

SIXTH ANNUAL REPORT 2012-2013

HELAPURI SPINNING MILLS PRIVATE LIMITED

(COMPANY NO: U17112AP2007PTC056839)

HELAPURI SPINNING MILLS PRIVATE LIMITED

REGISTERED OFFICE

PLOT NO 1-3-183/40/22/7
PAMMY'S PLAZA, P & T COLONY,
GANDHINAGAR,
HYDERABAD-500 080
ANDHRA PRADESH
INDIA

FACTORY AND MILLS:
VILLAGE: ALIVEEDU
PANCHAYAT: VIJAYARAI
MANDAL: PEDAVEGI
ELURU - 534001
WEST GODAVARI
ANDHRA PRADESH
INDIA

DIRECTORS

1. KOTI REDDY MALIREDDY
2. SHANTI MALIREDDY

AUDITORS

M/S. PADMANABHA RAO & Co.,
CHARTERED ACCOUNTANTS
FLAT NO. G-5, JAMUNA SADAN
MAYURI MARG, BEGUMPET
HYDERABAD - 500016.

BANKERS

INDIAN OVERSEAS BANK, VIJAYNAGAR CLY, HYDERABAD
INDIAN OVERSEAS BANK,XAVIER ROAD, ELURU

HELAPURI SPINNING MILLS PRIVATE LIMITED

NOTICE

NOTICE IS HEREBY GIVEN THAT THE SIXTH ANNUAL GENERAL MEETING OF THE COMPANY WILL BE HELD AT THE REGISTERED OFFICE AT PLOT NO 1-3-183/40/22/7, PAMMY'S PLAZA, PAND T COLONY, GANDHINAGAR, HYDERABAD – 500 080 ON FRIDAY 27TH SEPTEMBER 2013 AT 3.00 P.M. TO TRANSACT THE FOLLOWING BUSINESS:

ORDINARY BUSINESS:

- 1) To receive, consider and adopt Audited Statement of Profit & Loss for the year ended 31st March 2013 and the Balance Sheet as at that date and the Report of the Directors and Auditors thereon.
- 2) To consider and if thought fit, to pass with or without modifications, the following Resolution as an Ordinary Resolution.

"Resolved that pursuant to the provisions of sections 224 and other applicable provisions, if any, of the Companies Act, 1956, the retiring auditors, M/S. Padmanabha Rao & Co., Chartered Accountants, be and are hereby re-appointed as auditors of the company to hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General meeting of the company, on such remuneration as may be determined by the Board of Directors in addition to traveling and other out of pocket expenses".

BY ORDER OF THE BOARD

Koti Reddy Malireddy
Managing Director

Place: Hyderabad

Date: 28/08/2013.

NOTE:

- a. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and proxy need not be a member of the company.
- b. The instrument appointing proxy should be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.

HELAPURI SPINNING MILLS PRIVATE LIMITED**DIRECTORS REPORT**

To
The Members,
HELAPURI SPINNING MILLS PRIVATE LIMITED

Your directors have pleasure in presenting the Sixth Annual Report of the company with Audited Balance Sheet and Statement of Profit and Loss for the year ended 31st March, 2013.

The Company accomplished the setting up a spinning Mill in Village Aliveedu Near, Eluru, West Godavari District, of a capacity of 12096 to the existing 13480 spindles thereby a total capacity of 25,576 spindles.. We are stabilizing the combined capacities with great difficulty due the problem of power that is acute and unforeseen. We have however achieved the following financial results.

1) Financial Results:

Sl.No.	Particulars	Current Year(Rs)	Previous Year(Rs)
1	Sales	29,13,82,063.88	31,06,57,778.20
2	Other Income	1,33,04,277.00	46,99,588.00
3	Sub total	30,46,86,340.88	31,53,57,366.20
4	Profit before appropriations	8,54,27,447.21	5,49,25,640.79
5	Bank Interest	9,25,90,213.80	5,93,15,897.00
6	Depreciation	2,61,69,911.00	2,16,22,084.00
7	Profit before taxes	(2,00,28,400.59)	(2,13,12,752.21)
8	Taxation	-	-
9	Net Profits	(2,00,28,400.59)	(2,13,12,752.21)

2) Employees Details: There are no employees in your company, whose particulars are required to be disclosed under section 217(2A) of the companies Act, 1956 read with the companies (particulars of employees) Rules, 1975

3) Managerial Remuneration:

Your Directors have been paid the following Managerial Remuneration for the financial year 2012-2013

Managing Director: Rs. 1,80,000/-(Rs.9,00,000/)

Executive Director: Rs. 1,80,000/-(Rs.9,00,000/)

Total: Rs.3,60,000/-(Rs.18,00,000/)

4) Auditors: The auditors M/s. Padmanabha Rao & Co., Chartered Accountants, Hyderabad retire at the conclusion of the forthcoming Annual General Meeting and being eligible have expressed their willingness to continue if re-appointed

5) Rephasement of term loan Working Capital Term Loan,Funded Interest Term Loan by IOB : The company has availed credit facilities of term loan and cash credit from Indian Overseas Bank which have been rephased during the FY 12-13. Further the cash credit limit has been reduced from the existing limit of Rs 14 crores to a new limit of Rs 8,70,00,000 against which the overdue portion is Rs 17,20,132. In respect off the other two term loans and the working capital term loan and the funded interest term loan there are no overdues as on the 31st March 2013. Management is endeavouring and adhering to the schedule of rephasement as envisaged in the proposal as sanctioned by IOB.

6) Economies of Scale: There is a shortage of electricity and Raw materials which pose acute problem to the operations of the company which has necessitated the rephasment of IOB loans.

7) Modification in Audit Report: We have categorized trade debtors outstanding for more than six months (Rs 15,59,68,869/-) under non-current assets. We shall review the trade debtors for recovery in the F Y 2013-2014 and necessary actions.

8) Energy, Technology Absorption and Foreign Exchange:

Information as required under section 217(1)(e) of the companies Act, 1956 read with the companies (disclosure of particulars in the report of the board of directors) Rules, 1988 is set out as under.

A. Conservation of Energy	: Nil	
B. Technology absorption	: Nil	
C. Consumption of Electrical Units	:	Units (Rs. 4,67,90,583)
D. Foreign Exchange earnings	: NIL	(NIL)
FOB Value of Export Sales	: NIL	
E. Foreign Exchange outgo	: Nil	

9) DIRECTORS RESPONSIBILITY STATEMENT:

As per section 217(2AA) of the companies Act, 1956, we the directors of the company, confirm the following:

- a) That in the preparation of the accounts for the financial year ended 31st March, 2013, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) That the directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the year under review;
- c) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and any other irregularities;
- d) That the directors have prepared the accounts for the financial year ended 31st March, 2013 on going concern basis.

10) ACKNOWLEDGEMENTS: Your directors wish to place on record their sincere appreciation for the co-operation extended to the company by Indian Overseas Bank for the credit facilities and extended for speedy project scheduling, Employees of our company, and various Government Agencies.

By order of the Board

Place: Hyderabad
Date: **28/08/2013**

Koti Reddy Malireddy
(Managing Director)

Shanti Malireddy
(Director)

Independent Auditor's Report

To the Members of
HELAPURI SPINNING MILLS PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Helapuri Spinning Mills Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion:

The company has trade debtors to the extent of Rs 15.59 Crore representing debts exceeding six months which are unconfirmed and need to be reviewed for necessary provisions by the management and are therefore classified under the head non-current assets.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, ***except for the effects of the matter described in the Basis for Qualified Opinion paragraph, that is, existence of unconfirmed trade debtors outstanding for a period of more than 6 months to the extent of Rs 15.59 Crore,*** 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 March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the **loss** 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") (as Amended), issued by the Central Government of India in terms of sub section (4A) of section 227 of The Companies Act,1956 (The 'Act'), we enclose in the annexure a statement on the matters specified in the paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:
 - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books [and proper returns adequate for the purposes of our audit have been received from branches not visited by us]¹²;
 - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us]¹³ ;

- d. Except for the effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the accounting standards referred to in sub-section (3C) of section 211 of the Act;
- e. On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.
- f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For PADMANABHA RAO & CO
FRN No 002503S
CHARTERED ACCOUNTANTS**

**Ananta Padmanabha Rao R
Chartered Accountant
Proprietor
M No 023656**

Place: Hyderabad
Date: 28-08-2013.

Annexure to the Audit Report of even date to the members of HELAPURI SPINNING MILLS PRIVATE LIMITED, on the financial statements for the year ended 31st March, 2013.

- i. According to the information and explanations furnished to us, the Company is yet to maintain proper records showing full particulars, including quantitative details and situation of fixed assets. ***The company has to commence a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner.*** In our opinion, a substantial part of fixed assets has not been disposed off during the year.
- ii. According to the information and explanations furnished to us, during the year under report the company has physically verified its inventories of Raw Materials, Finished Goods and Stores and Spares. In our opinion the frequency of such verification to the extent carried out is reasonable.
- iii. ***The Company has neither granted nor taken any loan, secured or unsecured to/from companies, firms or other parties except a ex-director covered in the register maintained under section 301 of the Act. However, a sum of Rs.15,00,000/- is due from a ex-director on account of advance paid towards property from him pending execution of the conveyance deed for the same. The terms and conditions on which such advance has been granted is prima facie not prejudicial to the interest of the company or its members***
- iv. ***In our opinion, there is an adequate internal control system commensurate with the size of the company and the nature of its business. In our opinion, the internal control system for purchase of fixed assets needs to be strengthened to be commensurate with the size of the company and the nature of its business. Further, we have not come across any continuing failure to correct major weaknesses in the aforesaid internal control system.***
- v. In our opinion, there are no particulars of contracts or arrangements that need to be entered in to the register maintained U/s 301 of the Act except the intended purchase of property for a sum of Rs.15,00,000/- from a ex-director as para (iii) above.
- vi. The Company has not accepted any deposits from the public within the meaning of sections 58A and 58AA of the Act and the Companies (Acceptance of Deposits) Rules, 1975. Accordingly, the provisions of Clause 4(vi) of the Order are not applicable.
- vii. ***In our opinion, the company does not have internal audit system for the year under audit.***
- viii. ***The company is in the process of obtaining cost compliance certificate for the manufacturing activity of the company and is to update the required data of cost records pursuant to section 209 (1) (d) and the Rules made by the Central Government for the period under audit.***

- ix. (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees state insurance, income tax , custom duty, excise duty, cess and other material statutory dues , as applicable, have generally been regularly deposited with the appropriate authorities. except:

The statutory dues of Provident fund are being deposited with the appropriate authorities in arrears.

Further, undisputed amounts payable in respect thereof were outstanding at the yearend for a period of more than six months from the date they become payable on account of income tax deducted at source is Rs. 22,22,725/- (Previous Year Rs.22,78,919/ exclusive of interest payable thereon.

(b) There are no amounts in respect of sales tax, income tax, customs duty, wealth tax, service tax, excise duty and cess that have not been deposited with the appropriate authorities on account of dispute.

- x. In our opinion, the company has no significant accumulated losses at the end of the financial year.
- xi. The company has not issued any debentures during the year. In our opinion, the Company has not defaulted in repayment of dues to a financial institution or bank during the year.
- xii. The Company has not granted any loans and advances on the basis of Security by way of pledge of shares, debentures and other securities. Accordingly, the provisions of clause 4(xii) of the Order are not applicable.
- xiii. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund/ society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable.
- xiv. In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the order are not applicable.
- xv. In our opinion, the terms and conditions on which the Company has given guarantee for loans taken by others from banks or financial institutions are not, prima facie, prejudicial to the interest of the Company.
- xvi. In our opinion, the term loans were applied for the purpose for which the loans were obtained , though idle/surplus funds which were not required for immediate utilization have been invested in liquid investments, payable on demand.

- xvii. In our opinion, no funds raised on short-term basis have been used for long-term investment.
- xviii. The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Act, Accordingly, the provisions of clause 4(xviii) of the Order are not applicable.
- xix. The Company has neither issued nor had any outstanding debentures during the year. Accordingly, the provisions of clause 4(xix) of the Order are not applicable.
- xx. The Company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Order are not applicable.
- xxi. No fraud on or by the Company has been noticed or reported during the period covered by our audit.

**For PADMANABHA RAO & CO
FRN No 002503S
CHARTERED ACCOUNTANTS**

**Ananta Padmanabha Rao R
Chartered Accountant
Proprietor
M No 023656**

Place: Hyderabad
Date:28-08-2013.

HELAPURI SPINNING MILLS PRIVATE LIMITED

Balance Sheet As on 31st March,2013

Particulars		Note No.	For the year ended 31 March 2013 Amount (Rs)	For the year ended 31 March, 2012 Amount (Rs)
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	1	29,40,51,000.00	29,40,51,000.00
	(b) Reserves and surplus	2	(4,37,24,506.80)	(2,36,96,106.21)
	(c) Money received against share warrants		-	-
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Long-term borrowings	3	63,88,41,816.30	54,37,28,456.00
	(b) Deferred tax liabilities (net)		-	-
	(c) Other long-term liabilities		-	-
	(d) Long-term provisions		-	-
4	Current liabilities			
	(a) Short-term borrowings	4	3,95,264.00	1,51,909.00
	(b) Trade payables		4,25,24,265.12	5,19,125.12
	(c) Other current liabilities	5	66,46,233.02	2,39,80,679.00
	(d) Short-term provisions	6	23,961.00	23,961.00
	TOTAL		93,87,58,032.64	83,87,59,023.91
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	7	61,57,38,347.99	59,94,54,406.00
	(ii) Intangible assets		-	-
	(iii) Capital work-in-progress			68,99,270.54
	(iv) Intangible assets under development		-	-
	(v) Fixed assets held for sale		-	-
	(b) Non-current investments		-	-
	(c) Deferred tax assets (net)		-	-
	(d) Long-term loans and advances		-	-
	(e) Other non-current assets	8	15,59,68,869.07	-
2	Current assets			
	(a) Current investments			
	(b) Inventories	9	3,36,78,350.00	4,10,96,076.00
	(c) Trade receivables	10	9,16,88,943.55	15,59,68,869.00
	(d) Cash and cash equivalents	11	12,79,725.46	6,69,629.12
	(e) Short-term loans and advances	12	3,40,39,553.00	2,85,03,309.00
	(f) Other current assets	13	63,64,244.00	61,67,464.50
	TOTAL		93,87,58,033.07	83,87,59,024.16
	See accompanying notes forming part of the financial statements	15		

In terms of our report attached.

For PADMANABHA RAO & CO.,
Chartered Accountants

For HELAPURI SPINNING MILLS PRIVATE LIMITED

Ananta Padmanabha Rao R
Chartered Accountant
Proprietor
M No 023656

Director

Director

Place : Hyderabad
Date : 28/08/2013

Note 2 Reserves and Surplus

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	(2,36,96,106)	(23,83,354)
Add: Profit / (Loss) for the year	(2,00,28,401)	(2,13,12,752)
Closing balance	(4,37,24,507)	(2,36,96,106)
Total	-	-

Note 3 Long-term borrowings

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
SECURED LOANS		
Term Loan From Indian Oversea Bank A/c No 107103380900013 (Secured by the First Charge of fixed assets , present and future i e Land and Factory Building , Plant and Machinery and fixed assets of the company at Eluru, West Godavry District . and further guaranteed by two directors of the company)	20,79,70,944	21,63,05,305
Cash Credit From Indian Oversea Bank A/c No 1107102000003456 (Secured by the Hypothecation of Raw Material, Work In Process, and Finished Goods and Book Debts including Export receivables present and future and further guaranteed by two directors of the company)	8,57,20,132	14,11,17,495
Term Loan From Indian Oversea Bank A/c No 107103381100005 (Secured by the First Charge of fixed assets , present and future i e Land and Factory Building , Plant and Machinery and fixed assets of the company at Eluru, West Godavry District . and further guaranteed by two directors of the company)	20,92,57,245	18,63,05,656
Term Loan From Indian Oversea Bank A/c No 107103381100005 (Secured by the First Charge of fixed assets , present and future i e Land and Factory Building , Plant and Machinery and fixed assets of the company at Eluru, West Godavry District . and further guaranteed by two directors of the company)	7,72,00,000	-

Term Loan From Indian Oversea Bank A/c No 107103131200001 (Secured by the First Charge of fixed assets , present and future i e Land and Factory Building , Plant and Machinery and fixed assets of the company at Eluru, West Godavry District . and further guaranted by two directors of the company)	5,86,93,495	-
Total	63,88,41,816	54,37,28,456
Overses Bank have communicated a rephasement programme in respect of the credit facilities of term loan and cash credit. Further they have reduced the cash credit limit from the existing limit of Rs 14 crores to a new limit of Rs 8,70,00,000 against which the overdue portion is Rs 17,20,132. In respect off the other two term loans and the working capital term loan and the funded interest term loan there are no overdues as on the 31st March 2013.		

Note 4 Short Term Borrowings

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Due to Directors		
KOTI REDDY MALI REDDY	15,55,495	1,02,729
SANTI MALIREDDY	- 11,60,231	49,180
Total	3,95,264	1,51,909

Note 5 Other Current Liabilities

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
TDS Payable	22,22,725	22,78,919
Expenses Payable	27,14,405	6,17,937
Interest Overdue on Term Loans		2,10,83,823
Audit Fee Payble	1,32,903	-
Salaries and Wages Payable	4,14,214	-
Service Tax Payable	36,609	-
Payable to Y Satyanarayana	15,000	-
PF Payable	1,03,954	-
Duties and Taxes Payable	10,06,423	-
Total	66,46,233	2,39,80,679

Note 6 Short Term Provisions

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Provision for Income Tax	23,961	23,961
Total	23,961	23,961

Note 8 Other Non Current Assets

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
	155968869.1	
Total	15,59,68,869	-

Note 11 Cash and Cash Equivalents

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Cash in Hand	34,616	5,97,098
Cash at Bank		
- HDFC Bank 0195	12,31,543	3,351
- HDFC Bank 6502	-	-
- Indian Overseas Bank 2034	5,001	38,647
- State Bank of India 9868	8,566	30,534
Total	12,79,725	6,69,629

Note 12 Short Term Loans and Advances

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Advance for Purchase of Fixed Assets	15,00,000	2,85,03,309
Advance for Purchase of Materials	2,16,355	-
Other Advancement	3,23,23,198	
Total	3,40,39,553	2,85,03,309

Note 13 Other Current Assets

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
AP VAT		1,06,162
Central Excise	2,43,609	2,43,609
TDS FY 2011-2012	1,20,196	48,901
Deposits (Net of Loans on Deposits)	60,00,439	57,68,793
Total	63,64,244	61,67,465

Notes forming part of the financial statements

Note 1 Share capital

Particulars	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares	₹	Number of shares	₹
(a) Authorised				
Equity shares of ₹ Rs 10/- each with voting rights	3,00,00,000	30,00,00,000	3,00,00,00,000	30,00,00,00,000
(b) Issued, Subscribed and fully paid up				
Equity shares of ₹ Rs 10/- each with voting rights	2,94,05,100	29,40,51,000	2,94,05,100	29,40,51,000

The Company has increased the Authorised Share Capital from Rs. 13,50,00,000/- to Rs. 30,00,00,000/- during March, 2012. However the company has yet to file the relative Form No 5 and Form No 23 before The ROC, HYDERABAD, AP.

Details of shares held by each shareholder holding more than 5% shares:

Class of shares / Name of shareholder	As at 31 March, 2013		As at 31 March, 2012	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Equity shares with voting rights				
KOTI REDDY MALI REDDY	1,50,35,275	51%	1,50,35,275	51%
P MANOJ KUMAR	30,000	0%	30,000	0%
SANTI MALIREDDY	37,10,275	13%	37,10,275	13%
NARISIMHA REDDY	48,34,025	16%	48,34,025	16%
PRASANNA KUMARI	31,70,525	11%	31,70,525	11%
LATHA RANI PAMULAPATI	7,50,000	3%	7,50,000	3%
RAJA REDDY PAMULAPATI	3,17,500	1%	3,17,500	1%
MUARI KRISHNA TIRUVURU	3,17,500	1%	3,17,500	1%
RAJYA LAKSHMI TIRUVURU	3,17,500	1%	3,17,500	1%
T.RAMA TULASI	3,17,500	1%	3,17,500	1%
CHAKRAVARTHI GAYAM	2,87,500	1%	2,87,500	1%
JAYANTI P	3,17,500	1%	3,17,500	1%
TOTAL	2,94,05,100	100%	2,94,05,100	100%

All the share holders are entitled to equal voting rights and dividends as and when distributed and rank pari-passu on the Networth of the company per each share

HELAPURI SPINNING MILLS PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31 March, 2013

	Particulars	Note No.	For the year ended 31 March 2013 Amount (Rs)	For the year ended 31 March, 2012 Amount (Rs)
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)	14	29,13,82,063.88	31,06,57,778.20
	Less: Excise duty		-	-
	Revenue from operations (net)		29,13,82,063.88	31,06,57,778.20
2	Expenses			
	(a) Cost of materials consumed	15	14,44,82,342.80	13,60,03,639.41
	(b) Purchases of stock-in-trade - Hank Yarn	16	-	12,52,76,700.00
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	17	78,72,728.00	(2,72,05,258.00)
	(d) Employee benefits expense	18	44,26,010.00	39,54,488.00
	(e) Other expenses	19	4,91,73,535.87	1,77,02,568.00
	Total		20,59,54,616.67	25,57,32,137.41
3	Earnings before exceptional items, extraordinary items, interest, tax, depreciation and amortisation (EBITDA) (1 - 2)		8,54,27,447.21	5,49,25,640.79
4	Finance costs	20	9,25,90,213.80	5,93,15,897.00
5	Depreciation and amortisation expense	21	2,61,69,911.00	2,16,22,084.00
6	Other income	22	1,33,04,277.00	46,99,588.00
7	Profit / (Loss) before exceptional and extraordinary items and tax (3 + 4 + 5 + 6)		(2,00,28,400.59)	(2,13,12,752.21)
8	Exceptional items			-
9	Profit / (Loss) before extraordinary items and tax (7 + 8)		(2,00,28,400.59)	(2,13,12,752.21)
10	Extraordinary items		-	-
11	Profit / (Loss) before tax (9 + 10)		(2,00,28,400.59)	(2,13,12,752.21)
12	Tax expense:			
	(a) Current tax expense for current year			
	(e) Deferred tax			
			-	
13	Profit / (Loss) from continuing operations (11 + 12)		(2,00,28,400.59)	(2,13,12,752.21)
B	DISCONTINUING OPERATIONS			
15	Profit / (Loss) from discontinuing operations (14.i + 14.ii + 14.iii)		-	-
C	TOTAL OPERATIONS			
16	Profit / (Loss) for the year (13 + 15)		(2,00,28,400.59)	(2,13,12,752.21)
17.i	Earnings per share (of ₹Rs.10/- each):			
	(a) Basic			
	(b) Diluted			
	See accompanying notes forming part of the financial statements			

In terms of our report attached.

For PADMANABHA RAO & CO.,
Chartered Accountants

For HELAPURI SPINNING MILLS PRIVATE LIMITED

Ananta Padmanabha Rao R
Chartered Accountant
Proprietor
M No 023656

Director

Director

Place : Hyderabad
Date : 28/08/2013

Note 14 Revenue from operations

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Sale of Manufactured Goods - Polyester Spun Yarn	21,46,69,351	14,72,65,249
Sale of Traded Goods - Hank Yarn	7,67,12,713	16,33,92,529
Total	29,13,82,064	31,06,57,778

Quantitative Details

Particulars	Opening Stock	Purchases/Production	Sales/Consumption	Closing Stock
Raw Material				
Polyster Staple Fibre (Kg's)	51,400.00	13,20,558.00	12,34,589.00	1,37,369.00
Viscose (Kg's)	8,874.00	-	-	8,874.00
				-
Finished Goods				-
20/1S Polyster Spun Yarn(Kg's)	-	13,880.00	13,880.00	-
30/1S Polyster Spun Yarn(Kg's)	4,059.00	1,31,119.00	1,22,519.00	12,659.00
40/1S Polyster Spun Yarn(Kg's)	3,577.00	1,41,564.00	1,41,649.00	3,492.00
62/1S Polyster Spun Yarn(Kg's)	16,993.00	9,10,839.00	9,09,896.00	17,936.00
Waste	-	37,186.00	37,186.00	-
Total	84,903.00	25,55,146.00	24,59,719.00	1,80,330.00

Note 15 Cost of Materials Consumed

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Opening Stock of Raw Materials, Components, stores and Spares	70,20,588	2,10,47,719
Add: Purchases during the year	14,35,74,091	11,96,63,879
Freight Charges (Incl Service Tax)	13,63,254	23,10,419
Packing Charges	-	2,210
Less: Closing Stock of Raw Materials, Components, stores and Spares	74,75,590	70,20,588
Cost of Materials Consumed	14,44,82,343	13,60,03,639

Note 16 Purchase of Hanky yarn

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Purchase of Hanky Yarn	-	12,52,76,700.00
Total	-	12,52,76,700

Note 17 Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
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	Amount (Rs)	Amount (Rs)
Inventories at the end of the year:		
Finished goods - Polyester Spun Yarn	2,62,02,760	41,54,213
Finished goods - Hank Yarn	-	2,99,21,275
Inventories at the beginning of the year:		
Finished goods - Polyester Spun Yarn	41,54,213	68,70,230
Finished goods - Hank Yarn	2,99,21,275	-
Net (increase) / decrease	78,72,728	(2,72,05,258)

Note 18 Employee Benefit Expenses

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Salaries and Wages	18,75,092	19,93,819
Accounting Expenses	1,80,000	
Managerial Remuneration - M Koti Reddy	1,80,000	9,00,000
Managerial Remuneration - M Santhi	1,80,000	9,00,000
Contribution to RPF	-	1,54,280
Employee Insurance	20,10,000	
Refreshment Expenses	918	6,389
Total	44,26,010	39,54,488

Non compliance of Accounting Standard 15 relating to providing for Actuarially valued liability towards Leave salary and Gratuity

Note 19 Other Expenses

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Power and Fuel	46790583	1,50,85,480
Rent	-	-
Audit Fee	29500	5,05,693
Postage and Courier	2688	59,130
Travelling Expense	95337	95,578
AP VAT	-	-
Panchayat Taxes	-	-
Factory License	279958	17,340
Professional Tax		7,500
Other Taxes	74,889	-
Insurance	465000	3,73,095
Tapes Expenses	-	-
Adhesives	-	-
Repairs and Maintainance	3,10,678	1,35,467
Misc Expenses		7,372
Advertisement	4640	21,775
Car Hire Charges	-	3,00,000
Telephone Charges	39497	59,408
Discount Allowed	7,31,031	63,713
Grease	86180	40,500
Interest on Delayed payment of TDS		15,185
Hamali Charges		1,69,026
Lodge Rents	7575	19,787
Calcium Sulphate	41577	
Medicines	100635	44,069
Printing and Stationery	22240	47,326
Excise Duty		6,11,706
Security Service Charges	-	20,000

Transport Charges	18517	3,418
Cell Charges	66011	
Consultancy charge Provident Fund	7,000	
Total	4,91,73,536	1,77,02,568

Note 20 Finance Cost

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Interest on Term Loan	7,26,55,709	4,58,50,370
Interest on Cash Credit	1,75,68,413	28,27,985
Interest on Deposit Loan	2,47,896	1,04,95,416
Bank Charges	21,18,196	1,42,126
Total	9,25,90,214	5,93,15,897

Note 21 Depreciation and Amortisation Expense

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Depreciation	2,61,69,911	2,16,22,084
Preliminary Expenses Writtenoff		-
Total	2,61,69,911	2,16,22,084

Non Provision of Impairment Loss of certain assets not effectively put to use and not ascertained and not quantified

Note 22 Other Income

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	Amount (Rs)	Amount (Rs)
Interest on Bank Deposits	4,52,561	6,05,363
Interest on Other Deposits	2,60,382	1,48,244
Subsidy	1,25,91,334	3945981
Total	1,33,04,277	46,99,588

NOTE 14 - Significant Accounting Policies and Notes to Accounts for the year ended 31st March, 2013**COMPANY OVERVIEW:**

Helapuri Spinning Mills Private Limited incorporated in accordance with the provisions of the Companies Act, 1956 of India is a limited liability company and the Company is primarily into manufacturing of Synthetic Yarn and have set up spinning mill with a production capacity of 13480 spindles to produce Polyester spun Yarn. Further the company also envisages expansion of the capacity by 12096 spindles during the F.Y. 2011-2012. The company has also taken the opportunity of trading in hanky yarn and has been able to sell all the hanky yarn during the year of audit.

Significant accounting policies**a. Basis of preparation of financial statements**

The financial statements are prepared in accordance with accounting principles generally accepted ('GAAP') in India under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under Section 211 (3C) of the Companies Act, 1956 pronouncements of The Institute of Chartered Accountants of India ('ICAI'), other relevant provisions of the Act.

b. Use of estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for doubtful debtors and other receivables, provision for inventories, future obligations under employee retirement benefit plans, income taxes, and the useful lives of fixed assets. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

c. Fixed Assets

Fixed assets are stated at cost **less** accumulated depreciation and impairment losses, if any. Cost comprise of purchase price, freight, non-refundable duties, taxes and any other cost attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready for its intended use. Assets retired from active use and held for disposal are stated at their estimated net realisable values or net book values, whichever is lower. Advances paid towards the acquisition of fixed assets and outstanding at each balance sheet date and the cost of assets under construction are disclosed as capital work-in-progress.

d. Depreciation

Depreciation is provided on straight line method ('SLM') based on useful lives of the assets as estimated by management which coincides with the rates prescribed under Schedule XIV to the Act. Depreciation on sale/discarded from fixed assets provided for up to the date of sale / discarded as the case may be. Individual assets acquired for Rs. 5000 or less are entirely depreciated in the year of acquisition.

e. Intangible assets

Intangible assets are recorded at the consideration paid for acquisition. Intangible assets are amortized over a period of 6 years, on a straight line basis.

f. Impairment of assets

The carrying of amounts of assets , both tangible and intangible , are viewed 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 recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use, In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

g. Government grants

Government grants relating to specific fixed assets are adjusted against the cost of underlying fixed assets and revenue grants are credited to Profit and loss Account on a systematic basis in the profit and loss account over the periods necessary to match them with the related costs which they are intended to compensate.

h. Investments

Investments that are readily realizable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long term investments are carried at cost. However, provision for diminution in value is made to recognize a decline, other than temporary, in the value of the investments.

i. Inventory: Raw material , packaging material , stores and spare parts are carried at lower of cost and net realizable value. Cost includes purchase price excluding taxes those are subsequently recoverable by the enterprise from the concerned revenue authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. In determining the cost, weighted average cost method is used. The carrying cost of raw materials, packaging materials and stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

Work in progress, manufactured finished goods and traded goods are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis. Excise duty liability is included in the valuation of closing inventory of finished goods.

j. Research and Development

Revenue expenditure on research and development is expensed as incurred. Capital expenditure incurred on research and development is capitalized as fixed assets and depreciated in accordance with the depreciation policy of the company.

k. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue measured and collectability is reasonably assured.

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to the customers. Revenue from domestic sales of products is recognized on dispatch of products from the factory to stockiest by clearing and forwarding agents of the company. Revenue from export sales is recognized on shipment of products.

Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances.

Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved.

Dividend income is recognized when the unconditional right to receive the income is established. Income from interest on deposits, loans and interest bearing securities is recognized on the time proportionate methods taking into account the amount outstanding and the rate applicable.

Export entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Revenue from licensing and long term supply arrangements is recognized in the period in which the Company completes all its performance obligations.

l. Taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian income tax act, 1961. Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier periods. Deferred tax is measured based on 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 reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

In situations where the company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is a virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

Unrecognized deferred tax assets of earlier years are re-assessed and recognized to the extent that it has become reasonably certain or virtually certain, as the case may be that future taxable income will be available against which such deferred tax assets can be realized. The carrying amount of deferred tax assets are reviewed at each balance sheet date.

The company writes – down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, 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 or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance note issued by the ICAI, the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income tax during the specified period.

m. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n. Foreign currency transactions

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction ; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Exchange Differences

Exchange differences arising on the settlement of the monetary items or on reporting Groups monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements , are recognized as income or as expenses in the year in which they arise, except in the case of exchange differences arising on a monetary item that , in substance , forms part of an enterprise's net investment in a non-integral foreign operation has been accumulated in a foreign currency translation reserve in the enterprise's financial statements until the disposal of the net investment , at which time they should be recognised as income or expenses.

o. Employee Benefits**Leave Encashment**

As per the Company's policy, leave s can be accumulated by the employees and carried forward to future periods either to be utilized during the service, or encashed. Encashment can be made during service or on resignation, or retirement of the employee. The value of benefits is determined based on an independent actuarial valuation using the projected unit credit method as at the year end. Actuarial gains and losses are recognized immediately in the profit and loss account.

p. Leases

Where the lessor effectively retains all risk and benefits of ownership of the leased items, such leases are classified as operating lease. Operating lease payments are recognized as an expense in the profit and loss account on a straight line basis.

q. Provisions and contingent liabilities

A provision is recognized when the company has a present obligation as a result of past event i.e., it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A Disclosure of the contingent liability is made when there is a possible or a present obligation that may, but probably will not, require an outflow of resources.

Notes to Accounts**1.0 Remuneration to Auditor:**

PARTICULARS	FOR THE PERIOD ENDED 31-03-2013	FOR THE PERIOD ENDED 31-03-2012
Statutory Audit Fee	10,000	111000
Project Report Validation fee	-	89000
Tax Audit fee	10,000	50000
Taxation Services	5,854	50000
Service tax thereon	3,646	30090
Totals:	₹ 29,500	₹ 3,30,090

2.0 Managerial Remuneration:

Managing Director:	Rs.1,80,000/-
Executive Director:	Rs. 1,80,000/-
Total:	Rs.3,60,000/-

3.0 Foreign Currency Transactions:

Foreign Exchange Inflow: FOB Value of Sales:	Nil
Foreign Exchange Outflow:	Nil

4.0 The Additional information pursuant to the Part II of Schedule VI to the Act to the extent applicable:

LICENSED CAPACITY, INSTALLED CAPACITY AND ACTUAL PRODUCTION:

Licensed Capacity: Not Applicable

Installed Capacity: 13480 spindles for production of Polyester Spun Yarn

Actual Production in Kgs As certified by Management:

Particulars	Opening Stock	Production	Consumption	Closing Stock
20/1S Polyester Spun Yarn(Kg's)	-	13,880.00	13,880.00	-
30/1S Polyester Spun Yarn(Kg's)	4,059.00	1,31,119.00	1,22,519.00	12,659.00
40/1S Polyester Spun Yarn(Kg's)	3,577.00	1,41,564.00	1,41,649.00	3,492.00
62/1S Polyester Spun Yarn(Kg's)	16,993.00	9,10,839.00	9,09,896.00	17,936.00
Waste	-	37,186.00	37,186.00	-

Raw Materials : in Kgs

Particulars	Opening Stock	Purchases	Issue	Closing Stock
Polyester Staple Fibre (Kg's)	51,400.00	13,20,558.00	12,34,589.00	1,37,369.00
Viscose (Kg's)	8,874.00	-	-	8,874.00

5.0 Contingent Liabilities in respect of

- Claims against the company not acknowledged as debts – NIL
- Estimated amount of contracts remaining to be executed on capital account not provided for: Rs.4.72 Crores as follows:

- | | |
|--|----------------|
| 1. Construction of Phase II of the factory building: | Rs.0.50 Crores |
| 2. Electrical Work | Rs.0.15 Crores |
| 3. Purchase of Property: | Rs.0.22 Crores |

- c. Counter Guarantee issued to Indian Overseas Bank: Limit Rs.1 Crore; Outstanding Rs.62,87,900/-

- 6.0 The Account balances of debtors and creditors accounts are subject to confirmation.
- 7.0 On the basis of the information and records available with management, there are no dues/ overdue principal amounts payable to micro and small enterprises as at 31st March 2012 and there is no interest is paid / payable for the year ended 31st March 2013.
- 8.0 The Previous year figures are regrouped / rearranged to confirm to current period presentation.

For PADMANABHA RAO & CO
FRN 002503S
CHARTERED ACCOUNTANTS

For Helapuri Spinning Mills Private Limited

Ananta Padmanabha Rao R
Chartered Accountant
Proprietor
M No 023656

Koti Reddy Malireddy

Shanti Malireddy

Hyderabad
28st August, 2013