,740,395	1,571,335,378
Expenditure			
Cost Of Material Consumed	20	166,303,845	728,777,984
Changes In Inventories Of Finished Goods, Work In Progress & Stock In Trade	21	390,824,568	523,240,648
Employee Benefits Expenses	22	62,852,142	182,096,890
Finance Costs	23	94,653,986	89,560,497
Depreciation And Amortization Expense	24	53,813,597	56,428,174
Other Expenses	25	377,730,421	673,429,713
Total Expenses (B)		1,146,178,559	2,253,533,906
Profit Before Extraordinary Items And Tax		(392,438,163)	(682,198,528)
Extraordinary Items	26	(16,087,731)	—
Profit Before Tax		(408,525,894)	(682,198,528)
Tax Expense	27		
Current Tax		(60,231)	(77,130)
Earlier Years Tax		(14,183,000)	(42,220,847)
Deferred Tax		43,190,000	26,784,518
		28,946,769	(15,513,459)
Profit (Loss) For The Period		(379,579,125)	(697,711,987)
Earning Per Equity Share	28		
Basic		(13)	(24)
Diluted		(13)	(24)
Significant Accounting Policies	34		
Notes on Financial Statements			

As per our Audit Report of even date attached
for SINGHI CHUGH & KUMAR
Chartered Accountants

for and on behalf of Board

(Partner)
M.No.: 88123
FRN: 13613N

Chairman

Managing Director

Place : New Delhi
Date : 28.07.2012

Chief Financial Officer

Company Secretary



Notes on Financial Statements for the year ended 31st March, 2012

Previous Year figures have been regrouped / reclassified, wherever necessary to conform to the current year presentation.

		(Figures in Rupees)	
Particulars	As at 31st March, 2012	As at 31st March, 2011	
1 SHARE CAPITAL			
1.1 Authorized Share Capital:			
3,000,000(Previous Year 30,000,000)	300,000,000	300,000,000	
Equity Shares of Rs.10/-Each			
Issued, Subscribed & Paid Up			
Shares At The Beginning of The Accounting Period			
29,000,004(L.Y.29,000,004) Equity Shares of Rs.10/- Each	290,000,040	290,000,040	
Additions During The Year	—	—	
Shares At The End of The Accounting Period			
29,000,004(L.Y.29,000,004) Equity Shares of Rs.10/- Each	<u>290,000,040</u>	<u>290,000,040</u>	
1.2 The Reconciliation of Number of Shares outstanding at the beginning and at the end of the year:			
Equity Shares at the Beginning of the year	29,000,004	29,000,004	
Add: Shares issued during the year	—	—	
Less: Shares cancelled on buy back of Equity Shares	—	—	
Equity Shares at the End of the Year	<u>29,000,004</u>	<u>29,000,004</u>	
1.3 The Detail of Shareholders holding more than 5% Shares			
Name of Shareholders	As at 31st March, 2012 No. of Shares	% holding	As at 31st March, 2011 No. of Shares
			% holding
Hari Ram Gupta	2,109,900	7%	2,109,900
Sadhusons India Pvt Ltd.	1,865,721	6%	2,097,641
			7%
2 Reserve & Surplus:			
2.1 Capital Reserve			
At The Beginning of The Accounting Period	3,107,174		3,107,174
Additions During The Year	—		—
At The End of The Accounting Period	<u>3,107,174</u>		<u>3,107,174</u>
2.2 Securities Premium Account			
At The Beginning of The Accounting Period	496,744,853		496,744,853
Additions During The Year	—		—
At The End of The Accounting Period	<u>496,744,853</u>		<u>496,744,853</u>
2.3 Revaluation Reserve*			
At The Beginning of The Accounting Period	—		—
Additions During The Year*	683,249,896		—
Less: Transferred to Profit and loss Account	—		—
At The End of The Accounting Period	<u>683,249,896</u>		<u>—</u>
2.4 General Reserve			
At The Beginning of The Accounting Period	—		11,624,019
Additions During The Year	—		(11,624,019)
At The End of The Accounting Period	<u>—</u>		<u>—</u>



SPL INDUSTRIES LTD.

Notes on Financial Statements for the year ended 31st March, 2012

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
2.5 Surplus / (Deficit) in the Statement of Profit & Loss		
As per last years financials	(355,847,484)	330,240,485
Add: Profit / (loss) for the year	(379,579,125)	(697,711,987)
Transfer To/From Reserves	—	11,624,019
Net Surplus / (Deficit) in the Statement of Profit & Loss	(735,426,609)	(355,847,484)
Total	447,675,315	144,004,543

* Fixed Assets of the company have been revalued as on 31st March, 2012 except for Car (vehicles), furniture & fixture and other equipments whose total net carrying amount before revaluation of fixed assets is less than 5% of the total net carrying amount of total fixed assets. The effect of revaluation of fixed assets have been taken by restating the Net Book Value by adding there in the net increase on account of revaluation. Due to revaluation there is increase in value of Land by Rs. 647,518,624/- and increase in net book value of Building by Rs. 35,731,273/- as per valuation report of Certified/Registered valuer Mr. Ashok Raichand and M/S P & A Valuetech Private Limited. The Plant and Machinery is valued at net book value of Plant and Machinery as on 31st March 2012 as per valuation report of Mr. Ashok Raichand (certified/ registered valuer).

3 Long Term Borrowings

3.1 Secured Term Loans From Banks

	Current	Non Current	Current	Non Current
IDBI Term Loan*	12,729,408	11,668,635	25,639,716	24,398,043
Car Loan from Bank** (Secured against Honda City)	177,136	325,362	1,067,822	502,498
Total	12,906,544	11,993,997	26,707,537	24,900,541

* Rs. 24,398,043/- are secured by first charge in respect of the immovable property situated at Plot No. 21, Sector 6 Faridabad (Haryana) together with all building and structures there on including plant & machinery. The loan is a Standard Asset as per IRAC norms and carries interest rate at BPLR minus 150 bps. The loan is further secured by personal guarantee of Shri H.R. Gupta and Shri Vijay Jindal.

The balance loan is repayable in monthly equal installment of 1,060,784 /- till 1st February, 2014.

** Rs. 502,498/- (Car Loan from ICICI bank) is secured against the hypothecation of vehicle (Honda City) carrying interest rate of 12.5% per annum. The loan is repayable in 36 installments of 19,169/- each starting from 15th November, 2011 till 15th October, 2014.

4 Deferred Tax Liabilities (Net)

Deferred Tax Liabilities	43,190,000	79,890,000
Timing Difference between book and Tax Depreciation		
Deferred Tax Assets	43,190,000	36,700,000
Related to Accumulated Losses	—	43,190,000
Refer Note No. 27		

5 Long-Term Provisions:

Provision for Employee Benefit		
Earned Leave*	736,281	2,169,326
Gratuity*	1,179,171	(1,116,438)
	1,915,452	1,052,888

* Refer Note No 22 for AS-15 Disclosure

Current Liabilities

6 Short-Term Borrowings:

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Loans repayable on demand from Bank		
Secured*		
Working Capital Finance	433,542,956	625,489,028
SBI Corporate Loan	167,313,376	600,856,332
Unsecured		
Other Loan & Advances	26,847,530	5,650,141
	627,703,861	815,205,145

* Rs. 60,10,40,571 (Previous Year 71,16,99,356) is secured by:



Notes on Financial Statements for the year ended 31st March, 2012

- a. First pari - passu charge on entire asset of the company including receivables, both present and future as primary security.
- b. First exclusive charge as collateral security on factory land & building situated at Plot No. 7, Plot No. 39 and Plot No. 22, sector 6, Faridabad, Haryana.
- c. Second pari - passu charge on entire fixed asset of the company on which IDBI is having first charge.

The status of the accounts maintained with the State Bank of India slipped to Non Performing Asset (NPA) on 23rd May, 2011. Notice under SARAFESI Act was issued to the company on 26th December, 2011 raising a demand of Rs. 85,27,33,880/- including undue liability of Rs. 25,79,39,410/- (Rs. 12,99,34,285 relating to MTM derivative losses (not provided for) and Rs. 12,80,05,125 relating to amount of installments, not due on Corporate loan).

The Company has submitted proposal for normalizing the account as Standard with SBI and the same under consideration with SBI.

Rs. 43,35,42,955 against working capital loan in the books of accounts does not account for the derivative loss of Rs. 4,53,82,639 but banks certificate shows amount of Rs. 47,89,25,595 as on 31st March, 2012 including derivative loss of Rs.4,53,82,639.

Also interest on bank borrowing from SBI is charged on the basis of last interest charged by the bank when status of the account slipped to NPA. Any penal or other interests claimed by the bank over and above are not accounted for.

7 Trade Payables

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
Sundry Creditors*	134,283,111	202,583,745
	134,283,111	202,583,745

* Trade payables include Rs. 3,41,73,605/- outstanding from previous year's.

* There is no amount payable to any concern covered under Micro, Small and Medium Enterprises Development Act, 2006

Notes on Financial Statements for the year ended 31st March, 2012

8 Other Current Liabilities

Current Maturity of Long Term Debt	12,906,544	26,707,537
Interest accrued but not due	305,656	567,573
Auditors remuneration payable	393,260	1,103,000
Employee Benefit Payable	4,218,788	4,881,453
Statutory Dues Payables*	1,123,309	5,565,431
Advance received from customers	31,757,266	89,254,408
Other Loans & Advances**	446,957	496,366
Other liability	500,400	-
	51,652,180	128,575,769

* Statutory Dues includes ESI, PF, Sales Tax, TDS, TCS, Welfare Fund

**Security Deposit from parties

9 Short-Term Provisions

(A) Provisions For Employee Benefits

Bonus	2,809,252	3,187,571
Earned Leave*	289,905	823,021
Gratuity**	329,151	(288,950)

(B) Others

Interest Accrued on SBI Borrowings***	71,297,824	-
Provision for wealth Tax	60,231	77,130
Provision For General Expenses	1,595,936	5,893,445
	9,692,217	76,382,298

* Refer Note No 22 for AS-15 Disclosure

** Gratuity payable includes Rs 8,41,893/- which is payable to LIC of India.

*** Refer Note No. 23



Notes on Financial Statements for the year ended 31st March, 2012

Note - 10 TANGIBLE/INTANGIBLE ASSETS

(Figures in Rupees)

ASSETS	Gross Block					Depreciation				Net Block		
	AS AT 01.04.11	ADDITIONS	SALE/ WRITEOFF	REVALUA- TION **	AS AT 31.03.2012	UP TO 01.04.2011	ADJUSTMENT *	FOR THE YEAR	WRITTEN BACK ON SALE	Up TO 31.03.2012	AS AT 31.03.2012	AS AT 31.03.2011
Tangible Assets												
Land	109,481,676.47	-	-	647,518,623.53	757,000,300.00	-	-	-	-	-	757,000,300.00	109,481,676.47
Building	190,530,040.74	-	5,743,477.00	35,731,272.92	220,517,836.66	55,988,319.00	-	6,357,415.00	1,011,245.42	61,334,488.58	159,183,348.08	134,541,721.74
Plant & Machinery	986,004,429.52	1,507,340.00	19,781,568.08	-	967,730,201.44	678,554,646.89	6,936,448.00	41,524,854.34	16,284,589.90	710,731,358.30	256,998,843.14	307,449,782.63
Vehicles	23,600,640.00	820,517.00	3,333,608.00	-	21,087,549.00	13,222,687.88	-	2,172,195.00	844,367.11	14,550,515.76	6,537,033.24	10,377,952.12
Furniture & Fixture	24,146,163.81	-	-	-	24,146,163.81	14,195,125.15	-	149,273.00	-	14,344,398.15	9,801,765.66	9,951,038.66
Office Equipments	30,220,962.56	275,573.00	-	-	30,496,535.56	24,612,458.87	-	3,585,464.00	-	28,197,922.87	2,298,612.69	5,608,503.69
Intangible Assets					-							
Computer Software	1,725,601.00	-	-		1,725,601.00	1,701,205.00		24,396.00	-	1,725,601.00	-	24,396.00
TOTAL	1,365,709,514.10	2,603,430.00	28,858,653.08	683,249,896.45	2,022,704,187.47	788,274,442.78	6,936,448.00	53,813,597.34	18,140,202.44	830,884,284.66	1,191,819,902.81	577,435,071.32
Previous Year	1,407,753,438.00	4,896,923.00	46,940,842.00	-	1,385,709,515.00	763,337,483.00		56,428,174.00	31,491,213.00	788,274,443.00	577,435,077.00	

1. *Excess Depreciation of Rs. 69,36,448/- has been charged to the Profit & Loss Account which was not accounted for in the FY 2010-11 on Plant & Machinery of Rs. 6,23,24,388/- . The impact of the same has been taken in the current financials whereby reducing the profit by Rs. 69,36,448/-.

2. Computer software has been fully written off.

3. ** Fixed Assets of the company have been revalued as on 31st March, 2012 except for Car (vehicles), furniture & fixture and other equipments whose total net carrying amount before revaluation of fixed assets is less than 5% of the total net carrying amount of total fixed assets. The effect of revaluation of fixed assets have been taken by restating the Net Book Value by adding there in the net increase on account of revaluation. Due to revaluation there is increase in value of Land by Rs. 64,75,18,623/- and increase in net book value of Building by Rs. 3,57,31,272/- as per valuation report of Certified/Registered valuer Mr. Ashok Raichand and M/S P & A Valuech Privat Limited.

The Plant and Machinery is valued at net book value of Plant and Machinery as on 31st March 2012 as per valuation report of Mr. Ashok Raichand (certified/ registered valuer).


Notes on Financial Statements for the year ended 31st March, 2012

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
11 Non Current Investment:		
Investment in Equity Instrument*	—	34,315,170
Investment in Government or trust securities	—	100
Investment in Mutual Funds	—	837,800
	<u>—</u>	<u>35,153,070</u>
* Investment in Elkay Strips Limited formerly subsidiary NIL(Previous year 255364 Equity Shares of Rs. 100/- each)		
The company has disposed off the equity shares of M/s Elkay Strips Ltd On March 19, 2012 (260368 shares) at Rs. 18,04,35,024, based on the valuation report.		
12 Other Non-Current Assets		
Fixed Deposit (Margin Money against bank guarantee)	597,629	—
Maturity period more than 12 months	<u>597,629</u>	<u>—</u>
Current Assets		
13 Inventories:		
(As Taken, Valued & Certified By The Management)		
Raw Materials;	66,009,388	81,803,613
Work In Process;	3,064,701	284,104,771
Finished Goods;	17,652,570	127,437,068
Stores, Spares & Loose Tools;	4,580,550	3,273,856
Others;	908,585	436,363
	<u>92,215,794</u>	<u>497,055,671</u>
14 Trade Receivables:		
(Unsecured Considered Good)		
(Otherwise Stated)		
(1) Debts Outstanding For A Period Exceeding Six Months from the date they are Due*	206,764,045	168,269,683
(2) Other Debts	18,478,731	126,129,849
Less:		
Provision for doubtful debts*	(123,663,951)	(37,876,173)
	<u>101,578,825</u>	<u>256,523,359</u>
Debtor exceeding six months includes export debtors of Rs. 19,76,38,839/- which is recoverable for the period exceeding one year from the date they became due, against the same provision of Rs. 12,36,63,950/- is created.		
15 Cash & Cash Equivalents :		
(a) Balance With Banks		
In Fixed Deposits		
Fixed Deposit (Held As Securities against Bank Guarantees and LC)		
Maturity period less than 12 months*	—	10,196,834
In Current Accounts:*	8,435,944	7,043,357
(b) Cash In Hand	506,525	670,881
	<u>8,942,469</u>	<u>17,911,072</u>

* Balance relates to Guarantee given to Haryana State Pollution Control Board



SPL INDUSTRIES LTD.

Notes on Financial Statements for the year ended 31st March, 2012

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
16 Short Term Loans & Advances:		
(Unsecured Considered Good Unless Other Wise Stated)		
Other Advances & Deposits*	31,128,715	32,612,778
Receivable From Revenue Authorities**	74,738,501	113,420,659
Advance to suppliers***	59,849,784	127,119,187
	165,717,000	273,152,625
* Staff advances are net of the doubtful amount of Rs. 10,45,790/-.		
** Advances recoverable from Income Tax Authorities are net of provision of Rs. 1,41,83,000/- which has been considered in the financials owing to the various demands by the Income Tax Department which are confirmed as liability.		
**Receivable from various statutory departments including Sales Tax, CBEC and Income Tax Authorities.		
*** Advance to supplier is net of provision for doubtful amount of Rs. 5,49,57,410/-		
17 Other Current Assets:		
Prepaid Expenses	299,558	1,974,021
Other Receivable*	80,435,076	-
	80,734,634	1,974,021
* Other receivable includes consideration receivable on account of sale of Investment in the shares of M/s Elkay Strips Limited (previous year subsidiary of M/s SPL Industries Limited)		
The Balance to debit and credits of parties covered in Note No. 7,8,14,16 & 17 above are subject to confirmation of Parties		
18 Income		
Sale Of Products	583,888,559	1,462,450,841
Other Operating Revenues	17,550,020	106,503,204
Total	601,438,579	1,568,954,044
Less: Excise Duty	-	-
Net Revenue From Operations	601,438,579	1,568,954,044
18.1 Sale Of Products		
Garments		
Export	17,570,884	1,170,326,547
Domestic	66,889,093	84,459,977
Fabric	40,530,714	4,446,966
Yarn	6,437,157	1,174,773,513
Processing Charges*	452,460,711	31,708,803
	583,888,559	1,462,450,841
* Processing charges include processing of textiles which includes consumption of raw material.		
18.2 Other Operating Revenues		
Duty Draw Back	1,100,024	89,124,324
Scrap & Wastage	16,449,996	17,378,880
	17,550,020	106,503,204
19 Other Income:		
Interest Income	1,053,583	1,496,417
Net Gain On Sale Of Non - Current Assets	141,039,982	884,917
Other Non-Operating Income	10,208,251	-
	152,301,817	2,381,334


Notes on Financial Statements for the year ended 31st March, 2012

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
19.1 Interest Income		
Interest From Fixed Deposits	766,822	1,380,425
Interest Others	286,761	115,992
	1,053,583	1,496,417
19.2 Net Gain On Sale Of Non - Current Assets		
Fixed Assets(Tangible Assets)	152,760	884,183
Sale of Investment in the Shares of M/s Elkay Strips Limited	140,887,222	734
	141,039,982	884,917
19.3 Other Non-Operating Income		
Insurance Claim*	6,447,127	—
Rent	2,967,730	—
Others	793,394	—
	10,208,251	—
* Surrender of Key man Insurance Policy		
20 Cost of Materials Consumed:		
Opening Stock	81,803,613	152,267,955
Add :- Purchases Raw-Materials And Packing Materials	150,509,620	658,313,642
	232,313,233	810,581,597
Less: Closing Balance Of Stock	(66,009,388)	(81,803,613)
Consumption Of Materials	166,303,845	728,777,984
20.1 Cost Of Materials Consumed % of consumption		
Imported	6% 10,534,971	4% 31,433,127
Indigenous	94% 155,768,874	96% 697,344,857
	166,303,845	728,777,984
20.2 Purchase Of Raw Material		
Accessories		
Imported	657,917	31,433,127
Indigenous	89,365	747,282
Dyes & Chemical		50,679,191
Imported	10,102,984	—
Indigenous	135,080,124	145,183,108
Fabric		128,558,957
Oil & Lubricants	1,292,679	23,506,877
Packing Material	3,200,205	781,728
Yarn	86,347	48,652,245
	150,509,620	374,701,517
		658,313,642
20.3 Opening Stock Of Raw Material		
Knitted Fabric	20,372,040	41,201,703
Dyes & Chemical	7,997,478	8,995,908
Fabric	—	—
Oil & Lubricants	—	—
Packing Material	—	5,222,504
Yarn	53,434,095	96,745,822
Scrap	—	102,018
	81,803,613	152,267,955



SPL INDUSTRIES LTD.

Notes on Financial Statements for the year ended 31st March, 2012

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
20.4 Closing Stock Of Raw Material		
Knitted Fabric	—	20,372,040
Dyes & Chemical	7,222,812	7,997,478
Fabric	58,786,576	—
Oil & Lubricants	—	—
Packing Material	—	—
Yarn	—	53,434,095
	66,009,388	81,803,613

21 Changes In Inventories

Finished Goods

At The Beginning Of The Accounting Period	127,437,068	355,197,372
At The End Of The Accounting Period	17,652,570	127,437,068
	109,784,498	227,760,304
Work-In-Progress		
At The Beginning Of The Accounting Period	284,104,771	579,585,115
At The End Of The Accounting Period	3,064,701	284,104,771
	281,040,070	295,480,344
Stock-In-Trade		
At The Beginning Of The Accounting Period	—	—
At The End Of The Accounting Period	—	—
	—	—
Total	390,824,568	523,240,648

22 Employee Benefits Expense

Salary & Wages	51,172,764	157,021,461
Contribution To PF & Other Funds	10,257,707	20,883,879
Other Expenses	1,421,671	4,191,550
	62,852,142	182,096,890

As per Accounting Standard 15 "Employee Benefits", the disclosure as defined in the Accounting Standard are given below:

Defined Contribution Plan Contribution to Defined Contribution Plans, recognised as expense for the year is as under:

Employer's Contribution to Provident Fund	4,116,729	18,370,417
Employer's Contribution to Employee State insurance	1,771,148	5,939,516
Employer's contribution to Welfare Fund	63,470	261,060
Total	5,951,347	24,570,993

Defined Benefit Plan

The employee's gratuity fund scheme managed by a Trust (LIC of India and SBI) is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Project Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The obligation for leave encashment is recognised in the same manner as gratuity. The company had permanently closed down its two units and the other one unit has remained partly closed during the year. Closed unit has not been considered for the purpose of actuarial valuation.


Notes on Financial Statements for the year ended 31st March, 2012
1. Reconciliation of Opening and Closing balance of Defined Benefit Obligation

Particulars	Current Year		Previous Year	
	Leave Encashment/Compensated absence	Employees Gratuity Fund	Leave Encashment/Compensated absence	Employees Gratuity Fund
Present Value Obligation (Opening Balance)	2,992,347	4,553,562	7,647,567	10,644,797
Interest Cost	239,388	364,285	581,215	809,005
Past Service Cost	—	—	—	78,943
Current Service Cost	275,356	506,420	515,122	583,408
Benefit Paid (Out of own Funds+ Plan Assets)	(1,863,863)	(5,414,354)	(5,628,477)	(3,074,559)
Actuarial Gain / Loss on obligation	(617,042)	3,532,241	(123,080)	(4,488,032)
Present Value Obligation (Closing Balance)	1,026,186	3,542,154	2,992,347	4,553,562

2. Reconciliation of Opening and Closing balance of Fair Value of Plan Assets

Particulars	Current Year (Employees Gratuity Fund)	Previous Year (Employees Gratuity Fund)
Fair Value of Plan & Assets (Opening Balance)	6,857,008	9,090,229
Expected Return on Plan Assets	560,780	794,404
Contributions	24,198	25,000
Benefits Paid (Out of Plan)	(5,098,229)	(2,897,089)
Actuarial Gain/ Loss on obligation	(309,925)	(155,536)
Fair Value of Plan & Assets (Closing Balance)	2,033,832	6,857,008

3. Reconciliation of Fair Value of Assets and Obligation

Particulars	Current Year		Previous Year	
	Leave Encashment/Compensated absence	Employees Gratuity Fund	Leave Encashment/Compensated absence	Employees Gratuity Fund
Present Value Obligation (Closing Balance)	1,026,186	3,542,154	2,992,347	4,553,562
Fair Value of Plan Assets (Closing Balance)	—	2,033,832	—	6,857,008
Funded Status	(1,026,186)	1,508,322	(2,992,347)	(2,303,446)
Present Value of Un-funded Obligation (Closing Balance)	—	—	—	—
Un-funded Actuarial (Gain/Loss)	—	—	—	—
Un-funded Net Assets/Liabilities recognised in Balance sheet	(1,026,186)	1,508,322	2,992,347	(2,303,446)

4. Expenses recognised during the year

Particulars	Current Year		Previous Year	
	Leave Encashment/Compensated absence	Employees Gratuity Fund	Leave Encashment/Compensated absence	Employees Gratuity Fund
Current Service Cost	275,356	506,420	515,122	583,408
Past Service Cost	—	—	—	78,943
Interest Cost	239,388	364,285	581,215	809,005
Expected Return on Plan Assets	—	(560,780)	—	(794,404)
Cutailment Cost	(182)	—	—	—
Settlement Cost	—	—	—	—
Net Actuarial Gain/Loss recognised during the year	(617,042)	3,842,166	(123,080)	(4,332,496)
Total Expenses Recognised in Profit & Loss Account	(102,480)	4,152,091	973,257	(3,655,544)



SPL INDUSTRIES LTD.

Notes on Financial Statements for the year ended 31st March, 2012

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
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5. Actuarial Assumption

Actuarial Assumptions	Current Year		Previous Year	
	Leave Encashment/ Compensated absence	Employees Gratuity Fund	Leave Encashment/ Compensated absence	Employees Gratuity Fund
Discount Rate Per Annum	8.60%	8.60%	8.00%	8.00%
Rate of Increase in Compensation Levels	6.00%	6.00%	6.00%	6.00%
Rate of Return on Plan Assets				
(i) For Asset with LIC		8.15%		8.15%
(ii) For Asset with SBI Life Insurance		8.50%		9.00%
Expected Average Remaining Working lives of employees (Years)	22.19 Yrs	22.19 Yrs	24.36 Yrs	24.36 Yrs

The above information is certified by actuary.

23 Finance Cost:

Interest Expense	104,812,971	85,840,253
Bank Charges	1,865,878	9,465,296
Applicable Net Gain/Loss On Foreign Currency Transaction & Translation	(12,024,863)	(5,745,052)
	94,653,986	89,560,497

Interest expense includes interest on NPA account of SBI of Rs. 7,12,97,824. The interest is taken on the basis of last interest charged by the bank when the status of account slipped to NPA .

24 Depreciation And Amortization Expense:

Depreciation	53,813,597	56,428,174
	53,813,597	56,428,174

25 Other Expenses

Manufacturing Expense	145,211,216	422,774,163
Establishment Expenses	225,027,267	155,032,863
Selling & Distribution Expenses	4,460,079	89,323,122
Loss On Sale Of Fixed Asset	3,029,765	1,700,365
Loss on sale of Investment	2,094	4,599,200
	377,730,421	673,429,713

25.1 Manufacturing Expense :

Consumption Of Stores And Spare Parts	6,077,993	9,605,335
Power & Fuel	107,527,732	139,639,629
Freight Inward	703,346	1,779,459
ETP Expense	2,259,385	556,243
Repair To Machinery		
Boiler	2,488,220	1,597,339
Electric	1,435,838	2,553,932
Generator	569,783	2,726,604
Machinery	11,547,062	15,279,041
Job Charges		
Garments	5,235,205	160,118,685
Others	6,853,485	88,035,953
Lab Expenses	253,459	161,948
Loading & Unloading Charges	259,708	719,995
	145,211,216	422,774,163

**Notes on Financial Statements for the year ended 31st March, 2012**

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
25.2 Establishment Expenses		
Advertisement	77,188	510,293
Audit Expenses	641,363	1,103,000
Amount Written Off/written back	70,866,322	74,749,210
Donation	11,000	9,200
ECGC Charges	2,386,359	5,369,562
General Expenses	781,269	6,342,065
Rates & Taxes	1,444,860	2,347,514
General Repairs	5,806,254	4,424,060
House Keeping Expenses	2,377,668	4,757,612
Insurance	1,459,348	2,295,561
Penal Interest	90,021	972,715
Printing & Stationery	930,842	2,231,647
Professional Charges	1,833,683	1,788,224
Provision for Doubtful Debt/ Advances	132,306,909	37,876,173
Security Service Charges	3,153,813	5,373,668
Telephone Expenses	860,369	4,882,358
	225,027,267	155,032,863
25.3 Audit Expenses		
Statutory Audit Fee	503,560	970,640
Tax Audit Fee	56,180	132,360
Company Law Advisory & Certification	81,623	-
	641,363	1,103,000
25.4 Selling & Distribution Expenses		
Business Promotion	912,963	4,910,427
Clearing & Forwarding	429,882	26,747,932
Commission	115,351	-
Freight	2,547,994	47,439,993
Sampling & Testing Charges	453,889	10,224,770
	4,460,079	89,323,122
25.5 Value of Imports On CIF basis in respect of:		
Raw Material and Stock in Trade	729,410 7%	2,298,122 7%
Stores, Chemicals and packing Materials	10,331,115 93%	29,346,269 91%
Capital goods	- -	554,718 1.72%
	11,060,525 100%	32,199,109 100%
26 Extraordinary Items		
Depreciation*	6,936,448	-
Prior period expenses	9,151,283	-
	16,087,731	-
* Refer Note -10		
27 Tax Expenses		
Tax Paid For Earlier Years	14,183,000	42,220,847
Current Tax - Wealth Tax	60,231	77,130
Deferred Tax	(43,190,000)	(26,784,518)
	(28,946,769)	15,513,459



Notes on Financial Statements for the year ended 31st March, 2012

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
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27.1 Deferred Tax Expense/Income:

Deferred tax liability at the year end comprise of the followings:	As at 31st March, 2012		As at 31st March, 2011	
(1) Deferred liability on account of: Timing difference between book & tax depreciation	58,612,741.49	58,612,741.49	79,890,000.00	79,890,000.00
(2) Deferred Assets on account of: Disallowance under section 43B	737,004.24		NIL	
Diallowance against provision	40,882,834.83		-	
Loss under Income Tax Act	377,151,031.96		36,700,000.00	
	418,770,871.03	58,612,741.49	36,700,000.00	36,700,000.00
Net Deferred Tax Liability		NIL		(43,190,000.00)

Deferred Tax Assets recognized to the extent of Deferred Tax Liability for the year ending 31st March 2012.

As the company has substantial losses and value of the business has reduced substantially. Also there is huge fixed cost relating to interest and depreciation. In view of facts stated above and keeping in view the financial position of the company the Deferred Tax Assets in respect of carry forward losses has been recognized only to the extent of Deferred Tax Liability.

28 Earning Per Share

Basic Earning Per Share	(13.09)	(24.06)
Diluted Earning Per Share	<u>(13.09)</u>	<u>(24.06)</u>

29 Earnings In Foreign Exchange

FOB value of exports	17,570,883.98	1,170,326,546.68
	<u>17,570,883.98</u>	<u>1,170,326,546.68</u>

30 Related Party Disclosure

AS per accounting Standard 18, the disclosure of transaction with the related parties are given below:

List of related parties where control exists and related parties with whom transaction have taken place and relationships:

1. Subsidiaries

Elkay Strips Ltd. (Up to 19th March 2012)

2. Key Management Personnel (KMP)

Sh. H R Gupta

Sh. Vijay Jindal

Sh. Mukesh Aggrawal

Sh. Anil Garg

31 Segment Reporting

As per Accounting Standard AS 17 on "Segment Reporting" segment information is as follow:-

Primary Segment Reporting (Business Segment):

Primary business segments of the company is sale of cotton knitted garments and made ups and Processing Charges, which in the context of Accounting Standard 17 on "Segment Reporting" as notified in Companies (Accounting Standard) Rules , 2006 . But the manufacturing relating to cotton knitted garments and processing charges is common therefore the expenditure relating to these two activities can only be bifurcated on estimated basis. Sale relating to sale of knitted garments and processing charges is shown separately.

Secondary Segment Reporting (Geographical Segments):

The Following is the distribution of the company's consolidated sales by geographical segment, regardless of where the goods were produced:

Particulars	Current Year	Previous Year
Sales to Overseas Market	17,570,884	1,170,326,547
Sales to Domestic Market	66,889,093	4,446,966
Processing Charges	452,460,711	255,968,525
	<u>536,920,688</u>	<u>1,430,742,038</u>
Export debtors	197,638,839	261,093,225
Domestic debtors	27,603,937	33,306,307
	<u>225,242,776</u>	<u>294,399,532</u>

**Notes on Financial Statements for the year ended 31st March, 2012**

(Figures in Rupees)

Particulars	As at 31st March, 2012	As at 31st March, 2011
32 Contingent Liability and Commitments		
1. Bills Discounted	Nil	9,900,000
2. Disputed tax liability	46,723,000	14,512,000
3. Surety given to Sales Tax Department for third party	-	100,000
4. Debt not acknowledge as liability	702,042	-
Total	47,425,042	24,512,000

33 Financial Derivatives And Instrument:

During the year SBI intimated to the company about the derivative losses amounting to Rs 12,99,34,285/- as on 26-12-2011 but the company has not acknowledged and accepted these liabilities and therefore not provided for in the accounts.

34 Significant Accounting Policies:**1 Basis Of Preparation Of Financial Statements**

The financial statements have been prepared under the historical cost convention in accordance with the generally accepted accounting principles in India and the provisions of the Companies Act, 1956.

2 Use Of Estimates

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

3 Fixed Assets

Fixed Assets are stated at cost net of recoverable taxes and includes amounts added on revaluation, less accumulated depreciation and impairment loss, if any. Revaluation effect is taken by restating the net book value by adding therein the net increase on account of revaluation. All costs, including finance costs till commencement of commercial production, net charges on foreign exchange contracts and adjustments arising from exchange rate variations attributable to the fixed asset are capitalised.

4 Intangible Assets

In accordance with the Accounting Standards (AS) 26 relating to intangible assets, all costs incurred on technical know-how / license fee relating to production process are charged to revenue in the year of incurrence. Costs incurred on technical know-how / license fee relating to process design / plants / facilities are capitalized at the time of capitalization of the said plant / facility and amortized on pro-rata basis over a period of five years. Computer software is capitalized on the date of installation and is amortized over a period of three years.

5 Depreciation

Depreciation on all plant and machinery is provided on the Written Down value method at the rate and in the manner prescribed in schedule XIV to the Companies Act 1956. Depreciation on other fixed assets is provided on straight Line Method at the rate and in the manner prescribed in schedule XIV to the Companies Act 1956. Depreciation is charged on pro-rata basis for assets purchased / sold during the year. Individual assets costing Rs. 5000/- or less are depreciated in full, in the year of purchase.

6 Impairment Of Assets

At each Balance Sheet date, the company reviews, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount. An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

7 Investments

Investments are classified into current and long-term investments. Current investments are stated at lower of cost or market value. Long-term investments are stated at cost and provision for diminution in value is made only if such decline is other than temporary in the opinion of management.

8 Inventory Valuation

Inventories are valued at lower of cost or net realizable value after providing for obsolescence, if any. Cost of inventories comprises of cost of purchase, cost of conversion and other costs including manufacturing overhead incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing material, trading and other products are determined on First in First out (FIFO) method. Scrap is valued at net realizable value.

**Notes on Financial Statements for the year ended 31st March, 2012****9 Revenue Recognition**

- i) Sales are recognised when the substantial risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract and are net of trade discounts, rebates and sales taxes, etc.
- ii) Processing Charges are recognised at the time of dispatch of goods to the customers and are net of trade discounts, rebates and sales taxes, etc.
- iii) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- iv) Income from duty drawback and Import licences under focus product scheme are recognised on accrual basis on acceptance of claim by the Government Authority.
- v) Dividend Income is recognised when right to receive is established.
- vi) Claim receivables are accounted for depending on the certainty of receipt and claims payable are accounted for at the time of acceptance."

10 Borrowing Cost:

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

11 Foreign Currency Transactions

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of transaction. Monetary items denominated in foreign currencies outstanding at the year-end are translated at exchange rate applicable as of that date. Non-Monetary items denominated in foreign currency are valued at the exchange rate prevailing on the date of transaction. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the profit and loss account.

12 Provision For Current And Deferred Tax

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the company accepts the said liabilities.

In accordance with the Accounting standard 22 – 'Accounting for Taxes on income', the deferred tax for timing differences between the book & tax profit is accounted for using the tax rates and the tax laws that have been enacted or substantially enacted as of the balance sheet date.

Deferred tax assets arising from temporary timing difference are recognized to the extent there is virtual certainty that the assets can be realized in future.

13 Employee'S Benefits

- i. Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which related service is rendered.
- ii. Eligible employees of the company are entitled to receive benefits under the Provident Fund scheme administered through provident fund commissioner and the company's contribution are charged to revenue every year.
- iii. Company's contribution to state plans namely Employees State Insurance Fund is charged to revenue every year.
- iv. The company has defined benefit plans namely Leave encashment / Compensated absence and Gratuity, the liability for which is determined on the basis of an Actuarial valuation at the end of the year. Gratuity Trust is administered through Life Insurance Corporation of India.
- v. Termination benefits are recognized as an expense immediately.
- vi. Gain or Loss arising out of actuarial evaluation is recognized immediately in the profit and loss account as income or expense.

14 Vat

VAT claimed on capital assets is credited to assets/capital work in progress account. VAT on purchase of raw materials and other materials are deducted from the cost of such materials.

15 Provision And Contingent Liabilities

Show cause notices issued by various government authorities are not considered as obligation. When the demand notice are raised against such show cause notice and are disputed by the company then these are classified as possible obligations.

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in notes.

16 Financial Derivative And Hedging Transaction

In respect of the Financial derivative contracts the premium / interest paid and profit / loss on settlement is charged to profit & Loss account. The contracts entered into are marked to market at year end and the resultant profit / loss is charged to profit & loss account.

**Cash Flow Statement for the year 2011-12**

(Figures in Rupees)

Particulars	Note	2011-12 Amount (Rs.)	2010-11 Amount (Rs.)
Cash Flows From Operating Activities			
Profit before Tax		(408,525,894.19)	(682,198,528.02)
Adjustment to reconcile profit before tax to cash provided by operating activities			
Depreciation and amortisation expenses	24	53,813,597.34	56,428,174.00
Provision for Employment Benefit	22	569,229.87	(12,445,015.00)
Finance Cost	23	106,678,848.63	95,305,549.06
Loss on sale of assets	25	3,029,765.00	1,700,365.00
Bad Debt / Provision For Doubtful Debts	14	216,469,085.11	114,567,483.50
Liabilities Written Back		(13,295,854.56)	(1,942,100.39)
Effect of exchange differences on translation of foreign currency cash & cash equivalent	23	(12,024,862.83)	(5,745,052.03)
Net gain on sale of Investement	19.2	(141,037,888.67)	(884,916.88)
Interest Income	19.1	(1,053,583.20)	(1,496,416.77)
Changes in Working capital			
Inventory	13	404,839,877.00	596,203,026.00
Short Term Loan & Advances	16	107,435,624.62	57,080,451.60
Other Current Asset	17	(78,760,613.00)	(768,780.10)
Other Current Liabilities	8	(91,166,820.15)	(6,360,937.80)
Other Non-Current Assets	12	(597,628.80)	—
Trade Receivables	14	(49,499,688.44)	20,638,550.62
Trade Payables	7	(55,004,780.08)	(45,593,300.64)
Provisions	9	66,983,414.87	(21,177,726.70)
NET CASH GENERATED BY OPERATING ACTIVITIES		108,851,828.51	163,310,825.45
Cash Flows from Investing Activity:			
Interest Income	19.1	1,053,578.00	1,496,416.77
Change In fixed Asset	10	12,021,707.82	8,852,339.58
Sale of Investment	11	176,190,958.21	15,100,825.91
NET CASH PROVIDED BY /(USED IN) INVESTING ACTIVITY		189,266,244.03	25,449,582.26
Cash Flows from Financing Activity			
Short Term Borrowings	6	(187,501,283.09)	210,111,042.84
Secured Loan	3.1	(12,906,544.00)	(322,354,975.95)
Interest & Other Borrowing Cost	23	(106,678,848.63)	(95,305,549.06)
NET CASH USED IN FINANCING ACTIVITY		(307,086,675.72)	(207,549,482.17)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENT		(8,968,603.18)	(18,789,074.46)
CASH AND CASH EQUIVALENT AT THE BEGINNING OF THE PERIOD		17,911,071.93	36,700,146.39
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD		8,942,468.75	17,911,071.93
Significant Accounting Policies	34		
Notes on Financial Statements			

As per our Audit Report of even date attached
for SINGHI CHUGH & KUMAR
Chartered Accountants

for and on behalf of Board

(Partner)
M.No.: 88123
FRN: 13613N

Chairman

Managing Director

Place : New Delhi
Date : 28.07.2012

Chief Financial Officer

Company Secretary



SPL INDUSTRIES LTD.

Regd. C-2/54, 5th Floor, Rajasthali Apartment, Pitampura, New Delhi-110034.

ATTENDANCE SLIP

Folio No.	
DP ID	
Account ID / Client ID	
No. of Shares	

I hereby record my presence at the **21ST ANNUAL GENERAL MEETING** of the Company held on **Saturday, the 29th day of September, 2012 at 9.00 AM** at INDIA CORPORATE CENTRE, J-2/B-1, MOHAN COOPERATIVE, MATHURA ROAD, NEW DELHI - 110044

Signature of the attending Member / Proxy	
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- Note :** 1) A Shareholder/Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand it over at the entrance duly signed.
- 2) A Shareholder/Proxy holder wishing to attend the meeting should bring his copy of the Annual Report for reference at the meeting.



SPL INDUSTRIES LTD.

Regd. C-2/54, 5th Floor, Rajasthali Apartment, Pitampura, New Delhi-110034.

PROXY

I/We of
In the district of being a Member //Members of the above named Company,
hereby appoint..... of
in the district of or failing him/her
of in the district of

as my / our Proxy to attend and vote for me/us and on my/our behalf at **21ST ANNUAL GENERAL MEETING** of the Company held on **Saturday, the 29th day of September, 2012 at 9.00 AM** at INDIA CORPORATE CENTRE, J-2/B-1, MOHAN COOPERATIVE, MATHURA ROAD, NEW DELHI - 110044, and at any adjournment thereof.

Signed this day of 2012.

Folio No.	
DP ID	
Account ID / Client ID	
No. of Shares	

Signature _____

Affix
Re. 1.00
Revenue
Stamp

- Note:** 1) The Proxy must be returned so as to reach the Regd. Office: Regd. C-2/54, 5th Floor, Rajasthali Apartment, Pitampura, New Delhi-110034, not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.
- 2) A Proxy need not to be Member of the Company.

U.S.P.

To



SPL INDUSTRIES LTD.

Regd. Office:

C-2/54, 5th Floor, Rajasthali Apartment, Pitampura, New Delhi-110034.

Tel: 011-27026840