

LAKHOTIA POLYESTERS (INDIA) LIMITED

9th ANNUAL REPORT
2013-14





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CORPORATE INFORMATION

Board of Directors

◆ Mr. Madhusudan Lakhotia	Chairman and Managing Director
◆ Mrs. Jayshree Lakhotia	Executive Director
◆ Mr. Harish Khajanchi	Executive director
◆ Mr. Sajan Choudhary	Independent Director
◆ Mr. Shailesh Mistry	Independent Director
◆ Mr. Vicky Jain	Independent Director

Bankers

Union Bank of India
ICICI Bank

Statutory Auditors

M/s Sabadra & Sabadra, Chartered Accountants

Registrar And Share Transfer Agent

Sharex Dynamic (India) Private Limited

Registered Office

Lakhotia Polyesters (India) Limited

158/159 Samaratha Sahkari Aadyogik Vasahat Ltd.

Pimpal- Gaon (Baswant),

Tal Niphad, District Nashik,

Maharashtra- 422209

Tel: +91 2550-252300 Fax: +91 2550-252300

Website: www.lakhotiapoly.in Email: info@lakhotiapoly.in



LAKHOTIA POLYESTERS (INDIA) LIMITED
158/159 Samartha Sahkariaudyogik Vasahat Ltd,
Pimpal- Gaon (Baswant) Tal Niphad Dist Nashik,
Maharashtra-422209 India.
Cin : L17120MH2005PLC155146
Tel : 02550-252300,
Email Id : Info@Lakhotiapoly.In. Website : www.lakhotiapoly.in

NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the 9th Annual General Meeting of the Members of M/s. LAKHOTIA POLYESTERS (INDIA) LIMITED will be held on Wednesday, 16th July, 2014 at 02:30 pm at 158/159 Samartha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Financial Statements of the Company for the financial year ended March 31, 2014 including audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss for the year ended on that date and the Reports of the Board of Directors and Auditors thereon
2. To appoint a director in place of Mr. Harish Khajanchi (holding DIN 06481577), who retires by rotation and being eligible offered himself for re-appointment.
3. To appoint M/s. Sabadra & Sabadra, Chartered Accountants (ICAI Registration No.108921W) as statutory auditors of the Company and to fix their remuneration

SPECIAL BUSINESS

4. *To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:*
“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Shailesh Mistry (holding DIN 06419213), Director of the Company who retires by rotation at the Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.”
5. *To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:*
“RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Vicky Jain (holding DIN 03397734), Director of the Company whose period of office is liable to determination by retirement of Directors by rotation and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as



an Independent Director of the Company to hold office for five consecutive years for a term up to 31st March, 2019.

6. *To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution;*

“RESOLVED THAT, pursuant to the provisions of Section 61 and all other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and pursuant to the provisions of the Memorandum and Articles of Association of the Company, the existing Authorised Share Capital of the Company of Rs 40,000,000 (Rupees Four crores only) divided into 4,000,000 (Forty lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only), be and is hereby increased to Rs. 105,000,000 (Rupees Ten Crores fifty lacs only) comprising of 10,500,000 (One crore five lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only).

RESOLVED FURTHER THAT, the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof with the following new Clause V:

“V. The Share Capital of the Company is Rs. 105,000,000 (Rupees Ten crores fifty lacs only) comprising of 10,500,000 (One crore five lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only).”

RESOLVED FURTHER THAT, for the purpose of giving effect to this Resolution, the Board or a Committee thereof, be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard, as the Board or a Committee in its absolute discretion may deem necessary or desirable and its decision shall be final and binding”

7. *To consider and, if thought fit, to pass the following resolution a special Resolution:*

“Resolved that pursuant to the provisions of Section 14 and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under, the clause 3 of the Memorandum of Association of the Company be and is hereby amended by deleting the existing article 3 and substituting with the following new article 3:

Share Capital	3. The Authorized Share Capital of the Company shall be such amounts and be divided into such shares as may from time to time, be provided in Clause V (a) of the Memorandum of Association with power to increase or reduce the capital in accordance with the Company's regulations and legislative provisions for the time being in force in that behalf with the powers to divide the share capital, whether original or increased or decreased into several classes and attach thereto respectively such ordinary, preferential or special rights and conditions in such a manner as may for the time being be provided by the Regulations of the Company and allowed by law.
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8. *To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution*

“RESOLVED THAT, in accordance with Section 63 of the Companies Act, 2013 and all other applicable provisions, if any, of the Companies Act, 2013, read with the relevant Rules thereof (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Article 229 of the Articles of Association of the Company together with the applicable regulations/guidelines issued by the Securities and Exchange Board of India (SEBI) and Reserve Bank of India (RBI) in this behalf and subject to such approvals, consents, permissions and sanctions as may be necessary from appropriate authorities, consent and approval of the Members of the Company be and is hereby accorded to the Board of Directors of the Company, including any Committee thereof (hereinafter referred to as “the Board”) for capitalization of a sum not exceeding Rs. 67,332,780/- (Rupees Six Crore seventy Three Lakhs Thirty Two thousand seven hundred eighty only) from the Securities Premium Account, Free Reserves or any other permitted reserves/ surplus of the Company for the purpose of issue of Bonus Equity Shares of Rs. 10/- (Rupees Ten only) each, credited as fully paid-up to the holders of the Equity Shares of the Company, whose names appear on the Register of Members on the 'Record Date' to be determined by the Board, in the proportion of 18 (Eighteen) Bonus Equity Share of Rs. 10/- (Rupees Ten only) each, for every 10 (Ten) fully paid-up Equity Share of Rs. 10/- (Rupees Ten only) each held by Member and that the Bonus Shares so distributed shall, for all purposes, be treated as an increase in the paid- up capital of the Company held by each such Member, and not as Income.

RESOLVED FURTHER THAT, the Bonus Shares so allotted are subject to the Memorandum and the Articles of Association of the Company and shall rank pari-passu in all respects with the fully paid-up Equity Shares of the Company.

RESOLVED FURTHER THAT, no letter of allotment shall be issued in respect of the Bonus Shares and in the case of Members who hold Equity Shares or opt to receive the Equity Shares in dematerialized form, the Bonus Shares shall be credited to the respective beneficiary accounts of the Members, held with their respective Depository Participants and in the case of Members who hold Equity Shares in physical certificate form, the Share Certificates in respect of the Bonus Shares shall be dispatched, within such time as prescribed by law and the relevant authorities.

RESOLVED FURTHER THAT, the issue and allotment of the Bonus Shares to Non-Resident Members, Foreign Institutional Investors (FIIs) & other foreign investors, be subject to the approval of the Reserve Bank of India, as may be necessary.

RESOLVED FURTHER THAT, the Board be and is hereby authorized to take necessary steps for listing of such Equity Shares on the Stock Exchanges where the securities of the Company are listed, as per the provisions of the Listing Agreements with the concerned Stock Exchanges and other applicable guidelines, rules and regulations.

RESOLVED FURTHER THAT, for the purpose of giving effect to this Resolution, the Board, be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt



that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.”

By Order of the Board of Directors

Sd/-

**Madhusudan Lakhotia
Chairman & Managing Director**

Date: 30.05.2014

Place: Nashik

LAKHOTIA POLYESTERS (INDIA) LIMITED

Regd. Office: 158/159 Samartha Sahkariaudyogik

Vasahat Ltd, Pimpal- Gaon (Baswant)

Tal Niphad Dist Nashik – 422209

NOTES:

1. The Register of Members and the Share Transfer books of the Company will remain closed on Friday 27th June, 2014 and Saturday 28th June, 2014 (both days inclusive) for the purpose of the Annual General Meeting
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, which sets out details relating to Special Business at the meeting, is annexed hereto.
3. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY/ PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF. SUCH A PROXY/ PROXIES NEED NOT BE A MEMBER OF THE COMPANY.** A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. The instrument of Proxy in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the companies, societies etc., must be supported by an appropriate resolution/authority, as applicable.
4. Details as required under the Listing Agreement with the Stock Exchange in respect of the Directors seeking appointment/re-appointment at the Annual General Meeting, forms integral part of the notice. The Directors have furnished the requisite declarations for their appointment/re-appointment.
5. Electronic copy of the Notice of the 9th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 9th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
6. Notice of the 9th Annual General Meeting and the Annual Report for 2014 will also be available on the Company's website www.lakhotiapoly.in for their download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Nashik for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any



communication, the shareholders may also send requests to the Company's investor email id: info@lakhotiapoly.in.

7. Voting through electronic means;

The instructions for members for voting electronically are as under:-

a. IN CASE OF MEMBERS RECEIVING E-MAIL:

Log on to the e-voting website www.evotingindia.com.

Click on "Shareholders" tab to cast your votes.

Now, select "COMPANY NAME" from the drop down menu and click on "SUBMIT"

If you are holding shares in Demat form and have already voted earlier on www.evotingindia.com for a voting of any Company, then your existing login id and password are to be used. If you are a first time user follow the steps given below.

Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

*

After entering these details appropriately, click on "SUBMIT" tab.



Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Click on the <Company Name> on which you choose to vote.

On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

b. IN CASE OF MEMBERS RECEIVING THE PHYSICAL COPY OF NOTICE OF AGM [FOR MEMBERS WHOSE E-MAIL IDS ARE NOT REGISTERED WITH THE COMPANY/ DEPOSITORY PARTICIPANT(S) OR REQUESTING PHYSICAL COPY]:

Please follow all steps from sl. no. (ii) to sl. no. (xii) above, to cast vote.

Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution and POA in favour of the Custodian who they have authorised to vote on their behalf, if any, in PDF format in the system for the scrutinizer to verify the vote.

The e-voting facility will be available during the following voting period:



Commencement of e-voting	End of e-voting
From 9:00 am on June 20 th , 2014	Up to 6.00 pm on June 22 nd , 2014

During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 30.05.2014 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

- c. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
 - d. The e-voting period commences on 11th July 2014 (9:00 am) and ends on 13th July, 2014 (6:00 pm). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 15th June 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
 - e. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 15th June, 2014.
 - f. Mrs. Ranjana Mimani, Practicing Company Secretary (Membership No. 6271) and has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
 - g. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
 - h. The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.lakhotiapoly.in and on the website of CDSL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the BSE Limited.
8. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days except Saturdays, up to and including the date of the Annual General Meeting of the Company.



EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Mr. Shailesh Mistry is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 12/10/2012. Mr. Shailesh Mistry is member of the Remuneration/Compensation Committee and Audit Committee, of the Board of Directors of the Company.

He has passed Higher Secondary Examination and has served many organizations as Head Accounts.

Mr. Shailesh Mistry does not hold directorship in any other Companies of India. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Shailesh Mistry retires by rotation at the ensuing Annual General Meeting under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Shailesh Mistry being eligible and offered himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

A notice has been received from a member proposing Mr. Shailesh Mistry as a candidate for the office of Director of the Company.

In the opinion of the Board, Mr. Shailesh Mistry fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Shailesh Mistry an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Shailesh Mistry as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Shailesh Mistry as an Independent Director, for the approval by the shareholders of the Company. Except Mr. Shailesh Mistry, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

This Explanatory Statement may also be regarded as a disclosure under the Listing agreement with the Stock Exchange.

Item No. 5

Mr. Vicky Jain is a Non-Executive Independent Director of the Company. He joined the Board of Directors of the Company in 12/10/2012. Mr. Vicky Jain is a member of the Audit and Remuneration/Compensation Committee, of the Board of Directors of the Company.



He is a qualified Chartered Accountant from Institute of Chartered Accountants of India and a commerce graduate from Mumbai University.

Mr. Vicky Jain holds directorship in one another Company in India. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company.

Mr. Vicky Jain whose period of office is liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of Companies Act, 1956. In terms of Section 149 and any other applicable provisions of the Companies Act, 2013, Mr. Vicky Jain being eligible and offers himself for appointment, is proposed to be appointed as an Independent Director for five consecutive years for a term upto 31st March, 2019.

A notice has been received by the Company from a member proposing Mr. Vicky Jain as a candidate for the office of Director of the Company under section 160 of the Act along with the deposit of the requisite amount.

In the opinion of the Board, Vicky Jain fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as an Independent Director of the Company and is independent of the management. Copy of the draft letter for appointment of Mr. Vicky Jain as an Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Vicky Jain as an Independent Director.

Accordingly, the Board recommends the resolution in relation to appointment of Mr. Vicky Jain as an Independent Director, for the approval by the shareholders of the Company. Except Mr. Vicky Jain, being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

This Explanatory Statement may also be regarded as a disclosure under the Listing agreement with the Stock Exchange.

Item No. 6 & 7

Presently the existing Authorised Share Capital of the Company is Rs40,000,000 (Rupees Four Crores only) divided into 4,000,000 (Forty lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only), In order to augment further capital raise, it is necessary to increase the Authorised Share Capital to Rs. 105,000,000 (Rupees Ten Crores fifty lacs only) comprising of 10,500,000 (One crore five lacs only) Equity Shares of Rs. 10/- each (Rupees Ten only)

The alteration to the Capital Clause of Memorandum and Articles of Association of the Company is consequent upon increase in the Authorised Share Capital.



In order to accommodate the increased paid-up capital consequent to the proposed Bonus Issue, the Authorised Share Capital of the Company needs to be increased. A change to the Authorised Share Capital of the Company necessitates an amendment to Clause V of the Memorandum of Association and clause 3 of the Articles of Association of your Company respectively. As per the provisions of the Companies Act, 2013, any increase in Authorised Capital and consequent amendment to the Memorandum and Articles of Association of the Company requires consent and approval of the Members of the Company.

The Board of Directors recommend the Resolutions in Item No.6&7 of the Notice for approval by the Members. None of the Promoters Directors, Key Managerial Personnel or their relatives are interested in the Resolution(s) No. 6&7 of the accompanying Notice, except to the extent of Equity Shares, if any, will be allotted to them pursuant to the proposed Bonus Issue.

The Memorandum and Articles of Association referred herein above shall be open for inspection at the Registered Office of the Company on all working days between 11:00 hrs. to 13:00 hrs. up to the date of date of the Annual General Meeting of the Company

Item No. 8

The Board of Directors of the Company in its meeting held on May 27, 2014, has recommended for approval of the shareholders, issue of bonus shares to the holders of equity shares of the Company in the ratio of 18:10 (i.e. Eighteen bonus equity share of Rs.10/- for every Ten fully paid up equity shares of Rs.10/- each held) by increasing the Issued, Subscribed and Paid-up Share Capital of the Company to a sum not exceeding Rs. 67,332,780/- after capitalising a sum not exceeding Rs 67,332,780/- from the Securities Premium Account, General Reserves or any other permitted reserves/ surplus as per the Audited Accounts of the Company for the financial year ended March 31, 2014, and the same is proposed to be applied in paying up in full not exceeding 6,733,278 Equity Shares of Rs. 10/- each.

The fully paid-up Bonus Shares shall be distributed to the Members of your Company, whose names shall appear on its Register of Members on the Record Date determined by the Board of Directors of your Company (which term shall be deemed to include any Committee thereof) for the purpose of issue of Bonus Shares, in the proportion of 18 (Eighteen) Bonus Share of Rs.10/- for every 10 (Ten) Equity Shares of Rs. 10/- each held by them on the Record Date.

None of the entity/Companies (which shall be allotted bonus shares) in which Promoters, Directors, Key Managerial Personnel have shareholding/s interest of more than 2% are interested.

The Bonus Shares so allotted shall rank pari-passu in all respects with the fully paid-up Equity Shares of the Company as existing on the Record Date, save and except that they shall not participate in any divided that may be declared before the 'Record Date'.

The Promoters, Directors, Key Managerial Personnel of your Company and their relatives are interested in this Resolution to the extent of their respective shareholding/s in the Company.



The Board of Directors of your Company recommends this Resolution for your approval

**BY ORDER OF THE BOARD
FOR LAKHOTIA POLYESTERS (INDIA) LIMITED.**

Sd/-

**Madhusudan Lakhotia
(Chairman & Managing Director)**

Place: Nashik

Date: 30.05.2014

LAKHOTIA POLYESTERS (INDIA) LIMITED

Regd. Office : 158/159 Samartha Sahkariaudyogik

Vasahat Ltd, Pimpal- Gaon (Baswant)

Tal Niphad Dist Nashik – 422209

Encl: Proxy Form



DIRECTORS REPORT

To,
The Shareholders,
Your Directors have pleasure in presenting the 9th Annual Report of your Company along with the Audited Statement of Accounts for the Period ended 31st March, 2014

FINANCIAL RESULTS

Key Financial Indicators are as under –

Particulars	Amount ₹	Amount ₹
	FINANCIAL YEAR	
	2013-14	2012-13
Sales	95,911,188/-	70,692,045/-
Other Income	126,467/-	100,500/-
<u>Total Income</u>	96,037,655/-	70,792,545/-
Less: Expenditure	90,425,335/-	64,296,706/-
Profit Before Finance Cost, Depreciation & Tax	5,612,320/-	6,495,839/-
Less: Finance Cost	3,961,317/-	4,006,720/-
Less: Depreciation	923,426/-	923,335/-
<u>Net Profit Before Tax</u>	727,577/-	1,565,784/-
Add: Extraordinary Income	960,612/-	-
Less :Current Tax Expense	233,474/-	499,735/-
Less :Deferred Tax Adjustments	13,771/-	62,231/-
<u>Net Profit After Tax</u>	1,440,944/-	1,003,818/-

RESULTS OF OPERATION REVIEW:

During the current period of operation, your company has shown a increase in the revenue to the extent of 35.67 % from 706.92 Lakhs during FY 2012-13 to Rs 959.11 Lakhs during FY 2013-14. Profit after Tax of the company has increased to Rs 14.41 lakhs during FY 2013-14 as compared to Rs 10.03 Lakhs during FY 2012-13.

DIVIDEND:

The Company has decided to sustain the growth in line with the long term growth objectives of the Company by retaining the profits and utilizing the same for opportunities in hand, therefore the board does not recommended any dividend.

PERSONNEL:

During the year, the company did not have any Employee covered under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and therefore no particulars are required to be furnished.



Your Company's work force and management have been working with mutual respect, co-operation and understanding. The Board wishes to appreciate the efforts put in by all the categories of employees towards the progress achieved by the Company during the year.

DIRECTORS:

In terms of the provisions Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company, Mr. Harish Khajanchi, Director retire at the ensuing Annual General Meeting and is being eligible to offer himself for re-appointment at the ensuing Annual General Meeting.

In terms of the provision of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company Mr. Shailesh Mistry, Director retire at the ensuing Annual General Meeting. The Company has received requisite notices in writing from members proposing Mr. Shailesh Mistry for appointment as Independent Director.

In terms of the provision of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company the tenure of Mr. Vicky Jain, Director is liable to determination by retirement of Directors by rotation and in respect of which the Company has received requisite notices in writing from members proposing Mr. Shailesh Mistry for appointment as Independent Director for a tenure of five years.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Companies Act, 2013 and under Listing Agreement with the Stock Exchanges.

Based on the confirmations received from Directors, none of the Directors are disqualified from appointment under Section 164 of the Companies Act 2013.

AUDITORS:

The Auditors M/s. Sabadra & Sabadra, Chartered Accountants, retire at the forthcoming General Meeting and being eligible for re-appointment, the Company has received a certificate from the auditors to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224 (1B) of the Companies Act 1956.

PUBLIC DEPOSITS:

The company has not accepted any deposit within the meaning of the section 58A of the Companies Act, 1956.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

As required under Clause 52 of the Listing Agreement with the Stock Exchange, the Management Discussion and Analysis of the financial condition and results of operations of the Company under review, is annexed and forms an integral part of the Director's Report.



CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The information pursuant to section 217(1) (e) of the Companies (Disclosures of Particulars in the report of Board of Directors) Rules, 1988 is as under;

A. Conservation Of Energy:

<u>Power Consumption</u>	<u>2013-14</u>	<u>2012-13</u>
Electricity Consumption (in units)	365186	279686
Total Amount (in ₹)	2332620	2186527/-
Rate/Unit (in ₹)	6.94/-	7.81/-

The company has been continuously attempting to create a conscious awareness against excessive consumption and wastage at all levels.

<u>Consumption per unit of Production</u>	<u>2013-14</u>	<u>2012-13</u>
Total Amount (in ₹)	65006394	51181548
Total Production (in kgs.)	230670	217486
Rate/mts (in ₹)	281.82	235.33

B. Technology Absorption, Research & Development:

The company has incurred expenditure towards quality management, quality control, and to improve the production capacity. The company has also undertaken cost reduction and cost control program to manage and reduce the cost of production.

C. Foreign Exchange Earning / Outgo: Nil.

STOCK EXCHANGES:

The company's shares are listed on the SME platform of the Bombay Stock Exchange (BSE Ltd.). The company has paid the necessary listing fees of BSE Ltd. for the year 2014-15.

CORPORATE GOVERNANCE:

A report on Corporate Governance along with a Certificate from the Auditors of the Company regarding the compliance with conditions of Corporate Governance as also the Management Discussion and Analysis Report as stipulated under Clause 52 of the Listing Agreement are annexed to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the requirements of the provisions of Section 217(2AA) of the Companies Act, 1956, your Directors confirms as under:

- That in the preparation of the annual accounts the applicable accounting standards has been followed along with proper explanation relation to material departure, if any;



- ii. That the directors have selected such accounting policies and applied them consistently and made judgments and estimates, that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year i.e., March 31, 2014 and of the profit of the Company for the year ended on that date;
- iii. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records, in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. That the directors have prepared the annual accounts on going concern basis.

Acknowledgements:

The Directors wish to thank and deeply acknowledge the co-operation, assistance and support extended by various Government Authorities, Company's Bankers, Dealers, Vendors, Customers, Suppliers, Shareholders, Stock Exchange and others who have supported the company during its difficult time and hope to receive their continued support.

The Directors also wish to place on record their appreciation for the all round co-operation and contribution made by employees at all levels.

For and behalf of the Board of Directors
LAKHOTIA POLYESTERS (INDIA) LIMITED

Place : Nashik
Date : 30.05.2013

Sd/-
Madhusudan Lakhota
Chairman & Managing Director

Sd/-
Jayshree Lakhota
Executive Director



MANAGEMENT DISCUSSION AND ANALYSIS

Overview:

The company specializes in lacquered metallised polyester film which finds application primarily in the textile and apparel industry. The grade of coated polyester film produced is used extensively in the manufacture of metallic yarns.

The process of metalizing polyester or polymer films leads to a product that is glossy and shiny in its appearance. The process of metalizing involves the layering or coating of polymers with aluminum. The result is a reflective surface which reduces the vulnerability of the material to sunlight, moisture and air. Polyester coated films are available in different grades and specifications and find use across a varied number of industries from flexible packaging, shrink labels, cable insulation, and magnetic media to textiles and decorations.

Industry, Structure & Developments:

In the early days metallic yarns were limited to silver and gold variants. However, today every conceivable shade of colour is reproducible. The ability to read market trends and cater to unique shades, differentiates one company from another and determines the demand pull for metallic yarns. While the industry is fairly organized, there exist a large number of players within the metallic yarn segment. There are few companies that specialize solely in catering to the metallic yarn segment, with most players producing a large array of metallised polyester films which cater primarily to the needs of the flexible packaging industry..

Operational Performance

During the current period of operation, your company has shown a increase in the revenue to the extent of 35.67 % from 706.92 Lakhs during FY 2012-13 to Rs 959.11 Lakhs during FY 2013-14. Profit after Tax of the company has increased to Rs 14.41 lakhs during FY 2013-14 as compared to Rs 10.03 Lakhs during FY 2012-13.

Outlook

Indian economy is adversely affected by persistent inflation over the last few years. The rising incomes propped the purchasing power of the population, driving consumption demand in sectors, where supply lagged particularly, in food-grain and non-food-grain commodities, Sharp increase in international prices of fuels also contributed to inflationary pressure. The Government has been going very slow on various reforms, expected by large investors and market. Market participants were particularly concerned about subsidies—fertilizer, food and fuel; falling rupee against dollar; widening current account and fiscal deficits. Net Buys by the Foreign Institutional investors have been declining during the year as compared to these of the earlier years. Economic situations in Euro Zone countries and other priced the Capital Market towards losses.



Risk & Concerns

The largest component of costs involved in making flexible packaging film is attributable to raw materials.

Given the volatile trend in polyesters and demand for polyesters for competing applications the pressure on input costs can be expected to fluctuate.

Adequacy of Internal Control System

The Company has adequate internal control systems for the business processes in respect of all operations, financial reporting, compliance with laws and regulations etc. The management information system forms an effective and sound tool for monitoring and controlling all operating parameters. Regular internal audits ensure that responsibilities are executed effectively. The Audit Committee reviews the adequacy of internal controls on regular basis.

Human Resource Development

The Company recognizes that its human resource is its strength in realizing its goals and objectives.

Cautionary Statement

The Statement in this Management Discussion and Analysis report, describing the Company's outlook, projections, estimates, expectations or predictions may be "Forward looking Statements" within the meaning of applicable securities laws or regulations. Actual results could differ materially from those expressed or implied.



CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE

The Company is fully compliant with the mandatory requirements of Clause 52 of the Listing Agreement formulated by Securities and Exchange Board of India and Stock Exchanges. The Company presents its report on compliance of governance conditions specified in Clause 52 of the Listing Agreement.

1. Company's Philosophy on Code of Governance:

Your Company believes that Corporate Governance is powerful medium to sub serve the long-term interest of all the shareholders, creditors, customers, employees and other stakeholders. Corporate Governance strengthens Investors and Creditors trust and ensures a long-term partnership that helps in fulfilling our quest for achieving significant growth and profits. Your Company is committed to benchmarking itself with good governance and operates with transparency, professionalism, good conduct and value based systems.

2. Board of Directors

The Board of Directors along with its Committees provide leadership and guidance to the Company's management and direct, supervises and controls the performance of the Company. The present strength of Board of Directors is 6 (Six), whose composition and category is given below:

Three- Executive Directors

Three- Independent Directors

A. The Constitution of the Board as on March 31, 2014:

The Composition of the Board of Directors and also the number of other Board of Directors or Board Committees of which they are member/ Chairman are given below:

Sr. No.	Directors	Category	No. of Other Directorship		No. of Other Committee positions	
			Public	Private	Member	Chair man
1	Mr. Madhusudan Lakhotia	Managing Director	0	0	2	0
2	Mrs. Jayshree Lakhotia	Executive Director	0	0	0	0
3	Mr. Harish Khajanchi	Executive Director	0	0	1	0
4	Mr. Sajan Choudhary	Independent Director	0	0	2	1
5	Mr. Shailesh Mistry	Independent Director	0	0	2	1
6	Mr. Vicky Jain	Independent Director	0	1	2	1



None of the Directors hold directorship in more than 20 Public Limited Companies nor is a member in more than ten committees or acts as chairman of more than 5 committees across all the companies in which they are Directors.

B. Board Procedure:

The Directors of the Company are informed about the Agenda of the Board Meetings and Committee Meetings, containing relevant information / supporting data, as required well in advance, to enable the Board to take decision. Statutory Auditors are also requested to attend the Board or Committee meeting as and when required. Matters discussed at Board Meeting generally relate to Company's performance, quarterly results of the Company, approval of related-party transactions, general notice of interest of Directors, review of the reports of the Audit Committee and compliance with their recommendation, suggestion, compliance of any regulatory, statutory or listing requirements, etc.

C. Attendance of Each Director At the Board Meetings And The Last Annual General Meeting:

Sr. No.	Name of the Directors	Category of Directorship	No. of Board Meeting Attended	Attendance at the Last AGM held on 13.09.2013
1	Mr. Madhusudan Lakhotia	Chairman and Managing Director	5	Present
2	Mrs. Jayshree Lakhotia	Executive Director	4	Present
3	Mr. Harish Khajanchi	Executive Director	5	Present
4	Mr. Sajan Choudhary	Independent Director	5	Present
5	Mr. Shailesh Mistry	Independent Director	4	Present
6	Mr. Vicky Jain	Independent Director	4	Present

During the Financial Year 2013-14, Five meetings of the Board of Directors were held on the following dates:

29th May, 2013, 19th August, 2013, 13th September, 2013, 16th December, 2013 and 13th March, 2014

D. Directors Seeking Appointment / Reappointment:

The brief particulars of the Director of the company, being eligible for re-appointment as Directors, retiring by rotation at the ensuing Annual General Meeting is as follows:

Mr. Harish Khajanchi, Director retire at the ensuing Annual General Meeting and is being eligible to offer himself for re-appointment at the ensuing Annual General Meeting.

Mr. Shailesh Mistry, Director retire at the ensuing Annual General Meeting. The Company has received requisite notices in writing from members proposing Mr. Shailesh Mistry for appointment as Independent Director.



Mr. Vicky Jain, Director is liable to determination by retirement of Directors by rotation and in respect of which the Company has received requisite notices in writing from members proposing Mr. Shailesh Mistry for appointment as Independent Director for tenure of five years.

3. Committees of the board:

A. Audit Committee

Our Company has constituted an Audit Committee, as per the provisions of Section 292A of the Companies Act. The committee functions as prescribed under Section 292A of the Companies Act, 1956 and Clause 52 of the listing agreement. The members of the committee at present are:

Member of Audit Committee	Designation in Committee	Nature of Directorship
Mr. Vicky Jain	Chairman	Independent Director
Mr. Shailesh Mistry	Member	Independent Director
Mr. Madhusudan Lakhota	Member	Managing Director

During the year ended 31st March, 2014, Four Audit Committee Meetings were held.

Terms of reference of the Audit Committee are broadly defined as under:

The Committee's terms of reference powers, role and functions are as stipulated in Clause 52 of the Listing Agreement and under Section 292 A of the Companies Act, 1956.

B. Remuneration Committee

Our Company has constituted a Remuneration/ Compensation Committee. The members of the said committee are:

Name of Director	Designation in Committee	Nature of Directorship
Mr. Shailesh Mistry	Chairman	Independent Director
Mr. Sajan Choudhary	Member	Independent Director
Mr. Vicky Jain	Member	Independent Director

The terms of reference of the compensation committee are:

1. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/ Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.).



2. To be authorized at its duly constituted meeting to determine on behalf of the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole time/ Executive Directors, including pension rights and any compensation payment.

There is no change in managerial Remunerations last year hence no meeting was held during FY 13-14

C. Shareholders'/ Investors' Grievance Committee

Our Company has constituted a Shareholders'/Investors' Grievance Committee. The committee is formed to specifically look into the redressal of shareholder and investor complaints. The members of the committee at present are:

Name of Directors	Designation in the Committee	Nature of Directorship
Mr. Sajan Choudhary	Chairman	Independent Director
Mr. Madhusudan Lakhota	Member	Managing Director
Mr. Harish Khajanchi	Member	Executive Director

During the year ended 31st March, 2014, One Shareholders'/ Investors' Grievance Committee was held

Terms of reference of the Shareholder's/Investor's Grievance Committee are:

1. It shall have the authority to investigate into any matter in relation to transfer of securities or referred to it by the Board and for this purpose, shall have full access to information contained in the records of our Company and external professional advice, if necessary.
2. To investigate any activity within its terms of reference.
3. To seek information from any employee.
4. To seek information from share transfer agents.
5. To obtain outside legal or other professional advice.
6. To secure attendance of outsiders with relevant expertise, if it consider necessary.
7. To approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities.
8. To approve share transfer / transmission of securities periodically, whether by circular resolution or otherwise.
9. To look into redressing of shareholders' complaint like transfer of shares, non-receipt of balance sheet, non receipt of declared dividends, etc.
10. To oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investors services.

Name, Designation and address of the Compliance Officer:

Mr. Vivek Rathi

158/159 Samaratha Sahkari Audyogik Vasahat Ltd.
Pimpal- Gaon (Baswant),
Tal Niphad, District Nashik,
Maharashtra- 422209



Tel: +91 2550-252300

Fax: +91 2550-252300

Email address: info@lakhotiapoly.in

Status of Complaints received, resolved and pending as on 31st March, 2014

Number of Shareholders' Complaints received during the year	Nil
Number of Shareholders' Complaints resolved during the year	Nil
Number of Shareholders' Complaints Pending at the end of the year	Nil

Policy on Disclosure and Internal procedure for prevention of Insider Trading

Mr. Vivek Rathi, Compliance Officer is responsible for setting forth policies, procedures, monitoring and adherence to the rules for the preservation of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

4. CEO/CFO Certification :

The Managing Director and the person heading the finance function has certified to the board that:

- i. They have reviewed financial statements and the cash flow statement for the year and that to the best of their knowledge and belief:
 - a) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading,
 - b) These statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- ii. There are, to the best of their knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal, or violated of the company's code of conduct.
- iii. They accept responsibility for establishing and maintaining internal control and that they have evaluated the effectiveness of internal control systems of the company and they have disclosed to the auditors and the audit committee, deficiencies in the design or operation of internal controls, if any, of which they are aware and the steps they have taken or propose to take to rectify these deficiencies.
- iv. They have indicated to the auditors and the Audit committee
 - a. significant changes in internal control over financial reporting during the year;
 - b. significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - c. Instances of significant fraud of which they 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.



5. Report on Corporate Governance:

A separate section on Corporate Governance forms part of the Annual Report. The Company is in full compliance with all the provisions of clause 52 of Listing Agreement entered into with the Stock Exchanges.

The Company is compliant with the requirements as prescribed in Clause 52 of the Listing Agreement. A Certificate from the Statutory Auditors confirming compliance with all the conditions of Corporate Governance as stipulated in Clause 52 of the listing agreement with the Stock Exchange is annexed and forms part of this report. As far as adoption of non-mandatory requirements are concerned, the Board has constituted a Remuneration Committee of Directors comprising of Non-Executive and Independent Directors.

6. General Body Meetings:

The details of date, time and location of annual general meetings held in the last three years are as under:-

Year	Date of AGM	Day	Time	Venue
2012-13	Sept 13, 2013	Friday	2.30 PM	158/159 Samaratha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India
2011-12	Sept 29, 2012	Saturday	11:00 AM	158/159 Samaratha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India
2010-11	Sept 30, 2011	Friday	11:00 AM	158/159 Samaratha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India

No. of Special resolutions passed during the last three AGM's :-

AGM	No. of Special Resolution
2012-13	NIL
2011-12	NIL
2010-11	NIL

Postal Ballot:-

At the forthcoming Annual General Meeting, there is no resolution proposed to be approved by postal ballot.



7. Disclosures:

a) Related Party Transaction:

The Company had not entered into any transaction of a material nature, which will have a conflict with its interest during the year. The disclosure of related party transactions as required by the Accounting Standard (AS) 18 on 'Related Party Disclosures' issued by the Institute of Chartered Accountants of India (ICAI) is given under Note No. 20 of Notes to the Financial Statements. All the transaction covered under related party transaction were fair, transparent and at arm's length.

b) Disclosure of Accounting Treatment

The Company has followed all the relevant /applicable Accounting Standards issued by the ICAI while preparing the financial statements.

c) Statutory Compliance, Penalties and Strictures:

The Company has complied with all the requirements of the listing agreements with the stock exchanges as well as regulations and guidelines of SEBI. No penalties have been imposed or stricture has been issued by SEBI, stock exchanges or any Statutory Authorities on matters relating to capital markets during the last three years.

The Company has followed all relevant accounting standards notified by the Companies Accounting Standards Rules 2006 and relevant provisions of the Companies Act, 1956 while preparing its financial statements.

d) Whistle Blower Policy:

The Company has framed a Code of Conduct for Directors and Senior Management. At present, the Company does not have any formal Whistle Blower Policy.

e) Proceeds from the Initial Public Offer of the Company:

The Details about the utilization of the proceeds raised through Initial Public Offer of equity shares for FY 2012-13 of the Company are disclosed to the Audit Committee. The Company has not utilized these funds for the purposes other than those mentioned in the Prospectus of the Company. Proceeds from initial Public offer of Equity shares have been utilised as under:

Sr. No.	Particulars	Amount (₹ in Lakhs)
A.	<u>Proceeds from IPO</u>	508.20
B.	<u>Utilization</u>	
1	Long Term working Capital Requirement	360.00
2	General Corporate Purpose	118.00
3	Public Issue Expenses	30.20
	Total	508.20

f) Reconciliation of Share Capital Audit:

In line with the requirements stipulated by Securities and Exchange Board of India (SEBI), Reconciliation of Share Capital Audit is carried out on a quarterly basis by a Practicing Company Secretary to confirm that the aggregate number of equity shares of the Company held in National Securities Depository Limited (NSDL), Central Depository Services (India) Limited (CDSL) and in physical form tally with the total number of issued, paid-up, listed and admitted capital of the Company.



g) Disclosure of Risk Management

Our risk management process is overseen by the Board of Directors. Our risk management approach and practices continued to focus on minimizing the adverse impact of risks on our business objectives and to enable the Company to leverage market opportunities based on risk-return parity.

h) Status of Compliance with non-mandatory requirements:

i. The Board:

No separate office for the Chairman is maintained, and hence no reimbursement is made towards the same. No Specific tenure has been specified for the Independent Directors. However, they are liable to retire by rotation and seek re-appointment by the Members.

ii. Remuneration/Compensation Committee:

The Details regarding Remuneration Committee are provided and forms part of this report.

iii. Shareholders' Right:

The Company has posted its half yearly and annual financial results on its website i.e. www.lakhotiapolym.in

iv. Audit Qualification:

There are no audit qualifications in the financial statements for the financial year 2013-14. Standard practices and procedures are followed to ensure unqualified financial statements..

v. Mechanism for evaluating Non-Executive Board Members:

The Company presently does not have any formal mechanism for evaluating Non-Executive Board Members.

8. Means of Communications:

The half yearly and annual results are communicated to Bombay Stock Exchange where the Company's shares are listed as soon as the same are approved and taken on record by the Board of Directors of the Company. Further the results are not sent individually to the shareholders.

These results are simultaneously posted on the website for the Company at www.lakhotiapolym.in

9. Code of Conduct :

The Board of Director has adopted the Code of Business Conduct and Ethics for Director and Senior Management. The said Code has been communicated to the Directors and members of the Senior Management.



**ANNUAL DECLARATION BY CEO / MANAGING DIRECTOR PURSUANT TO CLAUSE 52
(1)(D)(ii) OF THE LISTING AGREEMENT**

I, Madhusudan Lakhota, Chairman & Managing Director of Lakhota Polyesters (India) Limited hereby declare that all the members of the Board of Directors of the Company and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them as laid down by the Company in terms of Clause 52(1)(D)(ii) of the Listing Agreement entered into with the Stock Exchanges for the financial year ended 31st March, 2014.

FOR LAKHOTIA POLYESTERS (INDIA) LIMITED

Place: Nashik
Date: 30th May, 2014

Sd/-
Madhusudan Lakhota
(Chairman & Managing Director)

10. General Shareholders Information:

a)	Annual General Meeting	
	(1) Date and Time	16th July, 2014 2.30 pm
	(2) Venue	158/159 Samaratha Sahkari Audyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal.- Niphad, Nashik – 422209, Maharashtra, India
b)	Financial Year	The Financial Year of the Company is from 1st April to 31st March of the following year.
c)	Book Closure Date	27 th June, 2014 & 28 th June, 2014 (both dates inclusive)
d)	Listing on stock exchange	SME Platform of BSE Limited
e)	Scrip Code	535387
f)	NSDL/CDSL – ISIN	INE191O01010
g)	CIN Number	L17120MH2005PLC155146
h)	Registrar and Share Transfer Agent	Sharex Dynamic (India) Private Limited Unit No.1, Luthra Ind. Premises. 1st Floor, 44-E, M Vasanti Marg, Andheri Kurla Road, Safed Pool, Andheri (E), Mumbai 400 072

11. Dividend Payment Date:

Not applicable (As no dividend is proposed for the financial year 2013-14)



12. Stock Market Data :

Month	The Month High and Low Prices during the year at Bombay Stock Exchange	
	High	Low
April, 2013	36.60	34.55
May 2013	36.50	33.85
June, 2013	35.00	35.00
July, 2013	35.00	34.00
August, 2013	No Trading	No Trading
Sept. 2013	35.00	35.00
Oct. 2013	No Trading	No Trading
Nov. 2013	No Trading	No Trading
Dec. 2013	35.90	35.90
Jan. 2014	No Trading	No Trading
Feb. 2014	No Trading	No Trading
March, 2014	No Trading	No Trading

Source: www.bseindia.com

13. Share holding pattern as on 31.03.2014

Sr. No.	Category	No. of Shares	%
1	Promoters (Including Promoters Body Corporate)	1188710	31.78
2	Body Corporate	2360000	63.09
3	Resident Individuals and HUF	192000	5.13
	TOTAL	3740710	100.00

14. Distributing of shareholding as on 31.03.2014

No. of Shares held	No. of Shareholders	%	No. of Shares	%
1 to 5000	30	65.22	120000	3.21
5001 to 10000	2	4.35	16000	0.43
10001 to 20000	1	2.17	12000	0.32
20001 to 50000	1	2.17	44000	1.18
50001 to 100000	5	10.87	366030	9.78
100001 onwards	7	15.22	3182680	85.08

15. Share Transfer Systems :

Trading in Equity Shares of the Company is permitted only in dematerialized form as per notification issued by the Securities & Exchange Board of India (SEBI). Sharex Dynamic (India) Limited handles both Demat and Physical Shares Transfers.



The Share Transfers which are received in physical form are processed and the share certificates are returned within 21 days from the date of receipt, subject to Documents being valid and complete in all respects.

16. Dematerialisation of Shares :

As on 31st March, 2014, 37,40,710 Equity shares were in dematerialized form representing 100% of total share capital of the Company.

17. Outstanding GDRs/ ADRs/ Warrants or any convertible instruments, conversion dates and likely impact on equity. :-

NIL

18. Plant Locations:

Location	Activity
Plot 158, 159, 160, 161, 162, Shree Samartha Sahakari Audyogik Vasahat Ltd., Pimpalgaon Baswant, Taluka - Niphad, District Nashik, Maharashtra	Metallic Film Manufacturing, Lacquer Coated Metallic Yarn Manufacturing, Chemical Resistant Films Manufacturing
S. No 329/2, Plot No 11 (Part) + 12+13+14 (Part), Near Rajasthani School, Malegaon, (Nashik) – 423203	Grey Fabric Manufacturing

19. Address for Correspondence:

Company:

Lakhota Polyesters (India) Limited

158/159 Samaratha Sahkari Audyogik Vasahat Ltd.,
Pimpal- Gaon (Baswant), Tal.- Niphad,
Nashik – 422209, Maharashtra, India

Registrar and Share Transfer Agent:

Sharex Dynamic (India) Private Limited

Unit No.1, Luthra Ind.Premises.
1st Floor, 44-E, MVasanti Marg,
Andheri KurlaRoad, Safed Pool,
Andheri (E), Mumbai - 400 072



DECLARATION

As provide under Clause 52 of the Listing Agreement with the Stock Exchange, all Board members and senior management personnel have affirmed compliance with Lakhotia Polyesters (India) Limited Code of Business Conduct and Ethics for the year ended March 31, 2014

FOR LAKHOTIA POLYESTERS (INDIA) LIMITED

Place: Nashik
Date: 30th May, 2014

Sd/-
Madhusudan Lakhotia
(Chairman & Managing Director)



Auditors' Certificate on Corporate Governance

To
The Members of
Lakhotia Polyesters (India) Limited

We have examined the compliance of conditions of corporate governance by Lakhotia Polyesters (India) Limited, for the year ended on March 31, 2014, as stipulated in clause 52 of the Listing Agreement of the said Company with stock exchange(s) in India.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

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

As per Out Report of Even Date
For **SABADRA & SABADRA**
CHARTERED ACCOUNTANTS
FRN: 108921W

Place: **Nashik**
Date: 30.05.2014

Sd/-
Mr. ANANT N. SABADRA
Partner
Membership No. **033683**



Independent Auditor's Opinion

To the Members of **LAKHOTIA POLYESTERS (INDIA) LTD**
Report on **the Financial Statements**

We have audited the accompanying financial statements of **LAKHOTIA POLYESTERS (INDIA) LTD.** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 the 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 the Management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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



- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the **PROFIT** of the Company for the year ended on that date, and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003("the Order") issued by the Central Government of India in terms of 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 purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, Statement of Profit and Loss, and the 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 the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of section 211 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

SABADRA & SABADRA

CHARTERED ACCOUNTANTS

Firm Registration No: **108921W**

Sd/-

ANANT N SABADRA, FCA

Membership No: **033683**

Place: Nashik

Date: 30.05.2014



ANNEXURES TO AUDITORS REPORT

Referred to in paragraph having reference to “Report on Other Legal and Regulatory Requirements” of our report of even date on the financial statements for the year ended 31st March 2014 on the basis of test checks as were considered appropriate and according to the records of the company and information and explanation given to us during the 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.
- (i)(b) Fixed assets have been physically verified by the management during the year at all its offices at reasonable intervals. No material discrepancies were noted on such verification.
- (i)(c) During the year, there was no sale of substantial part of fixed assets and hence, the going concern of the company has not affected.
- (ii)(a) The inventories at all business places have been physically verified by the management from time to time. In our opinion, the frequency of verification is reasonable.
- (ii)(b) In our opinion and according to the explanations given to us, the procedure of physical verification of the inventories followed by the management is reasonable and adequate in relation to the size of company and nature of business.
- (ii)(c) The company is maintaining proper records of inventory. As explained to us, there were no material discrepancies noticed on physical verification of inventories as compared to the book records.
- (iii)(a) The company has granted loans/advances, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. The year end balances in respect of such 4 parties advances are to the tune of ₹ 180.24 Lakhs. Based upon the management representations as made to us, we report that these advances are towards business transactions and in the normal course of business activity of the company.



- (iii)(b) The company has taken loans, during the year from companies, firms and parties covered in the Register maintained under Section 301 of the Companies Act, 1956 The year end balances in respect of loans taken from related parties (7 parties) is ₹ 49.83 Lakhs and from others (2 parties) is ₹ 16.00 Lakhs (Aggregating to ₹ 65.83 Lakhs)
- (iii)(c) In our opinion and according to the information and explanation given to us, the rate of interest and other terms and conditions of the loans taken by the company, are *prima facie* not prejudicial to the interest of the company. The principal amounts are in the nature of long term loans, while interest thereon is payable annually at the discretion of the parties. In respect of said loans and interest thereon, there are no overdue amounts.
- (iv) There are adequate internal control procedures commensurate with the size of the company and nature of its business with regard to purchase of inventory, fixed assets and sale of goods. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control.
- (v)(a) In our opinion and according to the information and explanation given to us, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 has been recorded.
- (v)(b) In our opinion and according to the information and explanation given to us, the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 are entered into at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The company has neither accepted nor invited any deposits falling within the purview of section 58A or section 58AA of the Companies Act, 1956 during the financial year.
- (vii) The company has an internal audit system commensurate with the size and nature of its business.
- (viii) The Central Government has not prescribed maintenance of cost records under clause (d) of sub section (1) of section 209 of the Companies Act, 1956.
- (ix)(a) The company is regular in depositing undisputed statutory dues with the appropriate authorities except Providend fund.



- (ix)(b) According to the information and explanation given to us, there are no disputed unpaid statutory dues pending for more than six months.
- (x) The company has no accumulated losses as on 31st March 2014. The company has not incurred any loss during the financial year covered by our audit and the immediately preceding financial year.
- (xi) Based upon our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to the banks/financial institutions.
- (xii) In our opinion and according to the explanation and information given to us, the company has not granted any loans and advances on the basis of security by way of pledge of shares and other securities.
- (xiii) In our opinion, the company is not chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii)(a),(b),(c)&(d) of the Order are not applicable to the company.
- (xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Order are not applicable to the company.
- (xv) In our opinion, according to the explanation and information given to us, the company has not given guarantees for loans taken by others from the banks or financial institution.
- (xvi) The company has not availed any fresh Term Loan from any financial institution, during the period under review. The term loan outstanding at the beginning of the year has been applied for the purpose for which they were raised.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the company, we report that no funds raised on short term basis have been used for long term investment and no fund raised on long term basis have been used for short term investment.



- (xviii) The company has not made preferential allotment of shares during the year to the parties and companies covered in the register maintained under section 301 of the companies Act, 1956.
- (xix) The company has not issued any debentures during the year and therefore question of creating security in respect thereof does not arise.
- (xx) The company has not made any public issue during the year and therefore disclosing the end use of money does not arise.
- (xxi) According to the information and explanations given to us, based upon the audit procedures performed and representation made by the management, we report that no fraud on or by the company noticed or reported during the course of our audit.

As per Out Report of Even Date
For **SABADRA & SABADRA**
CHARTERED ACCOUNTANTS
FRN: 108921W

Place: **Nashik**
Date: 30.05.2014

Sd/-
Mr. ANANT N. SABADRA
Partner
Membership No. **033683**



BALANCE SHEET AS AT 31.03.2014			
PARTICULARS	Note No.	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	1	37407100	37407100
(b) Reserves and surplus	2	68956614	68757367
3 Non-current liabilities			
(a) Long-term borrowings	3	6584669	6341773
(b) Deferred tax liabilities (net)	4	1790557	1776786
4 Current liabilities			
(a) Short-term borrowings	5	29890299	29026764
(b) Trade payables	6	10882517	3103093
(c) Other current liabilities	7	57502	619259
(d) Short-term provisions	8	1224391	1270683
TOTAL		156793649	148302825
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	11673160	12567619
(b) Non-current investments	10	1000	1000
(e) Other non-current assets	11	15732627	3082627
2 Current assets			
(a) Current investments	12	38000000	38225000
(b) Inventories	13	32221939	16586242
(c) Trade receivables	14	37883517	20487003
(d) Cash and cash equivalents	15	1244948	52237826
(e) Short-term loans and advances	16	18411445	4221800
(f) Other current assets	17	1625013	893708
TOTAL		156793649	148302825
See accompanying notes forming part of the financial statements			
As per our report attached. For SABADRA & SABADRA CHARTERED ACCOUNTANTS		For and on behalf of the Board of Directors LAKHOTIA POLYESTERS (INDIA) LIMITED	
Sd/- ANANT N. SABADRA, FCA MEM NO. 033683 FRN - 108921W NASHIK Date : 30.05.2014	Sd/- Madhusudan Lakhota (Managing Director & Chairman)	Sd/- Jayshree Lakhota (Director)	Place : Nashik Dated : 30.05.2014



STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON 31st MARCH, 2014

	PARTICULARS	Note No.	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
A	<u>CONTINUING OPERATIONS</u>			
				70692045
1	Revenue from operations	P-1	95911188	
2	Other Income	P-2	126467	100500
3	Total Revenue (1+2)		96037655	70792545
4	<u>Expenses:</u>			
	(a) Cost of materials consumed	P-3	78280744	54782825
	(b) Employee benefits expense	P-4	5671879	4614078
	(c) Finance costs	P-5	3961317	4006720
	(d) Depreciation and amortisation expenses	P-9	923426	923335
	(e) Other expenses	P-6	6472712	4899803
	Total Expenses		95310078	69226761
5	Profit / (Loss) before extraordinary items and tax	(3-4)	727577	1565784
6	Exceptional Items		0	0
7	Profit / (Loss) before extraordinary items and tax	(5+6)	727577	1565784
8	Extraordinary items - Profit on Sale of Mutual Fund		960612	0
9	Profit / (Loss) before tax	(7+8)	1688189	1565784
10	<u>Tax expense:</u>			
	(a) Current tax expense for year		239823	562129
	(b) Current tax expense relating to prior years		6349	62394
	(c) Net current tax expense		233474	499735
	(d) Deferred tax	8	13771	62231
	Total Tax Expense		247245	561966
11	Profit/(Loss) from Continuing Operations	(9-10)	1440944	1003818
B	<u>DISCONTINUING OPERATIONS</u>			
12.i	Profit / (Loss) from discontinuing operations (before tax)		0	0
12.ii	Gain / (Loss) on disposal of assets / settlement of liabilities attributable to the discontinuing operations		0	0
12.iii	Add / (Less): Tax expense of discontinuing operations		0	0
	(a) on ordinary activities attributable to the discontinuing operations		0	0
	(b) on gain/(loss) on disposal of assets/ statement of liab.		0	0
13	Profit / (Loss) from discontinuing operations (12.i + 12.ii + 12.iii)		0	0
C	TOTAL OPERATIONS		1440944	1003818
14	Profit/(Loss) for the year (11+13)		1440944	1003818



15	Earning per equity share:		
	(a) Basic		
	(i) Continuing Operations	0.39	0.56
	(ii) Total Operations	0.39	0.56
	(b) Diluted		
	(i) Continuing Operations	0.39	0.56
	(ii) Total Operations	0.39	0.56
15.ii	Earnings per share (excl. extraordinary items) (of ₹ 10/- each)		
	(a) Basic		
	(i) Continuing Operations	0.39	0.56
	(ii) Total Operations	0.39	0.56
	(b) Diluted		
	(i) Continuing Operations	0.39	0.56
	(ii) Total Operations	0.39	0.56
See accompanying notes forming part of the financial statements			
As per our report attached. For SABADRA & SABADRA CHARTERED ACCOUNTANTS		For and on behalf of the Board of Directors LAKHOTIA POLYESTERS (INDIA) LIMITED	
Sd/- ANANT N. SABADRA, FCA MEM NO. 033683 FRN - 108921W NASHIK Date : 30.05.2014		Sd/- Madhusudan Lakhotia (Managing Director & Chairman) Sd/- Jayshree Lakhotia (Director) Place : Dated : 30.05.2014	



CASH FLOW STATEMENT FOR THE YEAR ENDED 31.03.2014		Amount in ₹
PARTICULARS		Year ended 31.03.2014
A. CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit Before Tax and Extra Ordinary Items		1688189
Adjustments for :		
Depreciation on Fixed Assets		923426
Foreign Exchange		0
Investments		0
Interest/Dividend		0
Operating Profit before working capital changes		2611615
Adjustments for :		
Changes in Working Capital		-55441399
Cash Generated from Operations		-52829784
Interest Paid		
Direct Taxes Paid		
Cash flow before Extra Ordinary Items		-52829784
Extra Ordinary Items		960612
Net Cash Flow from Operating Activities (A)		-51869172
B. CASH FLOW FROM INVESTING ACTIVITIES		
Net Purchase / Transfer of Fixed Assets		-28967
Sale of Fixed Assets		0
Acquisition of Co's		0
Purchase of Investments		0
Sale of Investments		225000
Interest Recd		825562
Dividend Recd		0
Net Cash Flow from Investing Activities (B)		1021595
Total (A+B)		-50847577
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of Share Capital		0
Proceeds From Long Term Borrowings		-145301
Repayment of Finance Lease Liabilities		0
Net cash generated from financing activities (C)		-145301
Net Increase in cash and cash equivalents (A+B+C)		-5099278
Cash and cash equivalents as at opening		52237826
Cash and cash equivalents as at closing		1244948

As per our report attached.
For **SABADRA & SABADRA**
CHARTERED ACCOUNTANTS

For and on behalf of the Board of Directors
LAKHOTIA POLYESTERS (INDIA) LIMITED

Sd/-
ANANT N. SABADRA, FCA
MEM NO. 033683
FRN - 108921W
NASHIK
Date : 30.05.2014

Sd/-
Madhusudan Lakhotia
(Managing Director & Chairman)

Sd/-
Jayshree Lakhotia
(Director)

Place :
Dated :

Nashik
30.05.2014



Notes to the Financial Statements for the year ended March 31, 2014

0.1 COMPANY OVERVIEW:

Lakhotia Polyesters India Ltd. (the Company) is a public limited company domiciled and headquartered in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed on the Bombay Stock Exchange in India. The company is engaged in manufacturing and selling of textile yarn for catering to the domestic and international markets. The company is engaged in the business of manufacturing of lacquer coated Polyester Films, transfer foils and M type metallic yarns, which are appropriate for textile, printing, decoration, and packing industry and manufacturing of grey fabrics used in sarees and as interline cloth. The yarns produced by the company are used for made ups in apparels, hosiery and garment industry.

02. SIGNIFICANT ACCOUNTING POLICIES:

1. Basis of Preparation –

- A) The financial statements of the company have been prepared & presented in accordance with the generally accepted accounting principles in India under the historical cost convention on an accrual basis. The company has prepared these Financial Statements to comply in all material aspects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.
- B) The company had adopted revised schedule VI notified under the Companies Act for preparation & presentation of its Financial Statements for the ended 31st March 2014. This has no impact on recognition & measurement principles followed for preparation of financial statements. The Company has re- classified previous year's figures in accordance with the requirement as applicable in the current year.
- C) The Accounting policies adopted in preparation of Financial Statements are consistent with those followed in previous year.

2. USE OF ESTIMATES –

The preparation of Financial Statements in conformity with Indian GAAP requires the management to make estimates & assumptions that affect the reported amount of assets & liabilities (Contingent liabilities) and the reported amounts of revenues & expenses for the year. The management believes that estimates using preparation of financial statements are prudent & reasonable. All though these estimates are based on management's best knowledge of current events & actions, uncertainty about these assumptions and estimates could result in the outcome different from the estimate.

Estimates and underlying assumptions are reviewed on an ongoing basis any revision to the accounting estimates is recognized prospectively in the current & future period.



3. TANGIBLE FIXED ASSETS -

Fixed assets are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date. Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Subsequent expenditure relating to fixed assets is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

4. DEPRECIATION –

Depreciation has been provided on the SLM method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. No depreciation is claimed on the assets as merged / acquired at the year end.

5. IMPAIRMENT OF ASSETS –

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. Previously recognized impairment loss is further provided or reversed depending on changes in circumstances.

6. BORROWING COST -

Borrowing costs, other than those incurred for acquisition of fixed assets are recognized in the statement of Profit and Loss in the period they occur. Borrowing cost consists of Interest and other costs incurred in connection with the borrowing of the funds.

7. INVESTMENTS -

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Non Current investments are stated at cost.



8. INVENTORIES -

Inventories are valued at the lower of cost or the net realizable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi & LBT and other levies, transit insurance and receiving charges. Inventories at all places are taken as certified by the management.

9. CASH AND CASH EQUIVALENTS -

Cash and Cash equivalents for the purpose of cash flow statement comprise cash in hand, demand deposits with banks and other short term highly liquid investments with an original maturity of three months or less.

10. REVENUE RECOGNITION -

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

SALE OF GOODS -

Revenue is recognized when the significant risks and rewards of the ownership of the goods have been passed to the buyer. Sales are disclosed at net of VAT as applicable and also net of returns.

11. OTHER INCOME -

Interest is recognized on Receipt basis.

12. ACCOUNTING OF CLAIMS-

Claims payable are accounted at the time of the acceptance. Claims raised by the Government Authorities regarding taxes and duties, which are disputed by the company, are accounted based upon the merits of the claim.

13. GOVERNMENT GRANTS AND SUBSIDIES-

Government grants and subsidies are recognized when there is a reasonable assurance that the conditions attached to them will be complied, and grant/subsidy will be received.

Government grants of the nature of promoter's contribution are credited to the reserves and are treated as a part of the share holder's fund.

14. INCOME TAXES-

Tax expenses comprise of the current and deferred tax includes any adjustments treated to past periods in current and or deferred tax adjustments that may become necessary due to certain



developments or reviews during the relevant period. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961

Deferred Income Taxes reflect the impact of the current year's timing difference between the taxable income and accounting income for the year and reversal of the timing differences of the earlier periods.

Deferred tax is measured based upon the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet Date. Deferred Tax Assets are recognized only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of the deferred tax is reviewed at each Balance Sheet date. The company writes down the carrying amount of the deferred tax assets to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

15. PROVISIONS AND CONTINGENT LIABILITIES-

A provision is recognized when the company has a present obligation as a result of the past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based upon the best estimate required to settle the obligation at the reporting period.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

16. CONTINGENT LIABILITIES NOT PROVIDED FOR -

The company, promoters, directors and certain group promoted entities are a party to litigation with the customs departments for import of certain materials based upon alleged "misleading information". The matter is pending in Appeal before the Central Excise and Customs Appellate Tribunal, Mumbai and before the High Court, Mumbai. The total demand in the matter raised by the adjudicating authorities is to the tune of Rs. 220.91 Lakhs against company and Rs. 42.00 Lakhs against Shri M.S. Lakhota, the Managing Director of the company. The amounts as stated are ex interest thereon.



Pursuant to the directions received from the above authorities, the company has deposited a sum of Rs. 24.00 Lakhs as pre deposit for appeal.

On the basis of expert legal advice in the matter the management of the company is of the opinion that the matter will be decided in its favor and hence the company has not provided for the sums as stated above in its books of accounts for the period under this report and the same is treated as “Contingent Liability”

17. EARNINGS PER SHARE-

Basic earning per share is calculated by dividing the net profit or the loss for the year attributable to equity shareholders by the weighted number of equity shares outstanding at the end of the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted number of equity share outstanding during the year are adjusted for the effect of all dilutive potential equity shares.

18. CURRENT / NON CURRENT-

All assets and liabilities are presented as Current or Non Current as per the company’s normal operating cycle and other criteria set out in the revised Schedule VI of the Companies Act, 1956. Based upon the nature of products and the time between the acquisition of assets for processing and their realization, the company has ascertained its operating cycle as 12 months for the purpose of current/non - current classification of assets and liabilities.

19. SEGMENT REPORTING-

The company is predominantly in the business of “Man Made Yarn” and as such there are no separate reportable segments. The company’s operations are predominantly only in India.

20. RELATED PARTY DISCLOSURE/TRANSACTIONS WITH KEY MANAGEMENT PERSONNAL-

Name of the Concern / Personal	Nature of Payment	Amount in ₹
Mr. Madhusudan Lakhotia	Directors Remuneration.	4,80,000/-
	Interest	13,874/-
Mr. Madhusudan Lakhotia – HUF	Interest	24,710/-
Mrs. Jayshree Lakhotia	Directors Remuneration.	2,40,000/-
	Interest	16,250/-
Mrs. Kanchandevi Lakhotia	Rent	1,80,000/-
	Interest	3,49,140/-
Jagdish Fabrics	Rent	60,000/-



Shyam Sunder Lakhotia (HUF)	Interest	68,736/-
Shyam Sunder Lakhotia	Interest	33,270/-
Sujata Lakhotia	Salary	3,11,500/-
S.C. Threads (I) Pvt Ltd	Job Work	7,76,408/-

21. PAYMENT TO AUDITORS –

Nature of Payment	Amount in ₹
Company Law Matters	25,000/-
Taxation and Allied Matters	25,000/-
Certifications and Others	10,000/-
Total	60,000/-

Note: The above provision is exclusive of Service Tax Payable thereon.

22. PRIOR PERIOD ITEMS –

Expenses pertaining to Service tax and Provident Fund (Employers Share) were quantified during the year under Audit. The amount so quantified includes amounts pertaining to earlier financial years as well. The details of which is as under –

Particulars	Current Financial Year	Earlier Period
Service Tax	12,931/-	86,856/-
Employers Contribution to Provident Fund	22,500/-	21,695/-

23. OTHERS -

- Certain Balance representing Debtors and Creditors are subject to reconciliation and receipts of confirmation from parties, pursuant to confirmation requests sent by the company.
- Figures have been regrouped/reclassified/reinstated wherever necessary to make the comparison meaningful.

For **Lakhotia Polyester India Ltd**

As per Out Report of Even Date
For **SABADRA & SABADRA**
CHARTERED ACCOUNTANTS
FRN: 108921W

Sd/-
Madhusudan Lakhotia
(Managing Director & Chairman)
Place: Nashik
Date: 30.05.2014

Sd/-
Jayshree Lakhotia
(Director)

Sd/-
Mr. ANANT N. SABADRA
Partner
Membership No. 033683



NOTES FORMING PART OF BALANCE SHEET AS ON 31.03.2014

PARTICULARS	As at 31 March, 2014 ₹	As at 31 March, 2013 ₹
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NOTE 1 SHARE CAPITAL

AUTHORISED SHARE CAPITAL

Number of Equity Shares	4000000	4000000
Par value per share	10	10
AUTHORISED SHARE CAPITAL	₹ 40000000	40000000

PAID UP CAPITAL

Number of Equity Shares	3740710	3740710
Par value per share	10	10
PAID UP CAPITAL	₹ 37407100	37407100

SHAREHOLDERS HOLDING MORE THAN 5% OF THE PAID UP CAPITAL

SR NO.	Name of Shareholder	No. of Shares held	% of Holding
1	SANWARIA VINCOMM PVT. LTD.	1100000	29.41
2	MRS. KANCHANDEVI LAKHOTIYA	263080	7.03
3	MADHUSUDAN LAKHOTIYA	503350	13.46
4	INTENSIVE SOFTSHARE PVT LTD	272000	7.27
5	SHATRUNJAY ESTATES PVT LTD	300000	8.02
6	SANJOYOG TRADE LINK PVT LTD	616000	16.47

NOTE 2 RESERVE & SURPLUS

<u>DIC SUBSIDY</u>	1000000	1000000
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PROFIT & LOSS A/C

Opening Balance	2203175	1199357
Add : Profit for the year	1440944	1003818
Less : Earlier Year Adjustment	15956	
Closing Balance	SUB TOTAL ₹ 3628163	2203175

SECURITIES PREMIUM

Opening Balance	65554192	0
Addition during the year	0	67335000
Less - Issue Expenses	1225741	1780808
Closing Balance	SUB TOTAL ₹ 64328451	65554192
	GRAND TOTAL ₹ 68956614	68757367



NOTE 3 LONG TERM BORROWINGS

a] <u>Installments of Term Loans More than 1 Year</u>		
From Union Bank Of India A/c No. 453	0	52703
Rate of Interest - 13.25 %		
SECURED BY WAY OF -		
(i) Charge on the fixed Assets of the Co.		
(ii) Personal Guarantee of Directors		
TOTAL ₹	0	52703
b] <u>UNSECURED LOAN</u>		
- Related Party	4983685	3864733
- Others	1600984	2424337
TOTAL ₹	6584669	6341773

NOTE 4 DEFERRED TAX LIABILITIES

The effect of the significant timing differences that result in the deferred tax assets and liabilities at the end of the year are given as under :

Particulars	Current Year	Previous Year
<u>Deferred Tax Liabilities -</u>		
Tax on Depreciation Difference	1790557	1776786
₹	1790557	1776786
<u>Deferred Tax Assets -</u>		
Tax on Others	0	0
₹	0	0
Total DTL carried Forward in the Balance Sheet	1790557	1776786
Deferred Tax to be recognised in the P&L A/c	₹ 13771	

NOTE 5 SHORT-TERM BORROWINGS

a] <u>Loans repayable on demand - CC</u>		
From Union Bank Of India A/c No. 72021	29890299	29026764
Rate of Interest - 14.65%		
SECURED BY WAY OF -		
(i) Hypothecation Of Stock & Debtors		
(ii) Personal Guarantee of Directors		
TOTAL ₹	29890299	29026764

NOTE 6 TRADE PAYABLES

<u>Sundry Creditors (Materials)</u>	10882517	3103093
TOTAL ₹	10882517	3103093



NOTE 7 OTHER CURRENT LIABILITIES

Current Maturities

From Union Bank Of India A/c No. 453

57502

150100

Rate of Interest - 13.25%

SECURED BY WAY OF -

(i) Charge on the fixed Assets of the Co.

(ii) Personal Guarantee of Directors

Directors Remuneration Payable

0

469159

TOTAL ₹

57502

619259

NOTE 8 SHORT - TERM PROVISIONS

Provision - Statutory Dues:

Provision for tax

239823

310249

TDS Payable

105330

190868

Profession Tax Payable

3400

3400

Provision Others

875838

766166

TOTAL ₹

1224391

1270683



NOTE 9			FIXED ASSETS			METHOD OF DEPRECIATION - SLM				
SR. NO.	ASSET	RATE	GROSS BLOCK			DEPRECIATION			NET BLOCK AS ON	
			OP. BAL.	ADD/(DED)	TOTAL	OP. BAL.	FOR THE YR	TOTAL	31.03.2014	31.03.2013
TANGIBLE ASSETS										
1	Box Strapping Machine	4.75%	32240	0	32240	14745	1531	16276	15964	17495
2	Building	3.34%	1288998	0	1288998	240620	43053	283673	1005325	1048378
3	Car	9.50%	1473348	0	1473348	590051	139968	730019	743329	883297
4	CCTV Camera	4.75%	116456	0	116456	12519	5532	18051	98405	103937
5	Computer & Software	16.21%	329607	16667	346274	202289	56123	258412	87862	127318
6	Duplex Slitter	4.75%	1908179	0	1908179	511419	90639	602058	1306121	1396760
7	Electrical Equipments	4.75%	351858	0	351858	64564	16713	81277	270581	287294
8	Electrical Installation	4.75%	132737	0	132737	37916	6305	44221	88516	94821
9	Electronic Weighing Machine	4.75%	1140	0	1140	54	54	108	1032	1086
10	Film Coating Machine	4.75%	8020845	0	8020845	2265003	380990	2645993	5374852	5755842
11	Fire Extinguisher	4.75%	28530	0	28530	5044	1355	6399	22131	23486
12	Furniture & Fixture	6.33%	161666	0	161666	50737	10233	60970	100696	110929
13	Invertor	4.75%	23500	0	23500	426	1116	1542	21958	23074
14	Machinery - Micro Sliter	4.75%	3187432	0	3187432	938045	151403	1089448	2097984	2249387
15	Machinery	4.75%	113738	0	113738	5418	5403	10821	102917	108320
16	Mobile Phones	4.75%	20549	0	20549	3060	976	4036	16513	17489
17	Motor Cycle - Hero Honda	9.50%	58490	0	58490	12359	5557	17916	40574	46131
18	Plot - 160 / 161	0.00%	119370	0	119370	0	0	0	119370	119370
19	Plot at Pimpalgaon	0.00%	67250	0	67250	0	0	0	67250	67250
20	Printer	16.21%	31000	12300	43300	31000	1453	32453	10847	0
21	Refrigerator	4.75%	21400	0	21400	3560	1017	4577	16823	17840
22	Water Filter	4.75%	6990	0	6990	2020	332	2352	4638	4970
23	Weight Scale	4.75%	77328	0	77328	14183	3673	17856	59472	63145
TOTAL			17572651	28967	17601618	5005032	923426	5928458	11673160	12567619
Previous Year TOTAL `			17549151	23500	17572651	4081697	923335	5005032	12567619	13467454
NOTE : Land and Building of Factory Premises at Pimpalgaon are on lease hold basis and other assets are charged with UBI for credit facilities as sanctioned.										



NOTE 10	NON-CURRENT INVESTMENTS		
	Shares - Shree Samarth Ind. Estate	1000	1000
	TOTAL ₹	1000	1000
NOTE 11	OTHER NON CURRENT ASSETS		
		15732627	3082627
	TOTAL ₹	15732627	3082627
NOTE 12	CURRENT INVESTMENTS		
	Securities & Stock	38000000	38225000
	TOTAL ₹	38000000	38225000
NOTE 13	INVENTORIES		
	Stock in trade @ Factory	16466307	9293046
	Stock in trade @ Surat Office	147116	3352360
	Stock @ Textile unit	15608516	3940836
	TOTAL ₹	32221939	16586242
NOTE 14	TRADE RECEIVABLES		
	<u>More than Six Months</u>		
	Unsecured, considered good	5194498	14303457
	<u>Less than Six Months</u>		
	Unsecured, considered good	32689019	6183546
	TOTAL ₹	37883517	20487003
NOTE 15	CASH & CASH EQUIVALENTS		
	(a) Cash in hand	1125792	677654
	(b) Bank Balances	119156	51560172
	TOTAL ₹	1244948	52237826
NOTE 16	SHORT TERM LOANS & ADVANCES		
		18411445	4221800
	TOTAL ₹	18411445	4221800
NOTE 17	OTHER CURRENT ASSETS		
	Due from Revenue Authorities	1366617	600996
	MAT Entitlement	258396	252047
	Others	0	40665
	TOTAL ₹	1625013	893708



NOTES FORMING PART OF STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED 31.03.2014

Particulars	Note No.	For the year ended 31 March, 2014 ₹	For the year ended 31 March, 2013 ₹
NOTE P - 1			
REVENUE FROM OPERATIONS			
<u>SALES</u>			
Maharashtra State -		18183578	16355647
Gujrat State -		80817101	55615291
Returns & Rate Difference -		3089491	1278893
TOTAL ₹		95911188	70692045
NOTE P - 2			
OTHER INCOME			
Insurance Claim Received		0	100500
Exchange gain		114435	0
Discount Received		12032	0
TOTAL ₹		126467	100500
NOTE P - 3			
COST OF MATERIALS CONSUMED			
Opening Stock		16586242	10051874
Purchases		93916441	61317193
Closing Stock		32221939	16586242
TOTAL ₹		78280744	54782825
NOTE P - 4			
EMPLOYEE BENEFITS EXPENSE			
Salaries & Wages - Manufacturing		3707850	2756942
Salaries & Wages - Office		890000	1040000
Directors Remuneration		1029845	817136
Administrative Charges - PF		5286	0
Employers Contribution to PF		38898	0
TOTAL ₹		5671879	4614078
NOTE P - 5			
FINANCE COSTS			
Interest paid on Bank Loans - Union Bank of India			
- Car Loan A/c. No.453		17393	32529
- Working Capital Loan A/c. No. 72021		2759250	3320899
Interest on TDS		1711	0
Interest paid - Others		867349	587295
Bank Charges		315614	65997
TOTAL ₹		3961317	4006720



NOTE P - 6
OTHER EXPENSES

DIRECT EXPENSES

Electricity Expenses	2793762	2387217
Export Expenses	71372	0
Factory Expenses	221735	116099
Freight & Octroi Expenses	501751	607993
Packing Material	39015	11070
Rent Expenses	150000	150000
SUB TOTAL OF DIRECT EXPENSES	3777635	3272379

INDIRECT EXPENSES

Advertisement	0	50562
Audit Fees	66000	67500
BSE & ROC Charges	137641	39700
Commission Expenses	420460	300000
Computer Repairs and Maintainance	0	2780
Discount Expenses	32894	86105
Donation	10000	0
Freight Outward	131476	0
Insurance	93985	45141
Membership & Subscriptions	8764	8764
Misc Expenses	140140	54121
Municipal Taxes	19139	45039
Office Expenses	40033	72011
Office Rent	600000	300000
Postage & Couriers	15995	7290
Petrol & Diesel	39086	35026
Printing and Stationery	27579	21297
Professional Charges	311732	341015
Profession Tax (Company)	2000	4000
Sales Tax	10000	19444
Service Tax	99787	0
Telephone Expenses	100182	87009
Tea & Refreshment	7936	8401
Travelling & Conveyance	83289	9531
Vehicle Expenses	270959	22688
Website Expenses	26000	0
SUB TOTAL OF INDIRECT EXPENSES	₹ 2695077	1627424
GRANT TOTAL OF EXPENSES	₹ 6472712	4899803



ATTENDANCE SLIP

I certify, that I am the registered shareholder/proxy for the registered shareholder of the Company. I hereby record my presence at the Annual General Meeting at 158/159 Samaratha Sahkari Aydyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal Niphad, District Nashik, Maharashtra- 422209 on the 16th day of July, 2014 at 2:30 p.m.

Name of the Member (in Block Letters) :-

Member's Folio Number :-

DP Id :-

Client Id :-

Name of Proxy (in Block letters to be filled in if the Proxy attends instead of the member) :-

No. of Shares held _____

Signature (Member/Proxy)

* To be signed at the time of handing over this slip.

✂ ----- ✂



PROXY FORM

I/We _____ of _____
being a member/members of Lakhota Polyesters (India) Limited, hereby appoint _____
of _____ or failing him
_____ of _____ as my/our proxy to attend and vote for me/us
on my/our behalf at the Annual General Meeting at 158/159 Samaratha Sahkari Aydyogik Vasahat Ltd., Pimpal- Gaon (Baswant), Tal
Niphad, District Nashik, Maharashtra- 422209 on the 16th day of July, 2014 at 2:30 p.m. and at any adjournment thereof.

Signed this _____ day of _____ 2014

Note: The Proxy form duly completed and signed should be deposited at the Registered Office of the Company not later than 48 hours before the time of the Meeting.

Affix a ₹1
Revenue
Stamp

Member's/Proxy's Signature

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BOOK- POST

If undelivered, Please return to:

Lakhotia Polyesters (India) Limited

158/159 Samarathia Sahkari Aydyogik Vasahat Ltd.

Pimpal- Gaon (Baswant),

Tal Niphad, District Nashik,

Maharashtra- 422209

Tel: +91 2550-252300 Fax: +91 2550-252300

Website: www.lakhotiapoly.in Email: info@lakhotiapoly.in